

Clark, Chris

From: Clark, Chris
Sent: Friday, August 28, 2020 7:19 AM
To: Clark, Chris
Cc: Welsch, Diane; Wilson, Debra
Subject: FY 2020 Medicaid Cost Reports and Cost Statements
Attachments: Cost Report Preparation Training.pdf

Hello:

I am writing this email to remind you of the requirement to file annual Medicaid Cost Reports and Cost Statements for your Medicaid funded programs. We are continuing to work on our cost reporting templates, checklists, instructions, training, and support. We held a cost report training earlier this week to discuss a variety of cost reporting matters. Attached are the handouts from the training. We ask that you review these handouts, discuss them with the preparer of your cost reports, and ensure that the issues noted in the handouts are addressed in this year's cost reports. While there are many topics in the attached that may need to be addressed, the following items are the most important ones that need to be addressed this year. Some of the other smaller things can be addressed in future years as we get closer to the overall accuracy we are desiring. Right now, we just need to focus on those major issues that result in significant work on our staff and/or result in potential significant errors being reported to HHS.

- 1) Make sure that unfunded OPEB costs are pulled out of all costs allocated and are adjusted out of allowable costs on each cost report. These adjustments will take the form of adjustments to direct costs within each schedule (except schedule S) and as adjustments to allocated costs per the audited financial statements.
- 2) Make sure that GASB 68 pension costs are adjusted out of all costs allocated and are adjusted out of allowable costs on each cost report. These adjustments will take the form of adjustments to direct costs within each schedule (except schedule S) and as adjustments to allocated costs per the audited financial statements.
- 3) Make sure that allowable costs are properly reduced per page 25 and are not reduced per page 26 of the handout attached.
- 4) Make sure that unallowable costs are removed through journal entries to the cost reports as shown on page 27 of the handout. Please pay particular attention to the need to remove third-party day program costs so that these are not duplicated.
- 5) Make sure that depreciation on any **federally funded** asset, including match funds, is not claimed in your cost reports. For example, DOT grant vehicles – only the depreciation related to the cost in excess of the DOT grant amount (federal + state match) can be claimed as allowable. If the DOT grant was for \$50,000 and you spent \$60,000 then only the \$10,000 excess can be claimed. The federal portion and your match portion cannot be claimed. FEMA generators we donated to you in-kind cannot be depreciated and claimed on the cost reports. Any other depreciation on federally funded assets purchased cannot be claimed.
- 6) Any assets purchased with DDSN capital grant funds should be claimed as allowable costs unless they are costs related to room and board and would therefore be unallowable as part of room and board.
- 7) Make sure that you do not report costs on your cost reports that are to paid for with PPP, Provider Relief Funds, or other sources. DDSN will be issuing guidance shortly related to how we would like to see this reported in your audit report and in your cost reports.
- 8) If you consolidate programs on your cost reports, we must have a consolidation schedule to support the numbers reported in the amounts per audit financial statements entered into the cost reports. The consolidation schedule totals must agree with the amounts shown in the cost report. For example, if you consolidate CTH 2s in your IDR Waiver cost report into one schedule R, then we need a schedule to support the consolidated figures reported/used.
- 9) You must provide all of the required attachments. There are checklists on our website at the link below that should be used and remitted to us.

Note that we have updated our finance and audit web page with Cost Report Resources. Please visit our page to check out other resources, to download cost report templates, to download cost report supplementary information checklists, etc.

<https://ddsn.sc.gov/providers/finance-and-audit-resources>

Earlier this week, we sent out an announcement that the cost report deadlines were being extended by 30 days. Cost reports are normally due to us on 9/30, but are due to us 10/31 for FY 2020.

If you have questions or need assistance, then please contact us at financial.techsupport@ddsn.sc.gov.

Thank you for your cooperation and assistance.

W. Chris Clark, CPA, CGMA
Chief Financial Officer
South Carolina Department of Disabilities and Special Needs
3440 Harden Street Extension
Columbia, SC 29203
803.898.4084
chris.clark@ddsn.sc.gov
www.ddsn.sc.gov