



Michigan Department of Health and Human Services

Training Supplement for FY15 Cost Reports

Agenda

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Cost Report Context

DHHS has partnered with PCG to recommend a payment structure that results in a more accurate reflection of the actual cost for providing child welfare services and is performance based.

This assessment involves collecting cost reports that capture provider revenue, expense, service and other data associated with carrying out child welfare services.

Cost Report Training Goals

Along with DHHS, PCG made revisions to the cost report based on provider feedback and national best practices in cost reporting and rate setting. These changes were made to make the cost report more user-friendly while simultaneously capturing additional information that be used to inform recommended payment rates.

Some of these changes were made after the initial release of the cost reports and the cost report training.

The purpose of this training is to supplement existing training materials to better help your agency understand the changes that were made to the cost report after its initial release. To eliminate duplicative information, these slides will only focus on the changes that were made to the cost report.

We thank you in advance for your participation in this important process for the State of Michigan!

Overview of changes made to the cost report after its initial release:

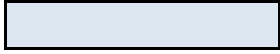
- **Instructions:** Split the Instructions tab into two tabs, Instructions and Definitions. Made the Instructions tab into a short overview of the cost report workbook and process with more prescriptive language.
- **Definitions:** Took the definitions out of the Instructions tab and made the Definitions tab into a listing of line items and definitions. Also added program-specific definitions so that the headings on the worksheets include definitions.
- **Agency Information:** Added a Staff Credentialing Requirements section.
- **Indirect Costs:** Created this tab to eliminate the confusion of this line item on the six program-specific tabs. Indirect costs were therefore removed from six program-specific tabs.
- **Program-Specific Tabs:** Added Available Days of Care and Actual Days of Care instead of just Days of Care. Added # FTEs that Exited Employment. Split Supervisors into Second- and First-Line Supervisors. Added lines to itemize Miscellaneous Expenses.
- **Formatting:** Made the formatting more user-friendly throughout the workbook

Cost Report Updates

Cost Report Worksheets

- **Instructions**
- **Definitions**
- **Agency Information**
- **Indirect Costs**
- **Program Specific Tabs**
 - **RFC Information**
 - **PACF Information**
 - **TFC Information**
 - **ILP Information**
 - **Adoption Information**
 - **SHFC Information**

Instructions – Updates

- [*Data can only be entered in areas shaded in light blue*](#) 
- **Required Backup Documentation:** Please submit all source documentation of expenses that were used to fill out the cost report. This could include audited financial statements that tie directly to the cost report, general ledger extracts, reports from payroll and/or finance departments, other program-specific reports or comparable documentation.
- **Cost Report Submission Process:** To submit a completed cost report, please email MIDHS@pcgus.com.
- **Technical Assistance:** Technical assistance is available at MIDHS@pcgus.com or 877-634-6808 with any questions related to this cost report workbook. All forms of contact with have business hours between 9AM and 5PM. All questions or other inquiries will be answered within one business day. For additional cost principle information in the Code of Federal Regulations, please visit:
 - http://www.ecfr.gov/cgi-bin/text-idx?tpl=/ecfrbrowse/Title02/2cfr200_main_02.tpl
- **Agency Information:** Enter all fields on this tab, including the Staff Credentialing Requirements and Attestation sections.
- **Indirect Costs:** Review the Instructions box at the top of this worksheet and answer the questions in order as indicated.

Instructions – Updates

The contract (program-specific) tabs contain several fields that apply to all program-specific tabs. The following lists describes the fields that apply to all program-specific tabs (RFC, PAFC, TFC, ILP, Adoption, SHFC).

- **Number of Children Served**: Enter the number of children served for the period covered for each program type.
- **Available Days of Care**: Enter the available days of care for each program type. Note that this does not apply to PAFC, TFC and Adoption placements because they do not have facilities with available beds.
- **Actual Days of Care**: Enter the actual days of care used for each program type.
- **DHHS Contract Revenue**: Enter the payments received from DHHS in accordance with the fulfillment of the contractor's contract for each program type.
 - These are the payments that DHHS paid you for each of the six program types during fiscal year 2015.
- **Expenses**: Enter the expenses incurred by the each program type associated with each line item.
- **Differences between Revenue and Expenses**: If your expenses exceed revenue, list any additional funding sources along with the amount collected to help pay for expenses.

Instructions – Updates

- **Miscellaneous Expense Description**: List the Miscellaneous expenses along with the amount of each expense.
- **Full Time Equivalents (FTEs)**: Enter the number of FTEs that represent each position type.
- **# FTEs that Exited Employment for this Program Type this Reporting Period**: Enter the number of FTEs that exited employment for this program type.

Definitions – Updates

- Existing definitions organized by line item and definition.
- Added distinction for supervisors between First- and Second-Line Supervisors:
 - **First Line Supervisor**: Staff that manage direct service workers.
 - **Second Line Supervisor**: Staff that manage first-line supervisors. Directors that oversee a particular program area or division within the agency would be listed here.
- Added new program-specific definitions that define the fields unique to each program-specific tab.

Agency Information - Updates

Staff Credentialing Requirements

- New section to the cost report.
- Purpose is to better understand how credentialing ties into the services, staff turnover and outcomes.

	Enter Years of Exp Required (if any)	Enter Degree(s) Required (if any)	License or Certification Required (if any)	Other Personnel Requirements (if any)	Do credentialing requirements differ by program type?	If Yes, Please Explain
Executive Administration						
Second-line Supervisors						
First-line Supervisors						
Administrative Support						
CPA RMTS Participants (CPAs Only)						
Foster Home Licensing (CPAs Only)						
Direct Service Staff						
Other Staff						

Indirect Costs – New

- New section to the cost report
- Purpose is to capture the total indirect costs incurred by your agency and the allocation of these costs across the programs operated by your agency. These are typically administrative expenses from a **parent (umbrella) organization** that represent a central office's executive, administrative and operating costs associated with managing several programs. The methodology used to allocate indirect costs must be described in full detail with the actual calculation. For example, your agency might allocate indirect costs based on a square footage allocation, total operating cost budget or total service units.

Box G

Does your parent organization allocate any of its administrative expenses to this agency?

Box H

Enter the total indirect expenses allocated to your agency:

PROGRAM TYPE	CONTRACT NUMBER	LICENSE NUMBER	Box I	Total Indirect Costs
			Percentage of Indirect Allocation	
Residential Foster Care (RFC)	0	0	0%	\$ -
Placing Agency Foster Care (PAFC)	0	0	0%	\$ -
Treatment Foster Care (TFC)	0	0	0%	\$ -
Independent Living Program (ILP)	0	0	0%	\$ -
Adoption	0	0	0%	\$ -
Shelter Foster Care (SHFC)	0	0	0%	\$ -
Other	N/A	N/A	0%	\$ -
			0%	\$ -

Program-Specific Tabs – Updates

- **TFC Example:**

Line Item Description	Total	Treatment Foster Care	#FTE's	Unallowable Costs
Number of Children Served	0	0		
Available Days of Care	0	0		
Actual Days of Care	0	0		
DHS Contract Revenue	\$ -	\$ -		
# FTEs that Exited Employment			0.0	
Expenses				
Salaries: Executive Administration	\$ -	\$ -	0.0	\$ -
Salaries: Second-line Supervisors	\$ -	\$ -	0.0	\$ -
Salaries: First-line Supervisors	\$ -	\$ -	0.0	\$ -
Salaries: Administrative Support	\$ -	\$ -	0.0	\$ -
Salaries: CPA RMTS Participants (CPAs Only)	\$ -	\$ -	0.0	\$ -
Salaries: Foster Home Licensing (CPAs Only)	\$ -	\$ -	0.0	\$ -
Salaries: Direct Service Staff	\$ -	\$ -	0.0	\$ -
Salaries: Other Staff	\$ -	\$ -	0.0	\$ -

- New Line Items (Number of Children Served, Available Days of Care, Actual Days of Care, #FTEs that Exited Employment)
- New Salary Definitions (First Line Supervisor, Second Line Supervisor)
- Indirect Costs removed as a line items since captured on its own tab.

Program-Specific Tabs – Updates

- **TFC Example:**

Miscellaneous Expense Description	Amount
	\$ -
	\$ -
	\$ -
	\$ -
	\$ -
Grand Total	\$ -

- New Miscellaneous Expense Description section.
- Note that the Difference between revenue and expenses is only based on what is on the worksheet for each program. It does not include indirect expense allocations from your parent or umbrella organization.

Cost Report Logistics

Backup Documentation



- DHHS needs to validate the information submitted in this cost report using your agency's backup documentation.
- Please submit all source documentation of expenses that were used to fill out the cost report.
- This could include:
 - Audited financial statements that tie directly to the cost report;
 - General ledger extracts;
 - Reports from payroll and/or finance departments; and/or
 - Other program-specific reports or comparable documentation.

Submitting the Cost Report



- ✓ Ensure that the Agency Information has the correct contact person for your provider agency
- ✓ Ensure that the cost report has been electronically signed
- ✓ The completed cost report and supporting documentation should be attached to an email and sent to:

DHS-Rates@Michigan.gov

What Should I Do If I Need Technical Assistance?

- Refer to Previously Available Cost Report Training Materials
- Refer to the Recorded Webinars and this Training PowerPoint
- Contact the PCG team through our helpline or by email.

(877) 634-6808

or

MIDHS@pcgus.com



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