

Carolyn Long

From: Vicki Schmidt
Sent: Friday, January 20, 2012 10:20 PM
To: Carolyn Long
Subject: FW: \$115 Administrative Rate Analysis

Please print.

Thanks!

Vicki

Vicki Schmidt
Assistant Majority Leader
Kansas Senate
Vicki.Schmidt@senate.ks.gov

From: Shannon Jones <shanoz@aol.com>
Date: Fri, 20 Jan 2012 14:06:01 -0600
To: Carolyn McGinn <Carolyn.McGinn@senate.ks.gov>, Laura Kelly <Laura.Kelly@senate.ks.gov>, Ruth Teichman <Ruth.Teichman@senate.ks.gov>, Marci Francisco <Marci.Francisco@senate.ks.gov>, Mark Taddiken <Mark.Taddiken@senate.ks.gov>, Vicki Schmidt <Vicki.Schmidt@senate.ks.gov>, Terrie Huntington <Terrie.Huntington@senate.ks.gov>, Dwayne Umbarger <Dwayne.Umbarger@senate.ks.gov>
Subject: \$115 Administrative Rate Analysis

Dear Senators of the SWAMs,

Thank you for the discussion this morning regarding reduced provider rates for FMS (fiscal management services) provided by Centers for Independent Living (CIL). I realize this is a complex issue, but bottom line, the providers of this service, the CILs, are experiencing extreme hardship. When we first started negotiating with SRS two years ago, the CILs asked for \$200/member/mo.. SRS came back with \$140....now without any discussion or input by the folks doing the work, SRS & KDOA determined the rate would be further reduced to \$115.

The fiscal management service is much, much more than simply cutting a pay check for attendant care workers. The Centers for Independent Living, acting as the fiscal manager, have duties beyond writing the check. In addition, they; collect client obligation, conduct background checks, garnishments, detect fraud and work with the AG Fraud unit, wage verification, work with the court system, conduct quality assurance to ensure customers are meeting all regulations, provide a huge amount of customer service to attendants and consumers etc..

I've pasted our analysis below.

Thank you again for your attention to this most serious matter.
Shannon Jones

\$115 Administrative Rate Analysis – November 7, 2011

Information and Assistance (I&A)

Information and assistance is a requirement of FMS. The I&A rate was originally calculated at 1 hour and 30 minutes per member per month. The original breakdown of the \$140 administrative rate included \$45 per member per month for I&A (assuming \$30 per hour). **Information and assistance was not part of the cost study, therefore the \$45 needs added.** Furthermore, \$30 per hour is very low and \$40 per hour would equate to an additional \$60 instead of the \$45 originally allocated towards I&A.

KS AuthentiCare (EVV)

As per the letter from SRS dated 05/27/2011 and the Stakeholders conference call 10/24/2011, the FMS rate was reduced from \$140 to \$115 due to KS AuthentiCare (Electronic Visit Verification System - EVV). However, if you study the breakdown of the \$140 below, there is very little allocated towards processing timesheets. In addition, it is important to note that KS AuthentiCare (EVV) may actually add to our administrative fees.

If the difference between the \$140 and \$115 administrative rate is due to KS AuthentiCare (EVV), then why is the administrative rate for November and December \$115.

	SRS Proposed Rate
Unemployment ins. fund administration costs	\$3.00
Other Insurances	\$6.00
Filing/Paying Taxes	\$10.00
Writing Checks	\$12.00
w-2/ garnishment & other admin (background checks)	\$22.00
Independent Audit/Reporting	\$5.00
Direct & Indirect Operating	\$27.00
I&A	\$45.00
Operational Overhead	\$10.00
Total	\$140.00

Client Obligations

- The lag time between the decision to close a case due to delinquency and the effective date of closure, results in an unreimbursed cost.
- In addition to the financial loss due to uncollectible obligations, there is also many hours spent processing and collecting these payments.
- Uncollectible client obligations may result in an additional \$15 per member per month. This information was not accurately reflected in the cost study.
- Each provider is responsible for disbursing all funds received for personal services. However, this model assumes we will receive all client obligations billed. Since the client obligation is deducted from our reimbursement, we need further clarification how to account for this loss. Obviously we cannot spend money we did not receive. It was previously stated that personal service reimbursement funds need to go towards DSW wages, DSW employer's share of taxes, workers compensation and unemployment. Can we deduct unpaid client obligations from this amount? If so, can we get that in writing? If not, can you please add this cost to the current FMS rate?

Additional costs and burden to FMS providers above and beyond cost study! How will we pay for these items?

- Recoupments and wages that are not reimbursed because of other agency errors.
- The delay in receiving reimbursements for claims submitted is unacceptable. Our payments are significantly delayed because the accounts are locked in "Evaluation or Rejected" status.
- The FMS provider requirements include policies, procedures and reporting that required administrative costs that were not included in the cost study.
- Additional costs of preparing and disseminating semi-annual reports.
- Additional cost of accounting and reconciling individual consumer accounts to maintain a zero balance.
- FMS requires **5 different pay rates (5 waivers)** which results in additional administrative costs. These costs were not included in the cost study.
- The cost study was for costs 2 or 3 years ago. The cost study was performed based on stipulations and data sets required by SRS. There were too many agencies in the sample size and the scope was too broad.

Where does it state \$100 in Cost Study Cost?

"....In addition to calculating the percentage direct and administrative costs we also looked at what the average cost per client was for both direct care and administrative. We divided the direct/pass through costs and the administrative costs by the number of clients listed at the provider's year end. We did this calculation for both payroll agent only providers and payroll agent and service providers. On average the cost per client for direct/pass through services was \$14,001 and administrative was \$2,988 for the payroll agent only providers. Providers that are payroll agent/service providers averaged \$9,362 for direct/pass through services and \$2,974 for administrative costs." (\$248 per month)
