

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

Preface

The following guidance and protocols have been developed to inform and assist the TX Health and Human Services Commission (HHSC) and their partner Anchor and/or contractors in their efforts to comply with Federal statute, regulations, protocols, and guidance regarding claiming for Federal Financial Participation (FFP) for Medicaid administrative expenditures necessary to implement and operate this waiver.

I. General Requirements/Assurances

- A. The HHSC/Anchor hospital under this waiver must fully describe the administrative expenditures to be claimed to Medicaid, including the methodology used to identify allowable expenditures, and submit a detailed narrative description and a budget summary for all costs for claiming administrative expenditures in writing to CMS.**

State Response:

Texas has 20 Regional Healthcare Partnerships (RHPs), whose members may participate in the Delivery System Reform Incentive Payment (DSRIP) program. A map of the Texas RHPs is provided (reference *Attachment C – RHP Map*).

The RHPs share the following characteristics:

- The RHPs are based on distinct geographic boundaries that generally reflect patient flow patterns for the region;
- The RHPs have identified local funding sources to help finance the non-federal share of DSRIP payment for Performing Providers;
- The RHPs have identified an Anchoring Entity to help coordinate RHP activities.

RHPs vary in geographic and population size. RHP 3 represents the largest region which includes Houston and surrounding areas. This RHP contains more than 15% share of the statewide population under 200 percent of the federal poverty level (FPL) as defined by the U.S. Census Bureau: 2006 – 2010 American Community Survey for Texas (ACS). Approximately one half of the RHPs contain less than 3 percent share of the statewide population under 200 percent of the population. Narrative descriptions from Anchors and the methodologies proposed will vary based on the size of the RHP they are serving, and the type of organization.

Each RHP has one of its members designated as an “Anchor” entity. Anchors provide certain administrative services with respect to the Texas Transformation and Quality Improvement Program 1115 Waiver. The Anchor is a member of an RHP, and is one of the following types of public organizations:

- public hospital,
- hospital district,

Texas Healthcare Transformation and Quality Improvement Program
Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

- other hospital authority,
- county government, or
- State university with a health science center or medical school.

Description of Administrative Expenditures

Costs for Anchor activities allowable under this protocol for administrative claiming include the following:

1. The provision of appropriate accounting, human resources, and data management resources for the RHP;
2. The coordination of RHP annual reporting, as specified in the Program Protocol, on the status of projects and the performance of Performing Providers (as defined in the Program Protocol) in the region;
3. The provision of RHP data management for purposes of evaluation;
4. The development and facilitation of one or more regional learning collaboratives;
5. Communication with stakeholders in the region, including the public; and
6. Communication on behalf of the RHP with HHSC.

Methodology used to identify allowable expenditures

Parameters of allowable costs for the six activities listed above are addressed in the “Cost Principles for Expenses” specific to the 1115 Waiver document (reference *Attachment A – Cost Principles*). (Note that this document is also included as an attachment to the contract with each Anchor.) The Cost Principles describe in detail that not all types of costs that might be incurred by the Anchor in connection with the performance of its administrative functions under the Contract are allowable. It is the function of these Cost Principles for Expenses to clarify this issue. While this Attachment was derived from similar cost principles used by HHSC with respect to managed care and other contracts, there are substantive differences. The specific terms of this Attachment are the definitive cost principles with respect to the Anchor function.

The Cost Reporting Template (reference *Attachment B – Cost Template*) provides additional framework and controls for reporting of costs for each Anchor. The protected Excel spreadsheet has rows set up for each of the six activities listed above. Cost limits placed in the spreadsheet by HHSC that are specific to each Anchor prevent the Anchor from submitting costs per FFY to HHSC in excess of the limits established by CMS (i.e., the lesser of: \$2,000,000 or 2.5% of the RHP DSRIP allocation per FFY). (Note that Anchors may submit a request for additional funding above the maximum to support additional transformation activities for the RHP for approval by HHSC and CMS.)

Narrative description and a budget summary

Texas Healthcare Transformation and Quality Improvement Program
Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

Each Anchor has submitted a narrative description (reference *Attachment D - RHP Narratives*) and a corresponding budget summary (reference *Attachment E - RHP Budget (Projected Costs)*). Within each of the twenty RHP Narratives, there are three sections, as follows:

- The first section, “Information about the Anchor Organization” includes a general description of the type of organization, any 1115 Waiver activities other than the role as an Anchor (including DSRIP activities), and, any other Administrative Costs or Claiming in which the organization participates.
- The next section, “Administrative Activities,” outlines a detailed narrative description and budget (projected costs) summary for each of the six allowable activities for this Protocol. Each Anchor has also submitted an Excel budget (projected costs) spreadsheet (reference Attachment E, which contains RHP 1 through RHP 20 Budget (Projected Costs)). The documents also include the indirect rate proposed. If the rate proposed is higher than 10 %, the Anchor provides a justification proposed for the higher amount that is specific to the Anchor functions for the 1115 Waiver.
- The last section, “Cost Allocation Methodology,” describes the specific method that the particular Anchor uses to account for its relevant staff and/or contract time, and to allocate the staff/contractor time according to multiple activities or cost objectives. The methodology described is required to provide sufficient detail to demonstrate that costs are not duplicated in other programs. Anchors are using a similar methodology for cost allocation that results in a Percent Effort Spreadsheet (Attachment D.1) The approach is consistent with the "2003 CMS Medicaid School-Based Administrative Claiming Guide" incorporating the following requirements:
 - a. Reflect an after the fact distribution of the actual activity of each employee;
 - b. Are prepared monthly and coincide with one or more pay period;
 - c. Are signed by the employee as being a true statement of activities and the employee/office will retain the documentation to support the report;
 - d. Account for the total activity for which each employee is compensated.

The Anchors will utilize a “Time and Effort” reporting process similar to the process utilized by the Texas A&M University System for federally sponsored projects. This process is required for all federally sponsored projects in order to validate that direct salaries and wages charged are reasonable and accurately reflect the work performed. The Anchors will use a spreadsheet and designate a percent effort for each activity by individual employee based on time spent on each activity on a monthly basis.

A narrative overview description of each Anchor is provided below; see the attachments for further details for each Anchor. Also see the *Attachment E* - which includes a *Consolidated Budget Summary* that adds all twenty Anchors into a single total cost projection.

Anchors are using the Percent Effort Spreadsheet as a consistent methodology beginning DY 3 (October 2013) and will also use DY 4 and 5. Anchors have also described a methodology used for DY 2 (October 2012 through August 2013) in their narratives attached.

Texas Healthcare Transformation and Quality Improvement Program
Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

- RHP 1: University of Texas Health Science Center at Tyler (UTHSCT) participates in the 1115 Waiver as an Anchor, as a Performing Provider for DSRIP, and also in the Uncompensated Care (UC) Program. Expenses for Anchor activities are maintained separately from any other administrative functions of the institution. UTHSCT participates in Medicaid, Medicare, and federal funding for graduate medical education programs; none of these programs provide administrative match.
- RHP 2: University of Texas Medical Branch (UTMB) participates in the 1115 Waiver as an Anchor, as a Performing Provider for DSRIP, and in UC. For the Anchor function, UTMB created the Office of Waiver Operations.
- RHP 3: Harris Health System participates in the 1115 Waiver as an Anchor, as a Performing Provider for DSRIP, and in UC. The organization's DSRIP projects are all related to patient care, with no costs that could also be considered Anchor administration. There are no Anchor administrative costs that could be claimed under other state or federal programs. RHP 3 is Texas' largest region and has included significant detail in attached narrative for the staff involved in Anchor administrative activities.
- RHP 4: Nueces County Hospital District (NCHD) participates in the 1115 Waiver as an Anchor. NCHD is not a provider for Medicaid, Medicare, or any other federal program, nor does it operate any healthcare facilities. The organization does not participate in any programs that have administrative cost claiming. It is an IGT entity for DSRIP and Uncompensated Care.
- RHP 5: Hidalgo County is a local governmental entity and participates in the 1115 Waiver as an Anchor. It is also an IGT entity for funding for Uncompensated Care. Hidalgo County currently participates in the Medicaid Administrative Claiming (MAC) program. Hidalgo County is not planning to submit administrative costs at this time. Narrative information is not included.
- RHP 6: The Bexar County Hospital District, doing business as University Health System (UHS), participates in the 1115 Waiver as an Anchor, as a Performing Provider for DSRIP projects, and in UC. University Health System prepares an annual Medicare/Medicaid cost report and submits administrative reports as required through grants and research programs. UHS has proposed an indirect cost rate of 34.8 %, which is the current federal negotiated cost rate with the Department of Health and Human Services (DHHS) used for grants and research.
- RHP 7: The Travis County Healthcare District, doing business as Central Health, participates in the 1115 Waiver as an Anchor and IGT entity for DSRIP and UC. Central Health does not provide direct services but rather contracts with providers such as the Seton Healthcare Family. Central Health is the 51% owner of the Community Care Collaborative (Seton Healthcare Family is 49% owner). The Community Care Collaborative is a performing provider for DSRIP projects. Central Health is also the sole owner of Sendero Health Plan Medicaid Health Maintenance Organization (HMO). Sendero has a separate board, staff and facilities. Central Health does not participate in any other administrative costs or claiming.
- RHP 8: Texas A&M Health Science Center (TAMHSC) is the anchoring entity for both RHP 8 and RHP 17. There is separate Anchor staff for the two regions. RHP 8's Anchor staff is at TAMHSC's Round Rock campus; RHP 17 is at the Bryan campus. TAMHSC is a health

Texas Healthcare Transformation and Quality Improvement Program
Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

related institution operating as a component under Texas A&M University and, in addition to the anchor role, participates in the 1115 Waiver as an IGT entity, and as a performing provider for DSRIP projects in RHP 17. TAMHSC's School of Rural Public Health is currently under contract with HHSC to conduct the Statewide Evaluation of the 1115 Waiver.

- RHP 9: Dallas County Hospital District, DBA Parkland Health and Hospital System, "Parkland" is the anchoring entity for RHP 9. Parkland is the largest public safety net hospital in the Dallas area and participates in the 1115 Waiver as an Anchor, IGT entity for DSRIP and UC, a performing provider for DSRIP projects, and participates in UC. Parkland does not receive any other administrative match for Medicaid or any other federal program in which they participate. No costs related to Parkland as a participating provider are included in the costs.
- RHP 10: Tarrant County Hospital District, DBA JPS Health Network, is the anchoring entity for RHP 10 and also participates in the 1115 Waiver as an IGT entity for DSRIP and UC, DSRIP performing provider, and in UC.
- RHP 11: Palo Pinto General Hospital, in Mineral Wells, TX (about 50 miles west of Ft. Worth), is the anchoring entity in RHP 11. It is a small rural hospital and reports that it does not have resources to document administrative activities, and thus is not planning to participate in administrative match claiming at this time.
- RHP 12: Lubbock County Hospital District, *dba* University Medical Center (UMC), is the anchoring entity in RHP 12, and participates in the 1115 Waiver as Anchor, DSRIP performing provider, UC, and as an IGT entity. UMC does not participate in any other administrative costs or claiming.
- RHP 13: McCulloch County Hospital District, in Brady, TX (about 75 miles east of San Angelo), the anchoring entity in RHP 13, and is not planning to submit administrative costs at this time. Narrative and cost information is not included.
- RHP 14: Ector County Hospital District, DBA Medical Center Health System (MCHS), is the anchoring entity in RHP 14 and also participates as a performing provider in DSRIP, in UC and as an IGT entity. MCHS does not participate in other administrative match or claiming activities. For the purposes of Anchor functions, MCHS relies solely on one lead staff person.
- RHP 15: El Paso County Hospital District, DBA University Medical Center of El Paso (UMC) is the anchoring entity in RHP 15 and also participates in the 1115 Waiver as a performing provider for DSRIP, UC, and an IGT entity for both DSRIP and UC. UMC also claims administrative types of costs on the Medicare and Medicaid cost reports. The anchor administrative costs will be excluded from these filings.
- RHP 16: Coryell County Memorial Hospital Authority, the anchoring entity in RHP 16, is not planning to submit administrative costs at this time. Narrative and cost information is not included.
- RHP 17: Texas A&M Health Science Center (TAMHSC) is the anchoring entity for RHP 8 and RHP 17. The RHP 17 Anchor team, as well as RHP 8 Anchor team, operates under the Rural and

Texas Healthcare Transformation and Quality Improvement Program
Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

Community Health Institute which is a component of the College of Medicine. TAMHSC is a health related institution operating as a component under Texas A&M University and, in addition to the anchor role, participates in the 1115 Waiver as an IGT entity, and as a performing provider for DSRIP projects in RHP 17. RHP 17 Anchor team is housed at the Bryan TX campus.

RHP 18: Collin County is the anchoring entity for RHP 18. Collin County is not a Medicaid provider and does not participate as a Performing Provider in DSRIP or in UC.

RHP 19: Electra Hospital District (*dba* Electra Memorial Hospital) is the anchoring entity in RHP 19, and is not planning to submit administrative costs at this time. Narrative and cost information is not included.

RHP 20: Webb County is the anchoring entity in RHP 20. The Anchor did not submit a narrative, so cannot claim any costs unless this is rectified. Note that although narrative information was not submitted, preliminary costs information was submitted in an earlier request: \$371,000 for DY2, and \$395,000 for DY3.

B. The state is at risk for loss of FFP should an audit of this waiver find non-compliance with Federal statute, regulations, protocols, and guidance.

State Response:

Understood. Language is incorporated in Cost Principles that hold the Anchors to this same standard and risks.

C. The state may be required to develop an administrative claiming plan (protocol) that is described in a later section of this agreement and to amend its cost allocation plan.

In order for the costs of administrative activities to be claimed as Medicaid administrative expenditures at the 50% FFP rate, the state assures that the following requirements are understood and met:

- ✓ The state complies with all Federal statute, regulations and guidance for all claims for FFP.
- ✓ Costs are “necessary for the proper and efficient administration of the Medicaid State Plan” (Section 1903(a)(7) of the Social Security Act).
- ✓ If applicable, costs are allocated in accordance with the relative benefits received by all programs, not just Medicaid.

Texas Healthcare Transformation and Quality Improvement Program
Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

- ✓ Claims for costs are not duplicate costs that have been, or should have been, paid for through another federal funding source or paid as part of a rate for direct medical services.
- ✓ State or local governmental agency costs are supported by an allocation methodology under the applicable approved public assistance Cost Allocation Plan (42 Code of Federal Regulations (CFR) 433.34) submitted to the Division of Cost Allocation.
- ✓ Costs do not include funding for a portion of general public health initiatives that are made available to all persons, such as public health education campaigns.
- ✓ Costs do not include the overhead costs of operating a provider facility or otherwise include costs of a direct medical services to beneficiaries (these should be claimed as medical service costs, and not plan administration).
- ✓ Costs do not duplicate activities that are already being offered or should be provided by other entities, or through other programs.
- ✓ Costs are supported by adequate source documentation.
- ✓ Costs are not federally-funded or used for any other federal matching purposes.

State Response:

Understood. As a result of the specific guidance, the state has now added language to the Cost Principles that holds the Anchors to the above requirements. See new section I.E. entitled “Core CMS requirements for cost allowability” in the revised version of 1115 Waiver Cost Principles (reference Attachment A).

D. Under the waiver, the state must:

- 1. Provide a detailed summary budget and a narrative description of all administrative expenditures for review and approval.**

State Response:

The total net impact to the Federal government of the administrative claiming hereunder, after incorporating offsetting IGT, shows the 50% Federal match at \$4.0 Million for DY2, and \$5.1M for DY3.

In terms of what they will be claiming (in total dollars, before the impact/offset of IGTs), the twenty RHPs report that they have spent \$8.0M during DY2, and plan to spend \$10.1M in DY3. Actual expenditures are higher, in that five RHPs plan to not claim administrative expenses hereunder.

Most RHPs are far under their individual maximum allowed amounts, and the aggregate amount of administrative claiming is about one-third of the maximum state-wide amount allowed.

Texas Healthcare Transformation and Quality Improvement Program
Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

A summary of each Anchor's narrative is provided in Section A above. The full Anchor narratives are provided in Attachment D. Further, an aggregate budget narrative is included within Attachment E. Attachment E also includes substantial budget details, including an aggregate overview by Administrative Activity, a summary overview by RHP, and a detailed numerical page for each individual RHP.

- 2. Submit a narrative budget of administrative expenditures for review purposes to be referenced in the administrative claiming section of the standard terms and conditions for the waiver.**

State Response:

A summary of each Anchor's narrative is provided in Section A above. The full Anchor narratives are provided in Attachment D. An aggregate budget narrative is included within Attachment E, along with additional budget details.

- 3. Obtain prior approval from CMS for any changes to the methodology used to capture or claim FFP for administrative costs associated with the Waiver/Demonstration**

State Response:

Understood.

- 4. Describe how the State and its partners will offset other revenue sources for administrative expenditures associated with the Waiver/Demonstration, if applicable.**

State Response:

N/A

- 5. Detail the oversight and monitoring protocol to oversee all aspects of the Waiver/Demonstration including administrative claiming for the Waiver/Demonstration.**

State Response:

A monitoring function is planned for the Waiver that is under development with CMS that may include staff and/or contracted activities.

- 6. Obtain prior approval for any new categories of administrative expenditures to be claimed under the Demonstration.**

Texas Healthcare Transformation and Quality Improvement Program
Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

State Response:

Understood.

- 7. Agree to permit CMS to review any time study forms and/or allocation methodology related documents that are subsequently developed for use by this program, prior to modification or execution.**

State Response:

Understood.

- 8. Submit a Medicaid administrative claiming plan to CMS for review and approval prior to implementation and/or claiming costs.**

State Response:

Initial Medicaid administrative claiming plan was submitted February 2012.

- 9. Submit copies of all of the interagency agreements/MOUs/ and signed contracts for vendors that include administrative costs under this Waiver/Demonstration.**

State Response:

Understood.

II. Interagency Agreements/Memorandum of Understanding (MOU)/Contracts

- A. Only the state Medicaid agency may submit a claim to CMS to receive FFP for allowable Medicaid costs. Therefore, every participating entity that is performing administrative activities on behalf of the Medicaid agency must be covered, either directly or indirectly, through an interagency agreement, memorandum of understanding (MOU) or contractual arrangement.**

These agreements must describe and define the relationships between the state Medicaid agency and the sister agency or sub-grantee claiming entity and document the scope of the activities to be performed by all parties. The interagency agreements must be in effect before the Medicaid agency may submit claims for federal matching funds for any administrative activities conducted by the entity as detailed in the agreement with the Medicaid agency. Although CMS does not have approval authority for interagency

Texas Healthcare Transformation and Quality Improvement Program
Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

agreements, nor are we party to them, the agency reserves the right to review interagency agreements executed for purposes of administering the waiver.

State Response:

See anchor list in box below. Contracts will be executed with each Anchor utilizing the Anchor Contract Template (Attachment F). Anchor Administrative Costs reimbursement is contingent on signed MOU or Contract.

Agency Name/Sub-grantee	Date of Signed MOU or Contract
University of Texas Health Science Center at Tyler	
University of Texas Medical Branch	
Harris Health System	
Nueces County Hospital District	
Hidalgo County	
University Health System	
Travis County Healthcare District (Central Health)	
Texas A&M Health Science Center	
Dallas Cty Hosp District (Parkland Health & Hosp)	
Tarrant Cty Hosp District (JPS Health Network)	
Palo Pinto General Hospital District	
Lubbock County Hospital District - University Medical Center	
McCulloch County Hospital District	
Ector County Hospital District (Medical Center Health System)	
University Med Ctr of El Paso (El Paso Hosp Dist)	

Texas Healthcare Transformation and Quality Improvement Program
 Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

Coryell County Memorial Hospital Authority	
Texas A&M Health Science Center	
Collin County	
Electra Hosp District (Electra Memorial Hospital)	
Webb County	

B. The agreements above describe and define the relationships between the state Medicaid agency and the sister agency or sub-grantee claiming entity and document the scope of the activities being performed by all parties.

State Response:

Understood.

C. The interagency agreement or sub-grant contract must describe the Medicaid administrative claiming process, including an allocation methodology, (i.e., time study) to identify the services the state Medicaid agency will provide as well as those to be performed by the local entity, including any related reimbursement and funding mechanisms, and define oversight and monitoring activities and the responsibilities of all parties.

State Response:

See cost reporting template (Attachment B).

D. All requirements of participation the state Medicaid agency determines to be mandatory for ensuring a valid process should be detailed in the agreement. Maintenance of records, participation in audits, designation of local project coordinators, training timetables and criteria, and submission of fiscal information are all important elements of the interagency agreement.

The interagency agreement includes:

- ✓ Mutual objectives of the agreement;
- ✓ Responsibilities of all the parties to the agreement;

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

- ✓ A description of the activities or services each party to the agreement offers and under what circumstances;
- ✓ Cooperative and collaborative relationships at the state and local levels;
- ✓ Specific administrative claiming time study activity codes which have been approved by CMS, by reference or inclusion;
- ✓ Specific methodology which has been approved by CMS for computation of the claim, by reference or inclusion;
- ✓ Methods for reimbursement, exchange of reports and documentation, and liaison between the parties, including designation of state and local liaison staff.

State Response:

See updated contract form (Attachment G), Cost Principles (Attachment A), and cost reporting template (Attachment B).

E. Many interagency agreements require the governmental agency that performs the administrative activities to provide the required state match for Medicaid administrative claiming.

State Response:

Anchors will be required to provide the required state match.

III. Non-federal Share Funding Source

For each activity and/or agreement to provide an activity please specify the source of the non-federal share of funding below. The non-federal share of the Medicaid payments must be derived from permissible sources (e.g., appropriations, Intergovernmental transfers, certified public expenditures, provider taxes) and must comply with federal regulations and policy.

Activity/Agreement	Funding Source
RHP01 Anchor Administrative Costs	UT Health Science Center Tyler
RHP02 Anchor Administrative Costs	The University of Texas Medical Branch at Galveston (UTMB)
RHP03 Anchor Administrative Costs	Harris Health System
RHP04 Anchor Administrative Costs	Anchor Entity (Nueces County Hospital District)
RHP05 Anchor Administrative Costs Not planning to submit at this time	Anchor – Hidalgo County

Texas Healthcare Transformation and Quality Improvement Program
 Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

RHP06 Anchor Administrative Costs	University Hospital
RHP07 Anchor Administrative Costs	Public funds as defined in Rule 355.8202 of the Texas Administrative Code
RHP08 Anchor Administrative Costs	Texas A&M Health Science Center
RHP 09 Anchor Administrative Costs	Parkland Health & Hospital System
RHP10 Anchor Administrative Costs	Anchor – JPS Health Network
RHP11 Not planning to submit costs as this time	
RHP12 Anchor Administrative Costs	Lubbock County Hospital District dba University Medical Center
RHP13 Not planning to submit costs as this time	
RHP 14 Anchor Administrative Costs	Ector County Hospital District
RHP 15 Anchor Administrative Costs	El Paso County Hospital District d/b/a UMC of El Paso
RHP16 Not planning to submit costs as this time	
RHP 17 Anchor Administrative Costs	Texas A&M Health Science Center
RHP18 Anchor Administrative Costs	Collin County Healthcare Foundation
RHP19 Not planning to submit costs as this time	
RHP20 Did not submit narrative	

State Response:

See anchor list above.

IV. Administrative Activities

The state and its partners must describe the proposed administrative activities to be performed in the section below.

Texas Healthcare Transformation and Quality Improvement Program
 Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

Activity	Provider
The provision of appropriate accounting, human resources, and data management resources for the RHP;	Anchors
The coordination of RHP annual reporting, as specified in the Program Protocol, on the status of projects and the performance of Performing Providers (as defined in the Program Protocol) in the region;	Anchors
The provision of RHP data management for purposes of evaluation;	Anchors
The development and facilitation of one or more regional learning collaboratives;	Anchors
Communication with stakeholders in the region	Anchors
Communication on behalf of the RHP with HHSC.	Anchors

State Response:

See the list of proposed administrative activities in the box immediately above. For additional details, further see the cost reporting template (Attachment B), the contract form (Attachment F), and updated Cost Principles (Attachment A).

V. Identification, Documentation and Allocation of Costs

A. Public Assistance Cost Allocation Plan

1. The Public Assistance Cost Allocation Plan (CAP) is a narrative description of the procedures that the state agency will use to identify, measure, and allocate costs incurred under this Waiver/Demonstration. All administrative costs (direct and indirect) are normally charged to federal grant awards such as Medicaid through the state’s public assistance Cost Allocation Plan (CAP).

State Response:

Submitted February 2012.

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

2. The single state agency has an approved public assistance cost allocation plan (CAP) on file with the Division of Cost Allocation in the U.S. Department of Health and Human Services that meets certain regulatory requirements, which are specified at Subpart E of 45 CFR part 95 and referenced in OMB Circular A-87, Attachment D.

State Response:

Submitted February 2012.

3. Upon approval of this Waiver/Demonstration, it is the responsibility of the state Medicaid agency to amend their CAP plan and submit to the DCA for review and approval.

State Response:

Understood.

4. In accordance with the statute, the regulations, and the Medicaid state plan, the state will maintain/retain adequate source documentation to support Medicaid payments.

State Response:

Understood.

5. Upon approval, the CAP must reference the claiming mechanism, the interagency agreement, and the time study methodology and other relevant issues pertinent to the allocation of costs to submit claims. The time study requirements are described in the next section.

State Response:

Understood. Note: the State is not proposing time studies.

B. Cost Allocation Methodology and/or Time Study Description

The state will describe the methodology used to account for 100% of staff time (i.e., time study and/or sampling system) to allocate the staff time accordingly to multiple activities or cost objectives. The time study allocates the share of costs to administrative activities (both Medicaid and non-Medicaid) and direct medical services as well as all other funding sources that are not reimbursable under this administrative claiming protocol. The time study must be described in sufficient detail to include a description of each

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

Medicaid and non-Medicaid codes (to allocate to other federal and non-federal programs) to account for 100% of staff time.

The state and its partners are responsible to develop a time study methodology and instructions to capture costs and reflect all of the time and activities performed by staff. The time study must include careful documentation of all of the work performed by staff over a set period of time and is used to identify, measure and allocate staff time devoted to Medicaid reimbursable administrative activities.

A Medicaid allocation statistic is applied to the resulting recognized administrative cost pool to determine Medicaid's reimbursable administrative cost. Note: Overhead costs incurred that are an integral part of, or an extension of, the provision of services by medical providers, are to be included in the rate paid by the state or its fiscal agent for the medical service. These costs are not claimable as administrative expenditures and there is no additional FFP available under this section.

In accordance with the statute, regulations and the Medicaid state plan, the state is required to maintain and retain source documentation to support Medicaid payments for administrative activities. The basis of this requirement can be found in statute and regulations.

See section 1902 (a)(4) of the Act and 42 CFR 431.17. Documentation maintained in support of administrative claims must be sufficiently detailed to permit CMS to determine whether activities are necessary for the proper and efficient administration of the state plan.

Provide the cost identification and time study methodology descriptions here, if applicable.

State Response:

Anchors are using a similar methodology for cost allocation that results in a Percent Effort Spreadsheet (Attachment D.1)

- a. Reflect an after the fact distribution of the actual activity of each employee;
- b. Are prepared monthly and coincide with one or more pay periods.

VI. Authorized Collaborations/Partnerships

Texas Healthcare Transformation and Quality Improvement Program
Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

- A. As part of the total amount payable under this Waiver/Demonstration authority granted under section 1115(a)(2) of the Social Security Act (the Act) by the Centers for Medicare & Medicaid Services (CMS) Federal Financial Participation (FFP) as authorized by 42 Code of Federal Regulations (CFR) 433.15 is available at the 50 percent matching rate for administrative costs required for "proper and efficient" administration of the Waiver/Demonstration and subject to the limitations outlined below.

State Response:

Understood.

VII. Administrative Claiming Budget and Budget Narrative

Provide a detailed budget and budget narrative. The budget must crosswalk all of the administrative activities and staff positions associated with administrative services.

State Response:

Each anchor has provided based on draft cost reporting template, and contract and updated cost principles.

VIII. Attachments

See separate documents attached, corresponding to each of the following:

Attachment A – Cost Principles – The cost principles for expenses specific to the 1115 Waiver describe in detail that not all expenses incurred by an Anchor are allowable for inclusion for cost claiming under this program. This document is also included as part of the contract between HHSC and the Anchor with regard to the program hereunder.

Attachment B – Cost Template – This is the cost reporting template, in the form of a locked Excel spreadsheet, which provides additional framework and controls for reporting of administrative costs by each Anchor. Among other data, the spreadsheet shows costs by activity by Demonstration Year for each Anchor.

Attachment C – RHP Map – This map of the state of Texas shows the locations of the twenty Regional Healthcare Partnerships, whose members may participate in the Delivery System Reform Incentive Payment (DSRIP) program.

Attachment D – RHP Narratives – Each Anchor has submitted a narrative description, per the CMS requirements herein, which has been reviewed by HHSC. This attachment shows this narrative detail for each of the twenty Anchors.

Texas Healthcare Transformation and Quality Improvement Program
Demonstration Approval Period: December 12, 2011 through September 30, 2016

Attachment K
Administrative Cost Claiming Protocol
Part 1: RHP Anchor Administrative Costs

Attachment D.1 -- Percent Effort Spreadsheet -- Each Anchor will utilize this spreadsheet for cost allocation methodology.

Attachment E – RHP Budget (Projected Costs) and Consolidated Budget Summary – Each Anchor has submitted a cost projection / budget by Demonstration Year, which is subject to the maximums as established by CMS. There is a separate spreadsheet for each of the twenty Anchors. HHSC has consolidated the individual submittals from the twenty Anchors into a combined state total by activity by Demonstration Year.

Attachment F – Anchor Contract template -- This is the proposed form for the contracts between HHSC and each of the separate Anchors. Among other things, the contract outlines tasks and responsibilities, payment terms, and various requirements, such as adherence to the Cost Principles for submission of allowable costs for reimbursement hereunder.