The Commonwealth of Massachusetts
Executive Office of Health and Human Services
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DEVAL L. PATRICK
Governor

JOHN W. POLANOWICZ
Secretary

July 11, 2014

Dear Governmental Ambulance Provider:

This letter is to notify governmental ambulance providers of the opportunity to receive additional Medicaid reimbursement for services delivered to MassHealth members. It is estimated that this program could generate a total of approximately $4 million in additional annual revenue for governmental ambulance providers statewide.

On March 10, 2014, MassHealth received federal approval of its Ambulance Certified Public Expenditure (CPE) Program for MassHealth participating governmental ambulance providers. The CPE program allows approved governmental ambulance providers to elect to submit an annual cost report and receive additional payment in accordance with M.G.L. c.44, §72 if their allowable costs for MassHealth services provided on or after April 1, 2013 exceed interim payments made based on the regulations at 114.3 CMR 27.00 (or successor regulations). The provider will attest to and certify through its cost report the total actual, incurred MassHealth costs/expenditures. Providers will continue to be paid interim rates which are provisional in nature, pending the submission of an annual cost report and the completion of cost reconciliation and cost settlement for that period.

Even though we anticipate that most providers will benefit from this opportunity, in the event that the provider's interim payments exceed the Medicaid-allowable costs of the provider, in order to comply with federal requirements, EOHHS must recoup the difference between the interim payments and provider's Medicaid-allowable costs. You are therefore encouraged to complete the attached Assessment Tool to determine if the opportunity may be of benefit to your municipality. Please enter the required information in each of the "Provider Input" fields based on the enclosed instructions to calculate an estimated annual settlement amount.

EOHHS has contracted with Public Consulting Group (PCG) to assist with the implementation of the Program. If your municipality is interested in participating in the Ambulance Certified Public Expenditures (CPE) Program, you should begin the application process by contacting EOHHS' contractor PCG. Inquiries regarding this opportunity can be directed to Anna Braet from PCG at abraet@pcgus.com or by phone at 617-717-1371.

EOHHS hopes your municipality will consider participation in this program.

Sincerely,

Mara H. Yerow

Mara H. Yerow, FACHE
Program Manager, Transportation
MassHealth Office of Providers and Plans
Executive Office of Health and Human Services

Instructions for the Governmental Ambulance Certified Public Expenditure Estimation Tool

The Governmental Ambulance Certified Public Expenditure (CPE) Program offers governmental ambulance providers the potential opportunity to receive additional Medicaid reimbursement up to the eligible cost for services delivered to MassHealth members. The CPE program allows approved governmental ambulance providers to submit an annual cost report and receive reimbursement up to reconciled eligible cost in accordance with state and federal rules for services provided on or after April 1, 2013.

The Governmental Ambulance Certified Public Expenditure (CPE) Estimation Tool has been developed to assist you with determining whether the CPE opportunity may be of financial benefit to your municipality. Please enter the required information in each of the "Provider Input" fields to calculate an estimated annual settlement amount.

Please enter costs associated with ambulatory services only. If your entity shares staff or equipment with non-ambulatory service entities, you may estimate the ambulatory service-only portion of cost for the purposes of this tool. For CPE Program participants, shared costs will be apportioned appropriately during the full cost reporting process.

Cost Calculation - Salaries and Benefits

Direct Service Staff Salaries (Row A); Governmental Ambulatory Service Administrative Salaries (Non Direct Service Staff) (Row B); Direct Service Support Staff Salaries (Row C): The amounts reported in these fields are the total gross earnings for the employees in each category as paid by the provider for the reporting period. This includes regular wages and extra pay, as well as any amounts paid for paid time off (e.g., sick or annual leave), overtime, bonuses, longevity, stipends, cash bonuses, and/or cash incentives. Salaries are those payments from which payroll taxes are (or should be) deducted. Do not include any reimbursements for expenses such as mileage or other travel reimbursements.

Benefits for Direct Service Staff, Administrative Staff, and Support Staff (Row D): Record the total benefits for all employees included under the Direct Service Staff Salaries, Governmental Ambulatory Service Administrative Salaries, and Direct Service Support Staff Salaries categories as listed above. Benefits include employer-paid health/medical, life, disability, or dental insurance premiums, as well as employer-paid child day care for children of employees paid as employee benefits, retirement contributions, and workers' compensation costs.

Subtotal Salaries and Benefits (Row E) will add the staff salaries in Rows A, B, and C to the benefits listed in Row D. *No data entry is necessary.*

Cost Calculation – Direct Costs (Other)

In **Row F** enter total **Operating Expenses** related to ambulatory services, including fuel, maintenance, repairs, plant operations, utilities, etc.

Enter the amount for **Equipment Depreciation (>$5,000, Straight Line)** in **Row G.** The amount reported in this field should include depreciation for all ambulatory service equipment items costing more than $5,000 and should be calculated using the straight line depreciation method.

In **Row H,** record the allowable equipment costs for **Equipment (<$5,000).** Include items *costing $5,000 or less* which are used for the provision of ambulatory services.

Subtotal Direct Costs (Other) (Row I) will add together the costs for Operating Expenses, Equipment Depreciation (>$5,000, Straight Line), and Equipment (<$5,000). *No data entry is necessary.*

Subtotal Direct Costs (Row J) will add Subtotal Salaries and Benefits and Subtotal Direct Costs (Other). *No data entry is necessary.*

Cost Calculation – Indirect Direct Costs

Enter the **Indirect Cost Rate (ICR)** for your city or town in **Row K.** If your city or town does not have an established rate, you may use the default rate of 10%. You must use your city or town's established rate even if it is lower than the 10% default rate.

Indirect Costs (Row L) multiplies the ICR by Subtotal Salaries and Benefits to reach **Subtotal Indirect Direct Costs (Row M).** *No data entry is necessary.*

Total Allowable Costs (Row N) add together Subtotal Direct Costs and Subtotal Indirect Direct Costs. *No data entry is necessary.*

Opportunity Assessment – Cost to Charge Ratio Method

Total Allowable Costs (Row O) is calculated in the Cost Calculation portion of the Opportunity Assessment. *No data entry is required.*

Total Billed Charges/ Gross Patient Service Revenue (GPSR): Enter the **Total Billed Charges** for all payors in **Row P.**

Cost to Charge Ratio (CCR) (Row Q) is the result of dividing the Total Allowable Costs by the Total Billed Charges. *No data entry is required.*

In order for providers to obtain the maximum financial benefit, the ratio should be around 100%. If the ratio is significantly higher or significantly lower than 100%, it is recommended that the provider review and revise their Chargebook.

Total Gross Billed Charges Associated with Fee for Service Medicaid Claims: Enter the Total Billed Charges for Medicaid Paid Claims in **Row R.**

Total Computable Medicaid Allowable Costs are the total Medicaid Allowable Costs for the period of service. This amount is calculated as the Total Billed Charges associated with Fee for Service Medicaid Claims multiplied by the Cost to Charge Ratio, as long as the CCR is below 100%. If the CCR ratio is above 100%, the Total Computable Medicaid Allowable Costs would be equal to the Total Billed Charges for Medicaid Paid Claims, as the Total Computable Medicaid Allowable Costs cannot exceed Total Billed Charges for Medicaid Paid Claims. *No data entry is required.*

The **Medicaid Fee for Service Paid Claims Amount (Row T)** is the total amount of Medicaid claims paid (Interim Payments) to a provider for the period of service.

The **Gross Cost Settlement Amount (Row U)** is the Total Computable Medicaid Allowable Costs reduced by the amount of Medicaid claims paid (Interim Payments) to a provider for the period of service applicable to the cost report. *No data entry is required.*

The Gross Cost Settlement Amount is multiplied times the **Federal Medical Assistance Participation Rate (FMAP) and Administrative Costs (Row V)** to calculate the **Net Cost Settlement Amount.** The Net Cost Settlement Amount in **Row W** is the estimated amount due to the provider. *You may use this estimated settlement to determine whether it would be worthwhile to enter into a contract with EOHHS and commit to submitting a formal cost report for the fiscal year.*

With any inquiries regarding this opportunity, please contact EOHHS' contractor Public Consulting Group (PCG). Questions can be directed to Anna Braet from PCG at abraet@pcgus.com or by phone at 617-717-1371.

Commonwealth of Massachusetts
Executive Office of Health and Human Services
Certified Public Expenditure Program
for Governmental Ambulance Providers

Governmental Ambulance Provider Certified Public Expenditure Estimation Tool - Year Ending 06/30/

COST CALCULATION

	Cost Centers	Total Allowable Costs	
A	Direct Service Staff Salaries (e.g. Paramedics, EMTs)	$ -	Provider Input
B	Ambulatory Services Administration Salaries (Non Direct Service Staff)	$ -	Provider Input
C	Direct Service Support Staff Salaries (e.g. 911 Call Techs, QA Techs, Billing/Account Reps)	$ -	Provider Input
D	Benefits for Direct Service Staff, Administration Staff, and Support Staff	$ -	Provider Input
E = A+B+C+D	*SUBTOTAL-SALARIES AND BENEFITS*	$ -	
F	Operating Expenses (Fuel, Maintenance, Repairs, Plant Operations, Utilities)	$ -	Provider Input
G	Equipment Depreciation (> $5,000, straight line)	$ -	Provider Input
H	Equipment (< $5,000)	$ -	Provider Input
I = F + G + H	*SUBTOTAL-DIRECT COSTS (OTHER)*	$ -	
J = E+I	**SUBTOTAL-DIRECT COSTS**	$ -	
K	Indirect Cost Rate (ICR)	10%	Provider Input
L = E*K	Indirect Costs *(ICR Applied to Salary and Benefits Costs)*	$ -	
M = L	*SUBTOTAL-INDIRECT COSTS*	$ -	
N = M + J	**TOTAL ALLOWABLE COSTS**	$ -	

OPPORTUNITY ASSESSMENT - Cost to Charge Ratio Method

O = N	Total Allowable Costs	$ -	
P	Total Billed Charges/ Gross Patient Service Revenue (GPSR)	$ -	Provider Input
Q = O/P	Cost to Charge Ratio (If >100%, will default to 100% for calculating Medicaid-Allowable Costs)	0.00%	
R	Total Gross Billed Charges associated with Fee for Service Medicaid claims	$ -	Provider Input
S = Q*R (Up to 100% of R)	Total Computable (Medicaid-Allowable Costs for Ambulance Services)	$ -	
T	Total Medicaid Fee for Service Paid Claims Amount	$ -	Provider Input
U = S-T	Gross Settlement Amount	$ -	
V	FMAP and Administrative Costs	40.00%	
W = U*V	**Net Estimated Settlement Amount**	$ -	