

Improving Outcomes, Finance & Quality Through Integrated Information Conference

Administrative Cost Reporting - Data Sharing & Analysis Part 1

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Part I of II

AM...intended to

- Review Administrative Cost Reporting Requirements and common problems in submissions
- Share initial analysis of FY09 submissions and identify common problems ... Focus on CMHSP as providers and 990/provider information
- Identify next steps

PM

- Share data summaries..
- What do the numbers tell us
- How could/should this information be used

2007 Administrative Cost Guidance— WHY Revert

- FY07...initiated "460 Administration Definition"...for which there was not a statewide consensus

Perspectives

Positives...developed over time with workgroup; "set a course" for moving forward to broaden use of this approach across provider system and across CMHSP fund sources. Considered to be less 'game-able'

Negatives...NOT consistent with MUNC definition or to the constructs used by similar organizations...broadens the definition of administration so admin costs are higher than similar systems because of the difference in definition. Requires unique reporting requirements of provider system Rate implications....?

FY10 DCH/PIHP contract required "revisiting" these requirements through a workgroup and if consensus on administrative cost reporting could not be reached-FY08 requirements continue

Currently...

FY10 boilerplate requires:

- Uniform definitions, standards and instructions for the classification, allocation, assignment, calculation, recording and reporting of administrative costs
- Applying to PIHPs, CMHSPs and contracted organized provider systems
- Expectation to implement for subcontractors in FY2010 and shall be consistent with IRS 990 and A-87 guidelines

Work Group Perspective: Administrative cost information needs to:

- Make sense, be feasible to collect, be consistent and comparable across different types and sizes of CMHSPs
- Should add value and be informative in a way that can be applied/used and be understandable
- Administration costs should be required to be reported only one way...not more than once

For this Cycle-Use of Information

- Financial information is not being reported (FY10 boilerplate section 404) using this report - will convert next fiscal year to use of this 460 reporting format
- FY09 data in this format is being considered a transition year recognizing that a number of CMHSPs will need to change their financial reporting systems but recognizing the same definitions have been in use for MUNC
- Analysis, clarification of reporting requirements and definitions will continue with the goal of developing accuracy and consistency
- Provides a level of detail and cross-fund source information not previously available to DCH

Moving Forward

- Boilerplate expectation is for further detail and information about administrative costs in provider agencies...focus expected to continue
- Work group will continue to meet to assist in developing accuracy and consistency in these reporting requirements—an ongoing, iterative process
- Forums such as this will be used to share lessons learned, summaries, etc.
- (Administrative Cost Report) is expected to be due 3/31/2011 for FY10 (as planned to be included in FY11 contracts)
- "Minor" changes-mostly clarification of instructions

More Clarifications Needed

- Sometimes reflected significant variations by fund source...may be driven by how administrative costs were ultimately financed
- "All Other" category likely needs further instructions and Detail

Ftes:

- Relatively commonly, this column was "missed" in the completion and calculated differently
- Does this "add value"...should it be applied to each column...what does it mean and how can it be used
- Or...can/should this be removed from reporting requirements

What Needs to be Improved-State Requirements Perspective

- Narrative: Instructions were insufficient to ensure that all CMHSPS met narrative requirements or provided information to understand submissions...for future cycles- provide an outline for narrative requirements and likely more specific documentation requirements
- Most commonly, forms were returned for:
 - (1) Provision of fte information
 - (2) Clarification of allocated administrative costs as provider organizations
 - (3) Distribution of costs by program (section b)

By Form/Line

- Gross Administrative Costs
 - Some CMHSPs had changed their systems and provided reconciling information
 - Some reported expenditures for activities included in the designated function areas (e.g. 'should have' been included in rows A1-A7So...difficult for DCH compilations
 - Provide guidance regarding local match and how this should be reported
 - Section B expected to identify costs by Program area...e.g. so, comparison with Summary to identify revenue shortfalls
 - Section B – Row 16...requests detail reporting if revenue source is 10% more...common error was not to report the details
- What would be helpful in instructions clarification or form design???

CMHSPs as Provider Organizations

- Top 5 service providers...including the reporting CMHSP represents at least 34
- That said, what is the unique role of the CMHSP in relation to the Mental Health Code and in managing the general fund (and any other) service benefit.
 - How should that be determined and...
 - How should those administrative costs be allocated
 - How is that affected by PIHP reimbursement policy relative to administrative costs
- need to improve the instructions...some CMHSPs identified virtually all or none...as associated with service provision

Affiliations

- Different reporting practices and "guidance" regarding reporting across affiliate -arrangements
- DCH instructions not sufficiently "clear" regarding gross reporting and relationships
- Variations in consistency in reporting...could be guidance regarding administrative cost limits; nature of delegated functions,
- A few hubs reported PIHP and CMHSP expenditures in separate reports...created problems for DCH aggregation

Provider Organizations

- Most frequently identified as common/top 5 across CMHSPs (not by \$\$)
 - Hope Network
 - New Passages
 - Alternative Services; Bay Human Services; Lutheran Social Services of Michigan; McBride Quality Care Services; Spectrum; Valley Residential Services

Contract Providers

- Most are non profit
- A few...report less revenue than the CMHSP reports expenditures
- A few...most of their revenue is through a single CMHSP
- Are provider cost allocation models governed by the contract with the CMHSP?
- Do CMHSPs review these methodologies?
- Is the 990 used in contract discussions?
- Do CMHSPs know "who else" contracts with the Provider agency?

990's...Tell Us What?

- Completed and submitted on the agency's fiscal year...so for this reporting cycle, both 2007 and 2008 forms were submitted
- Obvious reporting errors ... Or very unusual costs
 - Apparent issues with regard to accuracy of the information...for at least some providers
 - Can identify shared contract providers across CMHSP systems
 - Similar information not available for "for profit" agencies

So....who follows up

- Information submitted on 990s, assuming compilation is correct is questionable for several agencies...wherein CMHSP reports more in expenditures than the agency reported in revenue...so, how does this happen
- What/how should follow up take place?
