Mental Health Program

Revenue and Expenditure (R&E)



Report Instructions

Mental Health Contacts

R&E Report: Sara Corbin (360) 725-3749

[Corbisa@dshs.wa.gov](mailto:Corbisa@dshs.wa.gov)

Payment Documents: Nga Nguyen (360) 725-2095

[Nga.Nguyen@dshs.wa.gov](mailto:Nga.Nguyen@dshs.wa.gov)

Cost Allocation Guidelines: Hector Garcia (360) 725-3777

[Hector.Garcia@dshs.wa.gov](mailto:Hector.Garcia@dshs.wa.gov)

Administered by the Department of Social and Health Services



*Effective January 2012*

*Reporting Period: July 2013-June 2014*

*Last Update: May 2013*

Table of contents

[OVERVIEW 4](#_Toc271121484)

[General Instructions 4](#_Toc271121485)

[Report and Certification Due Dates 4](#_Toc271121486)

[Corrections to Prior Period Reports 5](#_Toc271121487)

[Bars Supplemental Information 5](#_Toc271121488)

[Special Legislative Funding (Proviso’s) please review this section for accuracy. 6](#_Toc271121489)

[COST ALLOCATION GUIDELINES 7](#_Toc271121490)

[MEDICAID REVENUE AND EXPENDITURE REPORT 11](#_Toc271121494)

[Medicaid Revenue Section 11](#_Toc271121495)

[Medicaid Expenditure Section 13](#_Toc271121496)

[Medicaid Reserves and Fund Balances 16](#_Toc271121497)

[Medicaid Reserves Reconciliation 18](#_Toc271121498)

[Administrative and Reserve Percentage Calculations (PIHP) 18](#_Toc271121499)

[NON-MEDICAID REVENUE AND EXPENDITURE REPORT 19](#_Toc271121500)

[Non-Medicaid Revenue Section 19](#_Toc271121501)

[Non-Medicaid Expenditure Section 22](#_Toc271121502)

[Non-Medicaid Reserves and Fund Balances 28](#_Toc271121503)

[Non-Medicaid Reserves Reconciliation 30](#_Toc271121504)

[Administrative and Reserve Percentage Calculations 30](#_Toc271121505)

[1915 (b)(3) SAVINGS 31](#_Toc271121506)

[Definitions 31](#_Toc271121507)

[Calculation 31](#_Toc271121508)

[1915 (b)(3) Description of Services 32](#_Toc271121509)

[THIRD PARTY REVENUE REPORT 34](#_Toc271121510)

[Revenue and Expenditure Report Certification Form 35](#_Toc271121511)

[Reserve Clarification Memorandum 36](#_Toc271121512)

[Encumbrance Reserve Clarification 37](#_Toc271121513)

[FMAP 38](#_Toc271121514)

# OVERVIEW

## General Instructions

1. Report Regional Support Network (RSN) revenues and expenditures (not provider revenues and expenditures).
2. Report the accounting method your RSN uses (Full, Modified or Cash Basis).
3. Report expenditures associated with reported revenues
4. Report expenditure allocation method. Refer to the suggested Cost Allocation Guidelines for acceptable cost allocation methodologies.
5. Revenue and Expenditure (R&E) Report Format
   1. **Do not change or fill in gray areas**. Some gray areas are formulas which will automatically generate totals. Other gray cells are heading rows. Do not enter information into heading rows.
   2. **Do not delete rows or add rows**. Insert comment boxes to a cell or enter notes in the column provided if clarification is necessary.
   3. **Do not change the overall format.** Reports must be submitted in exactly the same format so that DBHR can summarize and condense the information into one Excel Workbook by linking the reports.
   4. Columns in the R&E Report identify “Fund Source.”
   5. Rows in the report identify “Type of Service or Program.”
6. Maintenance of Effort (MOE) must be reported on the Non-Medicaid R&E report as ITA judicial costs.
7. The RSN should report current fund balances (the final date of the R&E reporting period). The fund balance should reflect reserves and fund balances held at the RSN—**not held at the providers**. Each category of reserves and fund balances must be reported by fund source. **If there are var**i**ances between expected and reported fund balances an explanation must be provided.**

**Report and Certification Due Dates**

The R&E reports and Certifications are due within 45 days of the semi-annual reporting period (December and June of each year).

Submit signed form electronically to: [DSHSMHDDeliverables@dshs.wa.gov](mailto:DSHSMHDDeliverables@dshs.wa.gov) or [dshsmhdrsndeliverabl@dshs.wa.gov](mailto:dshsmhdrsndeliverabl@dshs.wa.gov)

Or

Submit signed hard copy to: MHD Deliverables

PO BOX 45320, Olympia, WA 98504-5320

**Corrections to Prior Period Reports**

During a **current** State fiscal year (July – June)

If you discover an error in a previously submitted report, correct the error in the reporting period in which the error was discovered. For example, you’re preparing the January-June report and you discover you made an error in the previous report (July-December) make the correction on the January-June report. Add a note to the report explaining the correction.

For a **prior** State fiscal year

If the error is not material in nature, correct the error in the report period in which the error was discovered. Add a note to the report explaining the correction. If the error is material in nature, the RSN should contact DBHR fiscal staff for consultation on how to proceed.

## Bars Supplemental Information

The Department of Social and Health Services (DSHS) publishes this supplement to aid local governments in accounting for programs in accordance with the Budgeting, Accounting, and Reporting System (BARS) promulgated by the Office of the State Auditor. It can be found at: <http://www.sao.wa.gov/EN/Audits/LocalGovernment/BarsManuals>

The purpose of this supplement is to define the revenue, expenditure, fund balance, and elements and sub-elements specific to the RSN. The State Auditor determines BARS Basic Accounts, Sub-accounts, and Object Account codes. Basic Expenditure Account 564.00 is defined as Mental Health Services. The Mental Health Program in DSHS determines element/sub-element categories corresponding to the expenditure accounts for 564.00. Local government contractors must use the element/sub-element categories contained in this supplement when accounting for expenditures.

Please refer to the BARS Manual published by the State Auditor for questions regarding BARS Account Code structure, resource account codes, expenditure and use of accounts, definitions and classification of expenditure objects.

**Special Legislative Funding (Proviso’s)**

General Information

Report funds designated by the legislature for a specific purpose in the appropriate Revenue or Expenditure row.

If administrative dollars are allowed, be sure to clearly identify and break-out the proviso administrative dollars by funding type (row 57 for Jail funding, row 58 for PACT funding) in the Administrative Expenditure section. Program funds designated by the legislature for a specific purpose that are unspent at State fiscal year-end should be held in Reserve for Encumbrances.

Return of Proviso Dollars

Funds designated by the legislature for a specific purpose from a prior fiscal year (held in Reserve for Encumbrances) that are returned to DBHR due to program under-spending should be accounted for as follows:

* Reduce Revenue:
  + Report under row labeled “Return of Prior State Fiscal Year Proviso Dollars” (row 35 on Non-Medicaid R&E).
  + Report in the Other State Funds column.
  + Break-out the proviso funding being returned in the row provided.
    - Row 36 for Jail Service funding
    - Row 37 for PACT funding
    - Row 38 for ITA 180-day Commitment Hearings

# COST ALLOCATION GUIDELINES

For questions, or to discuss reasonably sound cost allocation methodologies, contact Warren Grimm at [warren.grimm@dshs.wa.gov](mailto:warren.grimm@dshs.wa.gov).

**Service Provider Costs**

If the primary reimbursement method for service providers is fee-for-service, assuming administrative costs are part of the direct service costs, no further allocation of costs is needed.

If the RSN reimburses its service providers on a method other than fee-for-service it will have to collect revenue and expenditure information from its service provider network by requiring them to fill out an R&E report or a similar document to obtain the needed information. Effective July 1, 2010, RSNs will allocate all reported service provider administrative costs to the direct service costs based on the percentages (unless it can be identified to a specific activity (e.g. Jail Services) of direct costs reported by service providers. If there are other costs reported by service providers for “support” costs, these costs should not be adjusted when re-allocating administrative costs.

**Fee-For-Service Payment Method Using Service Provider Reported Revenues and Expenditures**

Those RSNs on a fee-for-service payment methodology who don’t collect service provider’s reported revenues and expenditure reports can pull a detailed expenditure report by BARS code to complete the RSN’s R&E report. The rate created for the fee-for-service may include an amount to cover administrative costs so there will be no need to reallocate the administrative costs to the direct services.

RSN’s who obtain revenue and expenditure reports from service providers should limit service provider reported expenditures to actual payments by the RSN. If service provider reported costs exceed actual RSN payments the RSN will have to adjust service provider reported expenditures downward based upon the percentage of reported expenditures. If service provider reported expenditures are less than actual RSN payments the RSN will need to adjust reported expenditures upward based upon the percentage of reported expenditures. Note – if service providers report administrative costs these will need to be re-allocated to direct service costs.

**Block Grant, Capitation and Cost Reimbursement Method or Combination**

RSNs will need to collect service provider’s reported expenditures and limit the expenditures to the actual payments made by the RSN. If service provider reported costs exceed actual RSN payments the RSN will have to adjust service provider reported expenditures downward based upon the percentage of reported expenditures. If service provider reported expenditures are less than actual RSN payments the RSN will need to adjust reported expenditures upward based upon the percentage of reported expenditures. *Note* – if service providers report administrative costs these expenses will need to be re-allocated to direct service costs.

Example of Block Grant/Capitation/Cost Reimbursement Method:

The RSN contracts with a service provider using a block grant reimbursement methodology. The RSN’s payments to the service provider totaled $120,000. The service provider reports expenditures in the amount of $105,000.

The RSN will need to increase service provider reported expenditures by $15,000 and re-allocate $5,000 in administrative costs to direct costs. Total amount to be re-allocated is $20,000.

The provider spends $105,000 on Non-Medicaid as follows:

$30,000 for Crisis Services

$10,000 for Freestanding Evaluation and Treatment (E&T)

$10,000 for Residential Treatment

$50,000 for Other State Plan Outpatient Treatment

$100,000

$ 5,000 for administrative costs

$105,000 = Total service provider reported costs.

Step 1: Increase service provider expenditures by $20,000 based upon the percentage of expenditures reported.

|  |  |  |
| --- | --- | --- |
| **Category of Expenditure** | **Percent of Total Expenditures** | **Amount of increase ($20,000) apportioned to each expenditure category** |
| Crisis Services | 30,000/100,000 = 30% | $20,000 x .30 = $ 6,000 |
| Freestanding E&T | 10,000/100,000 = 10% | $20,000 x .10 = $ 2,000 |
| Residential Treatment | 10,000/100,000 = 10% | $20,000 x .10 = $ 2,000 |
| Other Outpatient Treatment | 50,000/100,000 = 50% | $20,000 x .50 = $10,000 |
| Total | 100% | $20,000 |

Step 2: Add combined adjustments to service provider reported expenditures.

|  |  |
| --- | --- |
| **Category of Expenditure** | **Adjusted Expenditures** |
| Crisis Services | $30,000 + $ 6,000 = $ 36,000 |
| Freestanding E&T | $10,000 + $ 2,000 = $ 12,000 |
| Residential Treatment | $10,000 + $ 2,000 = $ 12,000 |
| Other Outpatient Treatment | $50,000 + $10,000 = $ 60,000 |
| Total | $120,000 |

**Guideline for reporting direct service costs and direct service support costs**

1. Direct Staff Costs and Employee Benefit
   1. Direct Care Staff – all costs of direct care staff should be charged to the appropriate direct service costs.
   2. Program Supervisors – all costs of supervisors of a treatment program should be charged to the appropriate direct service costs.
   3. Management Information System Staff – all costs associated with managing patient data system (including data entry personnel who enter client service information, staffs who prepare client records, and medical record staff) should be charged to Information Services (Direct Service Support Cost).
   4. Management – management activities should be charged to Administrative Costs. These activities include meeting with local boards, agency-wide staff meetings, preparation and review of program plans and budgets, meetings with county officials, program reviews, facility planning, and any activities which do not involve direct supervision of treatment services.
   5. Administrative staff – staff assigned to support treatment programs should be charged to Other Direct Service Support Costs. Examples are billing staffs, secretarial support of clinical staff, etc. Secretarial, general clerical staff, accounting staff, budget staff, contract staff should be reported as Administrative Costs.
2. Allocating Non-Personnel Costs
   1. Facility Operations & Maintenance – the costs should be allocated based on square footage. Costs include rent, repair, maintenance, utilities, and janitorial services.
   2. Telephone – the costs should be allocated to appropriate expenditure category based upon usage. If costs cannot be tracked by usage, allocation by FTEs or staff salaries is also acceptable.
   3. Training/Travel – should be allocated based on the nature of the training/travel.
   4. Insurance – should be allocated based upon the coverage. For example, professional liability insurance should be allocated to appropriated direct service categories.
   5. Equipment – should be allocated by usage.
   6. Vehicle – should be allocated by usage.
   7. Professional Services – administrative professional services such as accounting, auditing, and legal should be charged to administrative costs. Clinical professional services such as psychiatric, clinical, treatment or program related should be charged to appropriate direct service cost centers.
   8. Other – costs not specifically addressed above should be allocated by applying a reasonable measure of benefit or usage for that item.

**Guideline for allocation of costs between RSN Medicaid and Non-Medicaid expenditure fund sources:**

1. Direct Service Costs - Direct Service Costs should be allocated between Medicaid and Non-Medicaid Revenue and Expenditure reports based on each category of service hours submitted to DBHR.
2. Direct Support Service – some direct support categories can be tracked separately (transportation services, Interpreter Services, Crisis Telephone). If such tracking is not possible, direct service hours may be used to allocate these costs.
3. Administrative Costs – if these costs can be tracked by activity (may be through time study), please do so. Think about the following activities, which are requirements for serving Medicaid enrollees, when tracking: EQRO, BBA requirement, grievance and fair hearing process, appeal process, notice of action. If these costs cannot be tracked per activity as stated above, then allocate them based on the direct service hours. For all costs that cannot be tracked to an activity with service hours it is acceptable to use the revenue percentage received from DBHR for Medicaid and Non-Medicaid to allocate all indirect expenses.

# MEDICAID REVENUE AND EXPENDITURE REPORT

## Medicaid Revenue Section

The R&E reports by Funding Source (Column) and Type of Service or Program (Row). Report only those revenues associated with Medicaid Services.

1. **Revenues from DBHR (338)**

* *Heading Row: Funds received from DBHR under the PIHP contract.*

1. **Medicaid (Integrated) Payment Method**

* Include DBHR revenue paid under the Medicaid (Integrated) contract (Initial and 6-month adjustment). Do not reduce the Medicaid payment by either the month of service or month of payment utilization billings.

1. **(b)(3) Funds**

* Include DBHR revenue allocated specifically for (b)(3) services paid under the contract.

1. **Additional Federal Medicaid (Federal portion acct code 338)**

* Report local match sent to DBHR in appropriate row, local match column. Verify amount reported as match does not exceed allowable state participation rate.

1. **Other Revenues from DBHR (338)**

* *Heading Row: Report funds received from DBHR under the PIHP contract.*

1. **Other Revenues from DBHR**

* This cell is open to report other revenues. Describe source in cell provided.

1. **Other Revenues from DBHR**

* This cell is open to report other revenues. Describe source in cell provided.

1. **Revenues from Local Sources (310-390)**

* *Heading Row: Group of funds received from local sources to match (draw down) Medicaid. Report in the local match column. Local funds do not include donations. Report enough local funds to validate the local match for Additional Federal Medicaid or Blended Funding submitted to DBHR or Medicaid over-expenditure.*

1. **Revenues from Local Sources**

* This cell is open to report revenues from local sources. Describe source in cell provided.

1. **Revenues from Local Sources**

* This cell is open to report revenues from local sources. Describe source in cell provided.

1. **Revenues from Other Sources (310-390)**

* *Heading Row: Report revenues from sources other than the PIHP contract.*

1. **Evaluation and Treatment (E&T)** **(Provided by the RSN)**

* If the RSN is receiving Medicaid revenues for its E&T services these should be reported as Medicaid funds on row 13. If the RSN is receiving local funds for its E&T services these should be reported as local funds on row 13.

1. **Interest (361)**

* Revenue received from interest earned on Mental Health funds retained in the County or RSN. Report interest earned on mental health funds *if used as Medicaid match*.

1. **Other Revenue (389)**

* *Heading Row: Report revenue received on a* ***one-time basis****.*
* *For example - revenue received from a governmental entity* ***(other than DBHR)*** *pursuant to a contract or agreement, where the revenue is derived from the RSN performing Mental Health services. Report only those revenues received from government entities other than DBHR**if used as Medicaid match.*

1. **Other Revenue**

* This cell is open to report other revenues. Describe source in cell provided.

1. **Other Revenue**

* This cell is open to report other revenues. Describe source in cell provided.

1. **Totals**

* Sum of rows 1 through row 17.

## Medicaid Expenditure Section

1. **Outpatient Service Costs (564.40)**

* *Heading Row: Costs for services to eligible clients provided on an outpatient basis.*

1. **Crisis Services (564.41)**

* Include crisis response costs, Designated Mental Health Professional (DMHP) costs (prior to commitment) if the DMHP also provides crisis services.

1. **Freestanding Evaluation and Treatment (564.42)**

* Should include costs of purchasing or providing treatment in the non-IMD (Institution for Mental Disease) E&T or non-hospital facilities or service costs for Medicaid consumers under age 21 or over age 64. Do not include room and board costs.

1. **Mental Health Residential Treatment (564.43)**

* Should include costs of providing treatment in the residential setting, boarding homes, supported housing, cluster housing or SRO apartments. The costs should not include room and board, medical services, or custodial care. If the facility is an IMD, expenditures are reported on the Non-Medicaid R&E report.

1. **Other State Plan Outpatient Treatment (564.44)**

* Should include costs of providing the approved state plan services not listed above, including crisis beds (stabilization services). For definitions of these treatment modalities, please consult the approved state plan.

1. **(b)(3) Services (564.45)**

* *Heading Row: Report Medicaid expenditures separately for each of the (b)(3) services provided for eligible clients only.*

1. **Supported Employment**
2. **Clubhouse**
3. **Respite Care**
4. **Direct Service Costs (Exclude Outpatient) 564.20**

* *Heading Row:*

1. **Inpatient Treatment 564.24**

* Report inpatient treatment claims.

1. **Other Direct Costs (564.27)**

* *Heading Row:*

1. **Other Direct Costs**

* This cell is open to report other direct costs. Identify service in cell provided.

1. **Other Direct Costs**

* This cell is open to report other direct costs. Identify service in cell provided.

1. **Other Direct Service Costs Program/Pilot (564.50)**

* *Heading Row: Legislatively mandated Mental Health Program/Pilots. There are no Medicaid reportable program/pilots at this time.*

1. **Program of Assertive Community Treatment (PACT Medicaid) (564.53)**

* Report costs related to operation of high-intensity programs for active community treatment teams. Report costs related to development of high-intensity programs for active community treatment teams in the Other Administrative Costs section.

1. **Other Direct Service Costs Program/Pilot**

* This cell is open to report other direct service costs. Identify program in cell provided.

1. **Other Direct Service Costs Program/Pilot**

* This cell is open to report other directservice costs. Identify program in cell provided.

1. **Direct Service Support Costs (564.30)**

* *Heading Row: For rows 20 through 26 report RSN level only costs incurred in the process of providing services and activities for clients.* 
  + *Do not include costs for services directly provided to clients.*

1. **Utilization Management and Quality Assurance (564.31)**

* Include costs to ensure the adequate quality care including costs of utilization management, utilization review, costs to implement access to care standard, etc.

1. **Information Services (564.32)**

* Include costs of implementing and maintaining information system including patient tracking system, medical record staff, data lines, information system staff, and computer equipments.

1. **Public Education (564.33)**

* Include costs for consultation, education, and public information.

1. **Crisis Telephone – (Dedicated Hotline) (564.35)**

* Include costs of operating 24 hour crisis hotline.

1. **Transportation (564.36)**

* Include costs for providing transportation to clients to receive medical services including bus fare to see psychiatrist, case worker driving clients to a doctor appointment, etc.

1. **Interpreter Service (564.37)**

* Include costs of providing interpreter services to clients during sessions.

1. **Ombudsman (564.38)**

* Include costs to provide an independent ombudsman service.

1. **Other Direct Service Support Costs (564.34**)

* *Heading Row: Identify services that do not fit any categories above.*

1. **Other Direct Service Support Costs**

* This cell is open to report other costs. Identify service in cell provided.

1. **Other Direct Service Support Costs**

* This cell is open to report other cost s. Identify service in cell provided.

1. **Administrative Costs (564.10)**

* *Heading Row: Include only those costs of operating the RSN.*
* *Direct Care Staff should be charged to the appropriate direct service costs.*
* *Treatment Program Supervisors should be charged to the appropriate direct service costs.*
* *Management Information System Staff (costs associated with managing patient data system) should be charged to Information Services (Direct Service Support Cost).*

1. **RSN Administration (564.11)**

* Include only those costs of operating the RSN. Activities include planning, coordination, contracting, fiscal and contract monitoring, accounting, general clerical support, legal, facility and similar operating costs. It should also include costs allocated to the RSN from counties or administrative costs in multiple county RSNs when counties use a portion of DBHR funds or charge the RSN for administrative costs. Include E&T Administrative costs.

1. **Provider Administration (564.12)**

* For those RSNs who use a block grant or sub-capitation reimbursement method to pay service providers they will need to identify provider Administrative costs and allocate these cost to other direct service costs. This cell is blocked and no costs should be reported here.

1. **Other Administrative Costs (564.13)**

* *Head Row: Do not enter information in this row. Report Administrative costs that do not fit any other category above.*

1. **Other Administrative Costs**

* This cell is open to report other administrative costs. Identify service in cell provided.

1. **Other Administrative Costs**

* This cell is open to report other administrative costs. Identify service in cell provided.

1. **Totals**

* Sum of row 1 through row 34.

**Medicaid Reserves and Fund Balances**

Fund Balance: The RSN should report *current* fund balances (the final date of the R&E reporting period.) The fund balance should reflect reserves and fund balances held at the RSN—not held at the providers. Report only Medicaid reserves and fund balances.

Operating Reserve: Operating reserve funds may only be set aside to maintain adequate cash flow for the provision of mental health services.

Risk and Inpatient Reserve:

Risk reserves are actuarially determined (a percent of annual Medicaid premium payment.) If the amount of risk reserve is short of the contract required amount, the RSN may use excess Medicaid fund balances (operating, encumbrance, unreserved (unobligated). Inpatient reserves are actuarially determined (a percent of annual Medicaid premium payment). Inpatient reserve funds may only be set aside for anticipated psychiatric inpatient cost.

Encumbrance: Amount to pay for a future service or litigation at year end if prior year appropriation authority if spending is carried forward.

Use encumbrance reserve:

* at year end if prior year appropriation authority is being carried forward to pay for a future service
* for estimated and/or known Litigation amounts
* unspent proviso funds expected to be recovered by DBHR

Do not use encumbrance reserve:

* if service has been provided and not yet paid for. This is considered an accrual.
* for routine contracts – this amount is expected to be paid from current revenue.
* for contracts to be paid from future revenues

Unobligated Mental Health Fund Balance (Unreserved): Funds designated from mental health revenue sources that have not been spent in the fiscal period they were received. These funds have not been set aside into a specific reserve account by official action of the RSN governing body, but they may be identified by the RSN for a specific use.

Local Reserves are funds other than Medicaid that the RSN uses to serve Medicaid consumers.

1. **Operating Reserve**

* Refer to your contract for allowable Operating Reserve percentage.

1. **Enter Operating Reserve amount in this row**
2. **Enter Local Reserve amount in this row**
3. **Risk and Inpatient Reserve**

* Refer to your contract for required Risk and Inpatient Reserve percentage.

1. **Enter Risk and Inpatient Reserve amount in this row**
2. **Reserve for Encumbrances**
3. **Examples are unspent proviso funds expected to be recovered by DBHR.**
4. **Enter Reserve for Encumbrances in this row**
5. **Unreserved (Unobligated) Mental Health Fund Balance**

* RSN is not required to have unobligated reserve.

1. **Enter Unreserved (Unobligated) Mental Health Fund Balance in this row.**
2. **Total**

* Sum of rows 1 through row 9.

## Medicaid Reserves Reconciliation

1. **Prior period ending reserve balance**

* Enter in the ending balance from the previous period.

1. **Current period Revenue less Expenses is a calculated cell**

* If the difference is a positive amount current period reserves should increase by funding source. If the difference is a negative amount, current period reserves typically decrease by funding source.

1. **Expected ending reserve/fund balance is calculated cell**
2. **Difference of expected Reserve Balance to reported is a calculated cell**
3. **RSN Explanation for difference in Expected to Reported**

* *Please provide an explanation for the difference***.**

**Administrative and Reserve Percentage Calculations (PIHP)**

ADMINISTRATION

The Contractor is required to limit Administration costs to no more than 10 percent of the annual revenue supporting the public mental health system.

Calculation:

Total Medicaid administration costs divided by DBHR payments and local match revenue. Local revenues are excluded.

OPERATING RESERVE

The Contractor may have an Operating Reserve to maintain adequate cash flow for the provision of mental health services. Refer to your contract for limitations.

Calculation:

Operating Reserve divided by Medicaid Revenue plus local match multiplied by number of reporting periods in the state fiscal year (excludes local revenue).

RISK AND INPATIENT RESERVE

The Contractor must maintain risk reserves in the event costs of providing service exceed the revenue the RSN receives. Refer to your contract for required percentage.

The Contractor must ensure the existence of inpatient reserve for anticipated psychiatric inpatient costs.

Calculation:

Risk and Inpatient Reserve divided by Medicaid Revenue plus local match revenue multiplied by the number of reporting periods in the state fiscal year (excludes other local revenue).

# NON-MEDICAID REVENUE AND EXPENDITURE REPORT

## Non-Medicaid Revenue Section

Report by Funding Source (Column) and Type of Service/Program (Row). Report only those revenues associated with Non-Medicaid Services.

1. **Revenues from DBHR**

* *Heading Row: Funds received from DBHR under the State Mental Health Contact (SMHC).*
* *Report Non-Medicaid (Integrated) payment method in the Non-Medicaid SDBHRC column.*
* *Report Proviso funding received from DBHR under the State Mental Health Contract (SMHC) in the Other State Funds column.*

1. **Non-Medicaid (Integrated) Payment Method**

* Report Non-Medicaid Payment received from DBHR under the Non-Medicaid (Integrated) contract.

1. **Jail Services**

* Report revenue received from DBHR for the Jail Service portion of the Non-Medicaid contract.

1. **Crisis Integrated System Pilot Project**

* Report the revenue received from DBHR for the Crisis program portion of the Non-Medicaid Contract.

1. **PACE/WMIP**

* Report revenue for those who have a contract with DBHR.

1. **Expanded Community Services (ECS)**

* Report revenue received from DBHR for the Expanded Community Service portion of the Non-Medicaid contract.

1. **Program of Assertive Community Treatment (PACT)**

* Report revenue received from DBHR for the PACT portion of the Non-Medicaid contract.

1. **Hospital Reimbursement**

* Report revenue received from DBHR for the Hospital Reimbursement portion of the Non-Medicaid contract.

*Report any RSN payments to DBHR for this program as expenditure.*

1. **Program for Adaptive Living Skills (PALS) Alternatives**

* Report revenue received from DBHR for the PALS portion of the Non-Medicaid contract.

*Report any RSN payments to DBHR or this program as expenditure.*

1. **ITA 180-day Commitment Hearings**

* Report revenue for those RSNs who have a contract with DBHR.

1. **Other Revenues from DBHR**

* *Heading Row: Report other revenue from DBHR here.*

1. **Other Revenues from DBHR**

* This cell is open to report other revenues from DBHR. Describe source in cell provided.

1. **Other Revenues from DBHR**

* This cell is open to report other revenues from DBHR. Describe source in cell provided.

1. **Revenues from Local Sources**

* *Heading Row: Report revenues from local sources.*

1. **Maintenance of Effort (MOE)**

* Report the amount of local funds that the RSN actually receives and uses to pay for ITA Judicial costs for children (See new MOE Chart). Do not report any revenues that do not go through the RSN financial records.

1. **Millage**
2. **1/10 of 1% Sales Tax**
3. **Other Revenues from Local**

* *Heading Row: Report other revenues from local sources.*

1. **Other Revenues from Local**

* This cell is open to report other revenues from local sources. Describe source in cell provided.

1. **Other Revenues from Local**

* This cell is open to report other revenues from local sources. Describe source in cell provided.

1. **Revenues from Other Sources**

* *Heading Row: Report revenues from sources other than DBHR.*
* *E&T, Intergovernmental, Interest report in the* ***Local Funds*** *column.*
* *Direct Federal grants, PATH and FBG report in the* ***PATH/FBG/Other Federal Funds*** *column.*
* *ORCSP and other state grants report in the* ***Other State Funds*** *column.*

1. ***Evaluation and T*reatment (E&T) provided by the RSN**

* If the RSN is receiving State funds and/or revenues for its Evaluation and Treatment services these should be reported as Non-Medicaid SMHC funds on row 22. If the RSN is receiving local funds for its E&T services these should be reported on row 22 under the Local Funds column.

1. **Intergovernmental**

* Revenue received from a governmental entity **(other than DBHR)** pursuant to a contract or agreement, where the revenue is derived from the RSN performing Mental Health services.

1. **Interest**

* Revenue received from interest earned on Mental Health funds or other local funds that are retained by the RSN.

1. **Direct Mental Health Federal Grants**

* Report funds received **directly** **from federal** **sources** (not from the State of Washington).

1. **Project for Assistance in Transition for Homeless (PATH)**

* Report PATH funds received from DBHR.

1. **Federal Mental Health Block Grant (FBG)**

* Report FBG funds received from DBHR.

1. **Offender Re-Entry Community Safety Program (ORCSP)**

* For those who have a contract with DBHR report ORCSP funds.

1. **Other State Grants**

* Report other state only funds not otherwise specified above.

1. **Other Revenues from Other Sources**

* *Heading Row: Report small revenue or revenue received on a* ***one-time basis****. Examples include DDD Stabilization if corresponding expenditures are reported, one-time payment of Liquidated Damages per SMHC contract.*

1. **Other Federal Grant (Name Grant) NEW LINE ITEM**

* This cell is open to report other federal grant revenue. Describe source in cell provided.

1. **Other Revenues from Other Sources**

* This cell is open to report other revenue. Describe source in cell provided.

1. **Other Revenues from Other Sources**

* This cell is open to report other revenue. Describe source in cell provided.

1. **Roads to Community Living Grant**

* This cell is open to report SMHC, Federal and Local revenues pertaining to the Mental Health Roads to Community Living grant.

1. **Return of Prior State Fiscal Year Proviso Dollars**

* *Heading Row: In accordance with state law, DBHR must recoup any unspent proviso funds. Report unspent funds returned to DBHR in the Other State Funds column. These amounts should be negative.*

1. **Jail Services**
2. **Program of Assertive Community Treatment (PACT)**
3. **ITA 180-day Commitment Hearings**
4. **Totals**

* Sum of row 1 through row 38.

## Non-Medicaid Expenditure Section

1. **Outpatient Service Costs (564.40)**

* *Heading Row: Costs for services to eligible clients provided on an outpatient basis.*

1. **Crisis Services (564.41)**

* Include crisis response costs, DMHP costs (prior to commitment) if the DMHP also provides crisis services.

1. **Freestanding Evaluation and Treatment (E&T) (564.42)**

* Freestanding E&T (564.42) should include costs of providing treatment in the non-IMD (Institution for Mental Disease) E&T facilities (not including room and board costs). If your E&T facility is an IMD (Institution for Mental Disease), the expenditures need to be reported under Inpatient Treatment.

1. **Mental Health Residential Treatment (564.43)**

* Include costs of providing treatment in the residential setting. The costs should not include room and board, medical services, or custodial care. If the facility is an IMD, the expenditures are reported under Other Direct Service Costs – Residential.

1. **Other State Plan Outpatient Treatment (564.44)**

* Should include costs of providing the approved state plan services not listed above, including crisis beds (stabilization services). For definitions of these treatment modalities, please consult the approved state plan.

1. **(b)(3) Services (564.45)**

* Include costs of providing Supported Employment, Respite Care, and Clubhouse to Non-Medicaid consumers.

1. **Mental Health Court (564.46)**

* Report mental health court cost here.

1. **Other Outpatient Treatment (564.46)**

* *Heading Row: Do Report costs of providing treatment modalities other than the approved state plan modalities in following rows.*

1. **Other Outpatient**

This cell is open to report other outpatient costs. Identify service in cell provided.

1. **Roads to Community Living Grant**

* This cell is open to report SMHC, Federal and Local costs pertaining to the Roads to Community Living project.

1. **Direct Service Costs (Exclude Outpatient) 564.20**

* *Heading Row:*

1. **Residential (564.22)**

* Report costs for placement at residential facilities and any non-facility residential support costs consistent with WAC 388-865-0235. It should **not** include the treatment costs reported in the Outpatient Services. Examples of costs that should be reported here are room & board costs paid by RSNs, treatment costs at Institute of Mental Disease (IMD) facilities.

1. **Evaluation and Treatment (E&T) (IMDs) 564.24**

* Report costs of providing services at the E&T facilities which are classified as IMDs.

1. **Inpatient Treatment 564.24**

* Report inpatient treatment costs here.

1. **State Hospital Reimbursement (WSH/ESH)**

* Report the amount determined for under or over utilization of Western State Hospital/Eastern State Hospital beds per the contract during the reporting period in the Non-Medicaid column. Report only those amounts billed to the RSN by DBHR.

1. **ITA Commitment Services (564.25)**

* Report costs of DMHP and other associated costs *excluding* judicial costs. DMHP costs reported here can be either the whole amount (if the DMHP only does commitment services) or costs after detention (if the DMHP also responds to crisis services). Report DDD stabilization if these costs are related to involuntary commitments, other report in Other Direct Service Support Costs.

1. **ITA Judicial (564.26)**

* Report ITA Judicial costs, which include costs for court clerks, witnesses, judges and court commissioners, public defense, prosecuting attorney and the direct and indirect costs for these elements.
* Report ITA Administrative costs, which include travel and transportation expenses, whether for staff or involuntary patients; investigative costs not otherwise recoverable as a Title XIX listed service: expenses for hearings, testimony, legal services, courts, and prosecutors; and the percentage of total staff time of the county mental health coordinator and agency administrative staff allocated to and expended in the involuntary commitment process. These costs should be reported in the Non Medicaid column.

1. **ITA 180-day Commitment Hearings (564.26)**

* Report costs associated with ITA 180-day Commitment Hearings, These costs are currently funded by proviso dollars for Pierce and Spokane RSNs.

1. **Medicaid Personal Care (564.28)**

* Report state funds the RSNs pay to Aging and Adult Services Administrator to provide Medicaid personal care services to clients.

1. **Other Direct Costs (564.27)**

* *Heading Row:*

1. **Other Direct Costs**

* This cell is open to report other direct costs. Identify service in cell provided.

1. **Other Direct Costs**

* This cell is open to report other direct costs. Identify service in cell provided.

1. **Other Direct Costs**

* This cell is open to report other direct costs. Identify service in cell provided.

1. **Direct Service Costs Program/Pilot (564.50)**

* *Heading Row: Legislatively mandated Mental Health Program/Pilots.*

1. **Jail Services (564.51)**

* Report costs to provide Mental Health Services for potentially mentally ill offenders while confined to a county or city jail.
* If reporting Jail Services Administrative costs break them out under the Administrative Costs section in row 54 (Jail Administration).

1. **Expanded Community Services (ECS) (564.52)**

* Report costs to provide community residential and support services for persons whose treatment needs constitute substantial barriers to community placement.

1. **Program of Assertive Community Treatment (PACT) (564.53)**

* Report costs related to operation of high-intensity programs for active community treatment teams. Report costs related to development of high-intensity programs for active community treatment teams in the Other Administrative Costs section.
* If reporting PACT Administrative costs break them out under the Administrative Costs section in row 55 (PACT Administration).

1. **Program for Adaptive Living Skill (PALS) Alternatives (564.55)**

* Report costs related to development of community services as alternatives to placing consumers in PALS. RSN should report all costs associated with PALS not just what is bill for the PALS bed at WSH.

1. **Crisis Integrated System Program (564.56)**

* Report costs associated with providing judicial services and transportation for people detained or commitment to the Crisis Integrated Pilot sites under RCW 70.96B services.

1. **Offender Re-Entry Community Safety Program (ORCSP) (564.57)**

* Report costs associated with providing services under the ORCSP (formerly Community Integration Assistance Program (CIAP) and Dangerously Mentally Ill Offender (DMIO).

1. **Project for Assistance in Transition for Homeless (PATH) (564.58)**

* Report costs associated with providing services under the PATH contract.

1. **Federal Block Grant (FBG) (564.54)**

* Report costs used for FBG contracts.

1. **Evidence Based Practice / Wraparound Services (EBP) (564.54)**

* Report costs associated with providing services for the Children’s DBHR Evidence Based Practice proviso, which includes: three wraparound pilots, Thurston Mason Multi-systemic Therapy (MST) and Multi-dimensional Treatment Foster Care (MTFC).

1. **Other Federal Funds (564.54)**

* *Heading Row: In this section report all federal funds that do not fit any other category above*

1. **Other Federal Funds**

* This cell is open to report other federal fund costs. Identify service in cell provided.

1. **Other Federal Funds**

* This cell is open to report other federal fund costs. Identify service in cell provided.

1. **Other Federal Funds**

* This cell is open to report other federal fund costs. Identify service in cell provided.

1. **Other Direct Costs (564.54)**

* *Heading Row:*

1. **Other Direct Costs**

* This cell is open to report other direct costs. Identify service in cell provided.

1. **Other Direct Costs**

* This cell is open to report other direct costs. Identify service in cell provided.

1. **Other Direct Costs**

* This cell is open to report other direct costs. Identify service in cell provided.

1. **Direct Service Support Costs (564.30)**

* *Heading Row: For rows 43 through 49 report RSN level only costs incurred in the process of providing services and activities for clients.* 
  + *Do not include costs for services directly provided to clients.*

1. **Utilization Management and Quality Assurance (564.31)**

* Include costs related to quality care activities, utilization management, utilization review, and costs to implement access to care standard, etc.

1. **Information Services (564.32)**

* Include costs of implementing and maintaining information system including patient tracking system, medical record staff, data lines, information system staff, and computer equipment.

1. **Public Education (564.33)**

* Include costs for consultation, education, and public information.

1. **Crisis Telephone (564.35)**

* Include costs of operating 24 hour crisis hotline.

1. **Transportation (564.36)**

* Include costs for providing transportation to clients to receive medical services including bus fare to see psychiatrist, case workers driving clients to a doctor appointment, etc.

1. **Interpreter Service (564.37)**

* Include costs of providing interpreter services to clients during sessions.

1. **Ombudsman (564.38)**

* Include costs to provide an independent ombudsman service.

1. **Other Direct Service Support Costs (564.34**)

* *Heading Row: Identify in following rows other direct services support costs that do not fit any categories above. Report DDD stabilization if these costs are not related to involuntary commitments.*

1. **Other Direct Services Support Costs**

* This cell is open to report other direct services support costs. Identify service in cell provided.

1. **Other Direct Services Support Costs**

* This cell is open to report other direct services support costs. Identify service in cell provided.

1. **Other Direct Services Support Costs**

* This cell is open to report other direct services support costs. Identify service in cell provided.

1. **Administrative Costs (564.10)**

* *Heading Row: Include only those costs of operating the RSN.*
* *Direct Care Staff should be charged to the appropriate direct service cost.*
* *Treatment Program Supervisors should be charge to the appropriate direct service costs.*
* *Management Information System Staff (costs associated with managing patient data system) should be charged to Information Services (Direct Service Support Cost).*

1. **RSN Administration (564.11)**

* Include only those costs of operating the RSN. Activities include planning, coordination, contracting, fiscal and contract monitoring, accounting, general clerical support, legal, facility and similar operating costs including administrative costs of operating E&T’s. It should also include costs allocated to the RSN from counties or administrative costs in multiple county RSNs when counties use a portion of DBHR funds or charge the RSN for administrative costs.
* If reporting Jail or PACT Administration costs break them out and report them on row 54 (Jail) or row 55 (PACT).

1. **Provider Administration (564.12)**

* For those RSNs who use a block grant or sub-capitation reimbursement method to pay service providers they will need to identify provider Administrative costs and allocate these cost to other direct service costs. This cell is blocked and no costs should be reported here.

1. **Jail Administrative Costs (564.13)**

* Report Jail Service Administration costs.

1. **PACT Administrative Costs (564.13)**

* Report PACT Administrative costs.

1. **Other Administrative Costs (564.13)**

* *Heading row: Identify in following rows other administrative costs that do not fit any categories above.*

1. **Other Administrative Costs (564.13)**

* This cell is open to report other administrative costs. Identify service in cell provided.

1. **Other Administrative Costs (564.13)**

* This cell is open to report other administrative costs. Identify service in cell provided.

1. **Capital Projects Expenditures/Acquisitions (564.34)**

* Include only those costs related to capital projects expenditures and acquisitions.

1. **Capital Projects Expenditures/Acquisitions (564.34)**

* This cell is open to report other capital projects expenditures and acquisitions. Identify service in cell provided.

1. **Capital Projects Expenditures/Acquisitions (564.34)**

* This cell is open to report other capital projects expenditures and acquisitions. Identify service in cell provided.

1. **Totals**

* Sum of rows 1 through row 64.

## Non-Medicaid Reserves and Fund Balances

Fund Balance Instructions

The RSN should report *current* fund balances (the final date of the R&E reporting period.) The fund balance should reflect reserves and fund balances held at the RSN—not held at the providers. Report by fund source (State, Other).

Operating Reserve

Operating reserve funds may only be set aside to maintain adequate cash flow for the provision of mental health services.

Capital Reserve

Funds designated from mental health revenue sources that are set aside into a capital reserve account by official action of the RSN governing body. Capital reserve funds may only be set aside for the construction, purchase or remodel of a building or major asset.

Inpatient Reserve

Inpatient reserves are actuarially determined (a percent of annual Medicaid premium payment.) Inpatient reserve funds may only be set aside for anticipated psychiatric inpatient cost.

Encumbrance

Amount to pay for a future service or litigation at year end if prior year appropriation authority if spending is carried forward.

Use encumbrance reserve:

* at year end if prior year appropriation authority is being carried forward to pay for a future service
* for estimated and/or known Litigation amounts
* Proviso funds that are expected to be recouped by DBHR

Do not use encumbrance reserve:

* if service has been provided and not yet paid for. This is considered an accrual.
* for routine contracts – this amount is expected to be paid from current revenue.
* for contracts to be paid from future revenues

Unobligated Mental Health Fund Balance (Unreserved)

Funds designated from mental health revenue sources that have not been spent in the fiscal period they were received.

1. **Operating Reserve**

* Refer to your contract for allowable Operating Reserve percentage.

1. **Enter State Operating Reserve amount in this row.**
2. **Enter Other Operating Reserve amount in this row.**
3. **Enter Local Reserve amount in this row.**
4. **Capital Reserve**
5. **Enter State Capital Reserve amount in this row.**
6. **Enter Other Capital Reserve amount in this row.**
7. **Inpatient Reserve**

* Inpatient reserves are a percent of annual Non-Medicaid premium payment.

Refer to your contract for required Inpatient Reserve percentage.

1. **Enter State Inpatient Reserve amount in this row.**
2. **Enter Other Inpatient Reserve amount in this row.**
3. **Reserve for Encumbrances**

* Example would include unspent proviso funds expected to be recovered by DBHR.
* There is no contractual requirement for this reserve account.

1. **Enter State Reserve for Encumbrances in this row.**
2. **Enter Other Reserve for Encumbrances in this row.**
3. **Unreserved (Unobligated) Mental Health Fund Balance**

* There is no contractual requirement for this reserve account.

1. **Enter State Unreserved (Unobligated) Mental Health Fund Balance in this row.**
2. **Enter Other Unreserved (Unobligated) Mental Health Fund Balance in this row.**

## Non-Medicaid Reserves Reconciliation

1. **Prior period ending reserve balance.**

* Enter in the ending balance from the previous period.

1. **Current period Revenue less expenses is a calculated cell.**
2. **Expected ending reserve/fund balance is calculated cell.**
3. **Difference of expected to reported is a calculated cell.**
4. **RSN Explanation for difference in Expected to Reported**

* *Please provide an explanation for the difference*.

**Administrative and Reserve Percentage Calculations**

ADMINISTRATION

The Contractor is required to limit Administration costs to no more than 10 percent of the annual revenue supporting the public mental health system (RCW 24.330).

Calculation:

Total Non-Medicaid administration costs divided by DBHR payments and other state funds. PATH, Federal Block Grant and other federal revenues and local funds are excluded.

INPATIENT RESERVE

The Contractor must maintain inpatient reserve in the event costs of providing services exceed the revenue the RSN receives. Refer to your contract for required percentage.

Calculation:

Inpatient Reserve (annual amount) divided by SMHC Non-Medicaid Revenue multiplied by the number of reporting periods in the state fiscal year.

OPERATING RESERVE

The Contractor may have an Operating Reserve to maintain adequate cash flow for the provision of mental health services. Refer to your contract for limitations.

Calculation:

Operating Reserve (annual amount) divided by SMHC Non-Medicaid Revenue multiplied by the number of reporting periods in the state fiscal year.

# 1915 (b)(3) Description of Services

Supported employment is a service for Medicaid enrollees who are not currently receiving federally funded vocational services such as those provided through the Department of Vocational Rehabilitation. Services will include:

* 1. An assessment of work history, skills, training, education, and personal career goals.
  2. Information about how employment will affect income and benefits the consumer is receiving because of their disability.
  3. Preparation skills such as resume development and interview skills.
  4. Involvement with consumers served in creating and revising individualized job and career development plans that include;
     1. Consumer strengths
     2. Consumer abilities
     3. Consumer preferences
     4. Consumer's desired outcomes
  5. Assistance in locating employment opportunities that is consistent with the consumer's strengths abilities, preferences, and desired outcomes.
  6. Integrated supported employment, including outreach/job coaching and support in a normalized or integrated work site, if required.
  7. Services are provided by or under the supervision of a mental health professional

Respite Care is a service to sustain the primary caregivers of children with serious or emotional disorders or adults with mental illness. This is accomplished by providing observation, direct support and monitoring to meet the physical, emotional, social and mental health needs of an individual consumer by someone other than the primary care givers. Respite care should be provided in a manner that provides necessary relief to caregivers. Respite may be provided on a planned or an emergent basis and may be provided in a variety of settings such as in the consumer or caregiver's home, in an organization's facilities, in the respite worker's home etc. The care should be flexible to ensure that the individual's daily routine is maintained. Respite is provided by, or under the supervision of, a mental health professional.

Mental Health Clubhouse is a service specifically contracted by the PIHP to provide a consumer directed program to Medicaid enrollees. These services provided at a clubhouse may be in the form of support groups, related meetings, consumer training, peer support, etc. Consumers may drop in on a daily basis and participate, as they are able. Mental Health Clubhouses are not an alternative for day support services. Clubhouses must use the International Center for Clubhouse Development (ICCD) standards as guidelines. Mental health Clubhouse must operate at least ten hours a week after 5:30 p.m., Monday through Friday, or anytime on Saturday or Sunday. Services include the following:

* 1. Opportunities to work within the clubhouse, which contributes to the operation and enhancement of the clubhouse community.
  2. Opportunities to participate in administration, public relations, advocacy and evaluation of clubhouse effectiveness.
  3. Assistance with employment opportunities; housing, transportation, education and benefits planning.
  4. Opportunities for socialization activities.

Mental Health Clubhouses are not an alternative for day support services.

# THIRD PARTY REVENUE REPORT

Third Party Revenue report is used to report revenue received from Medicare, insurance companies, and directly from clients for services rendered. Expenditures related to collected third party revenue should not be included in neither the Medicaid nor the Non-Medicaid report.

**Third Party Revenue Report (Add comments in notes column)**

1. **Revenues from Federal Sources**

* *Heading Row: Federal Funds directly received from sources other than the DBHR that have not been previously reported.*

1. **Direct Mental Health Federal Grants**

* Include federal grants directly received from sources other than the DBHR.
* Do not include any federal grants reported in the Medicaid or Non-Medicaid report.

1. **Other Federal Sources**
2. **Other Federal Sources**
3. **Revenues from Insurance**

* *Heading Row: Report funds received from third party insurance.*

1. **Medicare**
2. **Insurance Companies**
3. **Other Payments Received**
4. **Other Payments Received**
5. **Revenue from Clients**

* *Heading Row: Report funds received from clients for sliding scale fees here***.**

1. **Client Payments**
2. **Other Client Payments**
3. **Other Client Payments**
4. **Revenues from Other**

* *Heading Row:*

1. **Revenues from Other**
2. **Revenues from Other**
3. **Revenues from Other**

# 



STATE OF WASHINGTON

DEPARTMENT OF SOCIAL AND HEALTH SERVICES

Mental Health Program

P.O. Box 45320, Olympia, Washington 98504

## Revenue and Expenditure Report Certification Form

Revenue and Expenditure Report Assurance; Administration Costs Limitation Certification; Third Party Revenue Report; Federal Qualified Health Center (FQHC) Report

**Regional Support Network:**

July – December 2012

January – June 2013

*I have reviewed this report and certify that to the best of my knowledge it is both complete and accurate.*

*Signed By: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

*Date: \_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_\_*

**Revenue and Expenditure Report Assurances:**

Check here if you assure that no payments were made directly or indirectly to physicians or other persons as inducements to limit services to recipients.

Check here to indicate that the attached reports are your best estimate due to county books not being officially closed.

**Administrative Cost Certification**

Check here to certify that for the time period checked above that the RSN administrative costs incurred are no more than 10%.

**Third Party Revenue Report Form**

Check here if RSN certifies that expenditures related to third party revenue are not included in the Medicaid or Non-Medicaid R&E report and that the completed Third Party Revenue Report Form was completed and submitted as part of the R&E semi-annual report (the Excel workbook).

**Federal Qualified Health Center (FQHC) Report Form**

Check here if the RSN contracted with and paid funds to FQHC’s and the report form has been completed and submitted as part of the R&E semi-annual report (the Excel workbook).

Submit signed form electronically to:

[DSHSMHDDeliverables@dshs.wa.gov](mailto:DSHSMHDDeliverables@dshs.wa.gov) or [dshsmhdrsndeliverabl@dshs.wa.gov](mailto:dshsmhdrsndeliverabl@dshs.wa.gov)

Or submit signed hard copy to:

MHD Deliverables

PO BOX 45320, Olympia, WA 98504-5320

## Reserve Clarification Memorandum

MEMORANDUM

**TO:** RSN Administrators

RSN Fiscal Staff

**FROM:** Richard Kellogg, Director Mental Health Program

Director, Division of Finance and Rates

**DATE:** January 18, 2007

**RE:** Risk Reserve and Fund Balances

The following information is intended to clarify questions you may have about risk reserve and fund balances.

**Reserve Percentage**

Reserve accounts are reviewed with each submittal of the Revenue and Expenditure report. At the end of the state fiscal year, all submitted Revenue and Expenditure Reports are combined and reviewed for compliance. This combined annual report must show reserve balances at the exact percentage required by the contract. If an RSN is out of compliance, a formal letter will be sent requiring a plan to spend down excess reserves, or a plan to replenish low reserves. The information in this plan is provided to CMS and other stakeholders upon request.

Because reserve funds are actuarially determined, there is no intent to change the current contract language requiring a specific percentage of funds based on the annual premium payment. Our recommendation is to work with your governing board to develop reserve language similar to the contract language that gives the RSNs fiscal staff the necessary flexibility to increase or decrease the reserve account at state fiscal year end.

**Replenishing Reserves**

Per your contract, if the Contractor spends a portion of their risk reserve, the funds must be replenished within one year, or at the end of the fiscal year in which the funds were spent, whichever is longer.

## Encumbrance Reserve Clarification

**RESOURCES**

**Supplemental BARS Description**

Reserve for Encumbrances

Funds designated from mental health revenue resources that are legally restricted for specific purposes either through official action of the RSN governing body or legal commitments. Examples are executory (unperformed) contracts, outstanding purchase orders, and fund set aside pending litigation outcome.

**BARS Description (281.10)**

General Ledger Accounts – Account definitions

An account used to indicate that portion of fund balance which has been segregated for expenditure under unperformed (executory) contracts.

At year-end, this account represents prior-year appropriation authority carried forward to the next year. This account may also be used to record outstanding purchase orders and other contracts, even though appropriation authority lapses at year-end, if the intent of the government is to honor the contracts.

**When to use Reserve for Encumbrances**

Use encumbrance reserve:

* at year end if prior year appropriation authority is being carried forward to pay for a future service
* for estimated and/or known Litigation amounts

Do not use encumbrance reserve:

* if service has been provided and not yet paid for. This is considered an accrual.
* for routine contracts – This amount is expected to be paid from current revenue.
* for contracts to be paid from future revenues

## FMAP

The Federal Medical Assistance Percentages (FMAPs) are used in determining the amount of Federal matching funds for State expenditures for assistance payments for certain social services, and State medical and medical insurance expenditures. The Social Security Act requires the Secretary of Health and Human Services to calculate and publish the FMAPs each year.

The "Federal Medical Assistance Percentages" are for Medicaid. Section 1905(b) of the Act specifies the formula for calculating Federal Medical Assistance Percentages.

"Enhanced Federal Medical Assistance Percentages" are for the State Children's Health Insurance Program (SCHIP) under Title XXI of the Social Security Act. Section 2105(b) of the Act specifies the formula for calculating Enhanced Federal Medical Assistance Percentages. There is no specific requirement to publish the Enhanced Federal Medical Assistance Percentages; we include them in the FMAP notice for the convenience of the States.

The Federal financial participation matching rates for each of the 50 States, the District of Columbia, Puerto Rico, the Virgin Islands, Guam, American Samoa, and the Northern Mariana Islands for fiscal years from 1996 are available at (the federal government site) <http://aspe.hhs.gov/health/fmap.htm>