



INDIANA MEDICAID UPDATE

August 20, 1998

TO: All Community Residential Facilities for the Developmentally Disabled (CRFs/DD)

SUBJECT: Day Habilitation Transportation Services and Dietary Revenue Offset

The purpose of this bulletin is to provide information regarding the proper reporting of day habilitation transportation costs and dietary revenue offset on the Financial Report for Community Residential Facilities for the Developmentally Disabled (CRFs/DD).

Day Habilitation Services

Page ten (10) of the instructions for filing the Financial Report for CRFs/DD states that providers should report on line 462 the costs paid to a day service provider or outside contractor for transporting residents to and from the day service provider. Supporting documentation should be available, upon request by the Office of Medicaid Policy and Planning (OMPP) or its audit or rate setting contractors, to justify utilizing transportation methods other than facility vehicles. For additional clarification, line 462 should only be utilized to report costs paid to non-related party day service providers and outside contractors.

Each provider submitting costs for day habilitation transportation services must maintain written documentation which quantifies the benefit of not utilizing the two (2) vehicles allowed under 405 IAC 1-12-8(b).

The OMPP will not accept a provider's justification that since residents are being transported to different places at different times, then vehicles and/or manpower are not always readily available. The reason OMPP will not accept this justification is that the benefit to cost has not been clearly quantified and/or supported. Historically, providers have not prepared a schedule of personnel and/or a schedule of availability of vehicles which would quantify the need to out source day habilitation transportation services.

Effective immediately, providers must maintain in writing the cost justification process used, including the cost of every option available and the reason for acceptance or rejection of the option. The documentation for the analysis of all options should be made available, upon request by the OMPP or its audit or rate setting contractors.

If the transporting of residents is performed by the house manager, then the salary and hours should remain on the house manager line 317 of the financial report. If the transporting of residents is performed by an internal or related party transportation department, then the costs and hours of the internal or related party transportation department should be treated like home office costs and hours where allocated dollars and hours may be reported on the appropriate lines of the financial report.

The acceptable allocation basis for the costs and hours of the internal or related party transportation department is the number of miles driven to transport group home residents from the group home to the day service provider and back. This should be calculated by taking the distance from the group home directly to the day service provider. This distance should be multiplied by two (2) to arrive at the miles per trip. The miles driven to pickup and drop-off non-group home residents should not be included in calculating the miles per trip. A "trip" is the number of trips made by the vehicles regardless of the number of residents from a particular home being transported by the vehicle. For example, if the vehicle transports five (5) residents to and from one home to the day service provider at one time, this should be counted as one (1) trip. The miles per trip should be multiplied by the total number of trips to arrive at the total miles driven to transport group home residents to the day service provider. The total miles driven to transport group home residents to the day service provider should be divided by the total miles driven for all vehicles to arrive at the allocation basis.

Dietary Revenue Offset

Dietary revenue from meals sold to guests and employees should be offset only to Line 333 of Schedule E of the Medicaid Financial Report. The dietary revenue should not be offset to any other lines on Schedule E of the Medicaid Financial Report. Hours worked reported on Schedule E of the Medicaid Financial Report should not be reduced by an amount of time spent preparing meals for individuals other than residents.

The number of hours spent by the dietary staff preparing meals remains consistent from day to day regardless of the amount of guests and employees that choose to eat at the facility on any given day. The dietary staff does not spend additional time preparing meals for guests and employees. Accordingly, offsetting a portion of dietary revenue against a staffing line and reducing the associated hours worked is not appropriate.

If you have any questions regarding this bulletin, please contact Clifton Gunderson L.L.C. at (317) 484-0534 regarding audit adjustment on day service transportation costs and/or Myers and Stauffer at (317) 846-9521 or 1-800-877-6927 regarding cost reporting issues regarding this subject.