

**Wyoming Children’s Out-of-Home Placement Services Technical Advisory Group (TAG)
Meeting Minutes
May 18, 2011**

I. Attendees

The following representatives attended the TAG meeting on May 18, 2011.

In-person:

Name	Agency	Name	Agency
Dianne Bailey	WDE	Sara Walk	Medicaid
Teri Frazier	WDE	Bob Mayor	St. Joseph’s Children’s Home
Paul Yaksic	DFS	Rhonda Mayer	
Bob Peck	Department of Health	Peg Brown Clark	WDE
Roger Clark	WDE		

On the phone:

Name	Agency	Name	Agency
Sharon Weber	Cathedral Homes	Karumah Cosey	Navigant
Nicole	Cathedral Homes	Teri Green	Medicaid
Chad	Cathedral Homes	Clark Fairbanks	Y.E.S. House
Eric Hendrickson	UHS/WBI	Sheri England	Y.E.S. House
Bruce Burkland	Red Top Meadows	Carolyn Conner	NW BOCES
Paula Douglass	Navigant	Stephanie Weaver	WDE
Andrea Pederson	Navigant		

II. Review of Related Services Adjustments

Navigant provided two hypothetical examples prior to the TAG meeting to show how costs are adjusted for related services payments made by WDE and Medicaid. The examples are included below:

Related Services Examples

Related Services payment adjustments apply to providers who bill WDE or Medicaid for services provided outside of the all inclusive rate. These services may include, but are not limited to psychological services, transportation costs, 1:1 paraprofessional services, school counselors and speech pathology services. Since these costs are billed and reimbursed separately from the per diem reimbursement, they must be excluded from reported costs before a per diem rate can be calculated. Otherwise, reported costs will be overstated, resulting in an overpayment.

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In this hypothetical example, Provider A incurred costs for an education aide, a 1:1 paraprofessional (Schedule 1 Lines 22 and/or 92) and a psychologist (Schedule 1, Lines 13 and/or 83). Provider A billed WDE for the education aide and the 1:1 paraprofessional and billed Medicaid for the psychologist costs, in addition to its daily per diem. Provider A received \$15,000 from WDE as reimbursement for the educational aide and 1:1 paraprofessional services provided throughout the cost report period.

Provider A reported the following on their cost report:

- Total Net Allowable and Reclassified Costs (Schedule 1, Line 214, Column 6): \$450,000
- Total Room and Board Costs (Schedule 1, Line 214, Column 7): \$100,000
- Total Non-licensed Observation and Support Costs (Schedule 1, Line 214, Column 8): \$50,000
- Total Licensed Therapy Costs (Schedule 1, Line 214, Column 9): \$200,000
- Total Education Costs (Schedule 1, Line 214, Column 10): \$100,000
- Total Reported Residential Days (Schedule 3, Line 10, 11,12 or 13): 1,552
- Total Reported Education Days (Schedule 3, Line 15): 980

The provider allocated 100% of the education aide and 1:1 paraprofessional costs to the education service area (Column 10). Therefore, the total payments for these related services can be subtracted directly from the Total Education Costs.¹

¹ If the provider allocated these costs to more than one service area (i.e., Education and Licensed Therapy), a portion of these payments would be subtracted from each service area where these costs were allocated. The paid amount adjusted from each service area depends on the proportion of total costs allocated to each service area. In this simplified example we will subtract 100% of these payments from Total Education Costs since 100% of these education aids and 1:1 paraprofessional costs were allocated to the education service area.

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To calculate the *Education per diem*, subtract the education payments (\$15,000) from Total Education Costs and divide by Total Education Days.

$$\begin{aligned} \text{Adjusted Education per Diem} &= \\ &= \frac{(\text{Total Education Costs} - \text{Education Payments})}{\text{Total Education Days}} \\ &= \frac{(100,000 - 15,000)}{980} \\ &= 85,000/980 \\ &= \$87/\text{day} \end{aligned}$$

Without this adjustment, WDE would incur an overpayment of \$15/day (\$14,700 per year) to Provider A.

$$\text{Unadjusted Education per Diem} - \text{Adjusted Education per Diem} = \$102 - 87 = \$15/\text{day}$$

Provider A received \$12,000 from Medicaid as reimbursement for psychologist services provided throughout the cost report period. The provider allocated 100% of the psychologist costs to the licensed therapy service area on the cost report (Column 9). Therefore, the total payments for the psychologist services can be subtracted directly from the Total Licensed Therapy Costs².

² If the provider allocated these costs to more than one service area (i.e., Education and Licensed Therapy), a portion of these payments would be subtracted from each service area where these costs were allocated. The paid amount adjusted from each service area depends on the proportion of total costs allocated to each service area. In this simplified example we will subtract 100% of these payments from Total Licensed Therapy Costs since 100% of these psychologist’s costs were allocated to the licensed therapy service area.

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To calculate the *Residential per diem*, add the Total Room and Board costs, Total Non-licensed Observation and Support Costs and the Adjusted Licensed Therapy Costs and divide by Total Residential Days. To calculate Total Adjusted Treatment Costs, subtract the Licensed Therapy payment (\$12,000) from Total Licensed Therapy Costs.

$$\text{Total Adjusted Licensed Therapy Costs} = 200,000 - 12,000 = 188,000$$

Adjusted Residential per Diem =

(Total Room and Board Costs + Total Non-licensed Observation and Support Costs + Total Adjusted Licensed Therapy Costs) / Total Residential Days

$$= (100,000 + 50,000 + 188,000)$$

$$1,552$$

$$= 338,000 / 1,552$$

$$= \$218/\text{day}$$

Discussion

- The TAG discussed how providers are reimbursed by WDE for the 1:1 Paraprofessional fees reported on Schedule 1, Lines 22 and 92 of the cost report. Many providers bill WDE for the paraprofessional fees separate from the daily tuition costs while others include paraprofessional fees in their education costs. The providers who bill WDE for paraprofessional fees separate from all other education costs are reimbursed separately for these fees. Navigant adjusts for this payment before tuition reimbursement rates are calculated (as shown in the examples above).
- One provider raised the issue of the number of hours that are billable to WDE for 1:1 paraprofessionals. In August 2010, allowable 1:1 paraprofessional hours changed from 8 to 6 hours per day. The complaint was that 8 hours were still needed but 6 hours were all that was allowed. In addition, as of January 2011, WDE announced that 1:1 paraprofessionals were not considered a related service and would no longer be reimbursed separately. School districts view the 1:1 paraprofessional as a support service. Providers want to continue to be able to bill for 1:1 paraprofessionals separate from tuition. WDE is considering how to reflect the 1:1 paraprofessionals for the 2013/2014 biennium rates since these costs will need to be included as part of tuition rates and not every provider uses 1:1 paraprofessional services.

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III. Cost Impact of Proposed Certification Requirements for Principals and Teachers

Per the TAG discussion on May 4, 2011, the newly approved institutional endorsement for educational directors and principals will increase providers' costs. One provider estimated that to comply with the principal requirement would add at least \$40,000 to its costs.

The TAG discussed some of the additional financial impacts during the May 18, 2011 meeting. Providers estimate that they could incur increased salary costs of over \$40,000, plus additional costs for recruiting, training and retaining qualified/endorsed staff.

- Providers are concerned that the SFY 2013-2014 rates will not reflect these additional costs since this increase in tuition costs per day is not reflected on the cost reports used to set these rates. Thus providers are concerned that there will be a lag between when they incur these new costs and when they are reimbursed for them through the tuition per diem rates.

The TAG discussed the option of having providers bill WDE for these costs separately until these costs are reflected on the cost report.

- Some providers are unclear how they will be affected by proposed teacher endorsement requirements and would like to follow-up with the Education Superintendent to further discuss this issue.

Dianne Bailey will reach out to the Education Superintendent's office for clarification regarding this issue and proposes to have an update for the next meeting in June.

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IV. Review of Administrative Cost Centers

Navigant provided the following list of Schedule 1 cost report lines used to calculate administrative costs:

<u>Line</u>	<u>Cost Center</u>
	Education Employee Salaries
23	Principal / Director of Education Salaries
	Administration Office Employee Salaries
28	Executive Director / Assistant Director Salaries
29	Employee Owner / Board Member Compensation
30	Clinical Director Salaries
31	Professional Administrative Staff Salaries
32	Clerical and Secretarial Staff Employee Salaries
33	Information Technology Employee Salaries
34	Central Office Administration Employee Salaries
35	Other Administration Employee Salaries (Specify)
36	Total Administration Office Employee Salaries
70	TOTAL EMPLOYEE TAXES, INSURANCE AND BENEFITS (only a portion of this amount is included)
	Contracted Education Services
93	School Administration Services
	Contracted Administration Office Services
98	Management Services
99	Clinical Director Services
100	Professional Administrative Services
101	Clerical and Secretarial Services
102	Information Technology Services
103	Legal Services
104	Other Administrative Services (Specify)
105	Total Contracted Administration Office Services
	Administration Expenses
118	Administration Supplies
119	Dues, Fees, Licenses & Subscriptions
120	Staff Training and Development
121	Postage, Printing & Photocopying
122	Advertising/Marketing
123	Staff Recruitment
124	Staff Background Checks
125	Facility Certification and Permits
126	Operational Interest Cost (short-term)
127	Non-Payroll Taxes
128	Corporate Overhead
129	Bank Service Charges
130	Bad Debt
131	Other Administrative Expenses (Specify)
132	Total Administrative Expenses

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Liability and Other Insurance

135	General Liability Insurance
136	Directors and Officers Insurance
137	Professional Malpractice Insurance
138	Buildings, Contents and Grounds Insurance
139	Vehicle Related Insurance
140	Total Liability and Other Insurance

Discussion

- Providers identified the following cost centers as related to direct client care and not appropriately classified as administrative costs:
 - Line 30, Clinical Director Salaries
 - Line 99, Clinical Director Services
 - Line 120, Staff Training and Development

- Providers identified the following cost centers as neither administrative nor program and not appropriately classified as administrative costs:
 - Line 137, Professional Malpractice Insurance
 - Line 138, Buildings, Contents and Grounds Insurance
 - Line 139, Vehicle Related Insurance

- Providers identified the following cost centers as related to providing education services to clients and not appropriately classified as administrative costs:
 - Line 33, Information Technology Employee Salaries
 - Line 122, Postage, Printing and Photocopying

The Departments and Navigant agree that the cost of time spent in direct client care and supervising direct care staff by a Clinical Director or any staff person should be treated as programmatic costs whereas time spent in non direct care activities should be considered an administrative cost. The current cost report format allows providers to reclassify costs to report the portion of Clinical Director salaries spent on direct client and staff supervision; however, providers have not been reclassifying costs to reflect direct care and administrative costs of the Clinical Director. The providers on the TAG acknowledged that the Clinical Director costs include both administrative and direct care costs. Navigant is working with the Departments to determine how these costs should be handled for the 2013/2014 biennium rates since there is not enough information to determine a division of program and administrative costs as the data is currently reported. Navigant will enhance the cost report and instructions to improve reporting of Clinical Director costs for future reporting.

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Education related IT is considered to be an administrative cost by WDE. The cost of photocopying of educational materials should be reported on Line 151, Educational Supplies, which is considered a program cost.

Aside from pending discussion regarding Clinical Directors, the remaining cost centers identified by TAG members are considered to be administrative by the Departments. For comparison, Navigant reviewed the administrative costs methodology used by the Wyoming Department of Health for developmental disabilities home- and community-based services and found that all of these same cost centers are considered to be part of administrative costs instead of programmatic costs for rate setting purposes.

V. Other Issues

Paul Yaksic inquired about interest in a Department Quarterly Meeting in June. The Departments of Education, Family Services and Health would like to reestablish quarterly meetings between Department Directors and providers to discuss any provider-identified issues. The Departments are trying to organize a meeting in late June. This meeting will be separate from the next TAG meeting, but likely to be held on the same date.

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The next TAG meeting will be held in late June.

Date and Agenda: TBD

Providers representatives who do not serve on the TAG can reach out to any member of the TAG with questions or concerns to be discussed by the TAG.

Agency	Primary Contact	
Northwest BOCES	Carolyn Conner	nwboces@rtconnect.net
Region V BOCES	Kevin Garvey	kgarvey@boces5.org
Red Top Meadows	Bruce Burkland	bjbrtm@wyoming.com
St. Joseph's Children Home	Bob Mayor Ronda Meyer	bmayor@stjoseph-wy.org or rmeyer@stjoseph-wy.org
Youth Emergency Services	Clark Fairbanks	cfairbanks@ccsd.k12.wy.us
Youth Development Services	Rene Kemper	kemper@communicomm.com
Wyoming Behavioral Health Institute	Eric Hendrickson	eric.hendrickson@uhsinc.com
Department of Health	Sara Walk	sara.walk@health.wyo.gov
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