REPORT OF THE
DEPARTMENT OF MEDICAL ASSISTANCE SERVICES

Preadmission Screening (PAS) Reimbursement Study

TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA

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Executive Summary

This study on the reimbursement rate paid to screeners from local Departments of Social Service (DSS) and the Virginia Department of Health (VDH) was mandated by Item 307.H of the 2007 Appropriation Act. These Preadmission Screens (PAS) are used to determine eligibility for Medicaid long-term care services, including nursing facilities, certain home and community-based care waivers and PACE. DSS and VDH performed 6,809 screens of individuals residing in the community. This study does not examine reimbursement to hospitals for similar screens of individuals residing in the hospital.

For each PAS in the community, the current rate established in 1982 is $69 for VDH and $31 for DSS. DMAS only pays the federal share, 75% for VDH ($51.75) and 50% for DSS ($15.50) based on federal Medicaid rules, because the state share is in the other agencies' budgets.

DMAS used time study information from 2003 to determine the number of hours per PAS. DMAS used salary and benefit costs and hours to develop a 2007 cost per hour for nurses, social workers and clerical staff. Combining this information with mileage information, DMAS determined a 2007 cost per screen of $134.84 for VDH and $116.65 for DSS.

Even though DMAS only reimburses DSS the federal share on $31, DMAS currently fully reimburses DSS for all of its Medicaid related activities, including PAS, through its cost allocation plan. It is not anticipated that increasing the direct rate paid from $31 to $116.65 will affect the total federal funds transferred from DMAS to DSS. Increasing the rate paid to VDH will increase the total federal funds transferred to VDH by $336,000 annually, based on the number of screens performed in 2006.

The Centers for Medicare and Medicaid Services (CMS), the federal agency responsible for enforcing federal Medicaid regulations, is closely scrutinizing reimbursement to other government entities. In particular, CMS has audited reimbursement to VDH and DSS for PAS twice in the last four years. DMAS sees no issues with complying with CMS regulations, however, as long as VDH begins to reconcile its costs annually. DSS already does this.

1. Introduction

This study was undertaken to fulfill the following mandate in the 2007 Appropriation Act (Chapter 847, Item 307.H).

> *The Director shall examine the reimbursement rate paid to screeners from local Departments of Social Services and the Virginia Department of Health or local health departments for conducting preadmission screening evaluations according to the Uniform Assessment Instrument and assess how the reimbursement rate compares to the cost to localities of conducting the assessment. No later than September 1, 2007, the director shall report his findings to the Chairmen of the House Appropriations and Senate Finance Committees.*

This budget item refers to the Preadmission Screens (PAS) used to determine Nursing Home Eligibility. Procedures for PAS, including the Uniform Assessment Instrument, are described in the PAS Provider Manual, especially chapter IV, available on the DMAS web site at http://websrvr.dmas.virginia.gov/manuals/PAS/PAS_toc.htm.

Nursing Home eligibility is a requirement for placement in Medicaid covered long-term care services, including nursing facilities, certain home and community-based care waivers and PACE.

The PAS are performed in hospitals and in the community for individuals who might be eligible for Medicaid long-term care services. PAS is a Medicaid administrative activity that DMAS has been contracted to hospitals and other state agencies. Hospital screens are performed by hospital discharge planners. Discharge planners are usually social workers, but may be nurses. Community screens are performed by a nurse/social worker team provided by the Virginia Department of Health (VDH) and the Department of Social Services (DSS) through local agencies. In 2006, hospitals performed 9,703 screens and VDH/DSS teams performed 6,809 screens.

The screening is the same in both cases, but community screens may be more complex and costly than hospital screens. Community screeners incur mileage costs as well as travel time. There needs to be coordination between the team members. Social and family issues are likely to be more complex in community screens.

The current rate paid for both hospital and community screens is $100. This rate was first established in 1982 and has not been revised. This study does not evaluate the rate paid for hospital screens. Out of the $100 paid for community screens, the VDH share is $69 and the DSS share is $31. However, DMAS does not pay the full rate for community screens, but only the federal Medicaid share. DMAS only pays the federal share for PAS performed by VDH/DSS because the state share is part of the budgets for VDH and DSS and is not part of the DMAS budget.

Medicaid is a federal/state program. The Centers for Medicare and Medicaid Services (CMS) is the federal agency responsible for enforcing federal Medicaid regulations and providing the appropriate federal match for qualified activities. DMAS is the single state agency responsible for administering the Virginia Medicaid program.

The federal match rate depends on the type of activity. For most administrative activities, the match rate is 50%.[1] For certain activities, CMS will pay a higher match rate. CMS will pay 75% for activities performed by Skilled Professional Medical Personnel (SPMP). Nursing staff who perform PAS for VDH qualify as SPMP while social worker staff who perform PAS for DSS do not qualify. To qualify for the higher match for SPMPs, DSS would have to require social workers who perform PAS to be LCSWs or master-level social workers with a medical concentration. The different rates combined with different match rates mean that VDH receives $51.75 per screen and DSS receives $15.50 per screen.

[1] The match rate is currently also 50% for most medical services, but it has been higher than 50% in the past.

2. Calculating PAS Cost for VDH and DSS

In order to compare the current reimbursement to the cost to localities, DMAS developed a methodology to calculate the cost. DMAS used the same methodology used by a DMAS contractor in 2003 to calculate a cost per screen for VDH for 2001-2003 as part of a revenue maximization initiative. The methodology used to calculate PAS cost per screen was the following:

1. Number of hours on average to complete one screen.
2. Multiplied times the cost per hour for personnel completing the screen.
3. Plus mileage cost

To determine the number of hours on average to complete one screen, the DMAS worked with both VDH and DSS to implement a time study. VDH furnished salary data for personnel identified with performing PAS and DMAS has inflated the salary data to 2007 using the state salary increase. DMAS used current DSS salary information for personnel classes to get comparable information and made a number of assumptions for missing or incomplete data. Given the availability of this data, it was determined that it was not necessary to collect new data. If necessary, the data can be updated.

2.1 Hours per Screen

DMAS calculated a geographically stratified sample of 300 screens and asked local health districts and social service agencies to complete a time study for each completed screen beginning in September 2003 until they had completed their quota over the next two months. A copy of the time study is attached as Appendix A. DMAS received approximately 85% of the requested screens from VDH and 80% from DSS during the next two months. From this sample, DMAS calculated the following statewide average times per screen.

Table 1. Statewide average time spent on PAS screens, 2003

VDH	Nursing	Clerical
	3.09 hours	0.51 hours
DSS	Social Work	Clerical
	2.96 hours	0.49 hours

Within each category are different personnel levels that have been combined into one total. Hours for DSS clerical staff was not tabulated so DMAS assumed that DSS used clerical staff in the same proportion to social work staff as VDH used clerical staff in proportion to nursing staff.

In 2005, DSS conducted an informal survey of 32 local DSS offices and calculated an average time of 4.8 hours per screen. DMAS decided to use the

earlier survey information because it was more formalized and included both VDH and DSS.

2.2 Cost per Hour

VDH collected annual salary, benefits and paid hours information on nursing and clerical staff that worked on PAS in 2003. DMAS added a 29% overhead charge based on information provided by VDH. DMAS calculated a cost per hour for nursing and clerical staff by dividing total personnel cost by total paid hours. To calculate a FY2007 cost per hour, DMAS assumed that the cost per hour increased by the annual salary increase for all Commonwealth employees.[2]

DSS did not collect similar information in 2003. To calculate a cost per hour for DSS staff, DSS furnished DMAS average annual salary information for full-time social work supervisors, senior social workers and social workers and DMAS divided the salary by full-time employee hours. State DSS did not have benefit information for local employees so DMAS calculated benefits as a percent of salary for VDH nurses and multiplied that percentage times the cost per hour for salaries alone. DMAS also added a 29% overhead charge similar to the one used for VDH salary costs. For DSS clerical cost, DMAS used the same cost per hour it calculated for VDH.

Table 2. Statewide average cost per hour for PAS staff, 2007

VDH	Nursing	Clerical
	$37.86	$22.90
DSS	Social Work	Clerical
	$33.31	$22.90

2.3 Cost per Screen

Using the formula described earlier, DMAS calculated a cost per screen in Table 3. In addition to the salary cost, DMAS added mileage cost. Mileage was collected in the 2003 time study. The average miles per screen were 12.74 miles for VDH and 14.59 miles for DSS. Mileage was multiplied by the current cost per mile used by the IRS.

Table 3. Statewide average cost per PAS screen and federal share, 2007

	Cost per Screen	Federal Share
VDH	$134.84	$101.13
DSS	$116.65	$58.33
Total	$251.49	$159.46

[2] The following salary increases were implemented effective December 1 of each year: 2004 3%, 2005 3%, 2006 4%, 2007 4%. DMAS did not take into account the longevity increases in 2005.

3. Net Revenue Impact on VDH and DSS

The cost per screen is 150% higher than the current rate paid to VDH and DSS. This would almost double reimbursement for VDH and almost quadruple reimbursement for DSS. The increase for DSS would be greater because its costs represent 46% of the total, up from 31% of the current rate.

Taking into account the different federal matching rates that apply to VDH and DSS, the additional federal revenue from paying a rate related to the cost is presented in Table 4. The revenue was calculated based on 6,809 screens performed in 2006.

Table 4. PAS Reimbursement for VDH and DSS at Cost, 2007

	Current Federal Funds	Additional Federal Funds
VDH	$353,366	$336,216
DSS	$105,540	$291,590
Total	$457,905	$627,806

VDH and DSS account for the additional funds, however, in different ways. PAS is part of DSS's comprehensive cost allocation plan. The cost allocation plan is used to fully allocate DSS expenditures (including local DSS expenditures) to various federal grants, including Medicaid. If accounted for properly, any direct reimbursement for PAS would be netted against overall DSS costs allocated to Medicaid. In effect, DSS has been fully reimbursed the federal share for its Medicaid administrative costs including PAS. Part of it was paid for through the direct reimbursement associated with the $31 per screen and the remainder was paid through the DSS invoice to DMAS for Medicaid administrative expenditures. Therefore, DSS would not net any additional federal funding by increasing the rate paid to DSS for PAS.

VDH on the other hand does not have a comprehensive cost allocation plan and would net additional funds. According to VDH, it can also determine its actual costs on an annual basis.

4. CMS Audits and New Regulations

CMS audited PAS in both 2004 and 2006. In 2004, CMS determined that the activities performed by DSS did not qualify for the 75% federal match rate and DMAS was required to reduce it to 50%.

In 2006, CMS reviewed PAS revenue maximization. The revenue maximization initiative calculated the difference between the actual cost as calculated in 2003 and the actual reimbursement based on the $69 and then drew down the federal share. DMAS only did this with VDH costs because it had concluded that it fully reimbursed DSS the federal share of its costs.

CMS did not issue a final report on the 2006 audit and DMAS does not expect to receive a report. The CMS auditor, however, informally indicated that this would be considered a Certified Public Expenditure (CPE), which must be reconciled to actual cost on an annual basis. In addition, the CMS auditor questioned the methodology for determining the cost. Despite the fact that CMS did not finalize the report, DMAS discontinued its revenue maximization initiative effective July 1, 2006.

Over the last few years, CMS has reviewed its policies relative to reimbursement for government providers and contractors with particular emphasis on funding criteria for CPEs. This culminated in a final rule published on May 29, 2007, even though its implementation has been delayed one year by a Congressional moratorium. While the rule covers more than CPEs and is directly related to reimbursement for medical services rather than administrative services, CMS has already been implementing these funding criteria for both medical and administrative reimbursement during its financial reviews.

If the Medicaid agency is only paying the federal share to a government provider or contractor, it is considered a CPE, which must be reconciled to actual cost on an annual basis. The Medicaid agency can pay a rate to a government contractor only if it pays both the federal and state share. The state share can either be appropriated directly to the Medicaid agency or transferred to the Medicaid agency from another government entity.

5. Recommendations

DMAS recommends that it draw down the maximum federal revenue for the PAS screening activities performed by VDH and DSS and pass through the federal funds to the appropriate agency. Based on this study, the appropriate rate based on costs in 2007 would be $134.84 for VDH and $116.65 for DSS. The rate should be inflated annually based on the state salary increase. DMAS recommends that it increase the rates paid to the above level and to reconcile the costs at least annually to comply with CMS regulations. Reconciliation is already done at DSS and can be done at VDH.

APPENDIX A

TIME STUDY FOR NURSING HOME PREADMISSION SCREENING

CASE NAME AND ID# _____
SOCIAL SECURITY # _____

SCREENING STAFF IDENTIFICATION INFORMATION

Name: _____
Title: _____
Pay Band/Grade Level: _____
Job Classification: ____Nurse _____Social Worker _____Supv/Mgr ____Clerical Support ____Director
Employer: ____Local DSS ____ Local Health Department

SCREENING RELATED ACTIVITY PERFORMED

Pre-Screening Activity	**Minutes**	**Date**	**Activity (phone, letter)**
Scheduling			
Case File Preparation			
Other			

Screening Activity	**Minutes**	**Date**	**Comments**
Travel to and from			
Screening and form completion			
Other			

Mileage		**Comments**
Round Trip Miles		
Reimbursement Rate/Mile		

Post Screening Activity	**Minutes**	**Date**	**Activity/Comments**
Form Completion			
Clerical Activity			
Supv/Mgr Review, Physician Signature			
Other: (phone, family contact, agency/physician contact)			

Supplies/Postage/Other	**Date**	**Cost**

Disposition	**Date**	**Action**	**Activity/Comments**
Screening Completed; Forms Sent to DMAS		**___ NH ___ Waiver/CBC Services**	
Screening/Case Still Open, Tasks Still Pending			
Case Referred to MH/MR		**___ Local**	**___ Dual Diagnosis Management**
Level of Screening		**___ Level I**	**___ Level II**

I hereby certify that the above information is true to the best of my knowledge.

Signature: _____ Date: _____ **07/15/03**

GENERAL DIRECTIONS

NOTE: A SEPARATE FORM MUST BE COMPLETED AND SIGNED BY EACH SCREENER, SUPERVISOR, PHYSICIAN AND SUPPORT STAFF PERSON WHO WORKS ON THE CASE. ***(IF FOR ANY REASON A RETURN VISIT IS NECESSARY RELATED TO THIS CASE, THE RETURN VISIT ACTIVITIES MUST BE RECORDED ON A SEPERATE FORM)***

1. CASE INFORMATION ***(MUST ALWAYS BE COMPLETED)***

- Enter the Case Name or ID# of the client being screened
- Enter SSN if Available. SSN's are protected and therefore the client can decline to provide it

2. SCREENING AND SUPPORT STAFF IDENTIFICATION INFORMATION **(MUST ALWAYS BE COMPLETED)**

- Enter your complete name as it appears on your personnel record
- Enter your working title, degree, and/or other relevant credentials (e.g. RN, MSW)
- Enter your Pay Band/Civil Service Grade as it appears in your personnel record (if temporary or contract employee, please indicate such)
- Enter your Job Classification
- Enter employer information by checking Local DSS, Local VDH

3. SCREENING RELATED ACTIVITY PERFORMED

3a. Pre-Screening Activity

- Enter time in minutes for all activities that you perform preparing this specific case for subsequent screening.
- For all time logged it is required that the related activity performed be noted. When logging time for phone calls or letters, indicate who was contacted or the nature of the contact.
- When using the "Other" category, briefly describe the activity performed

3b. Screening Activity

- For travel time, note in "Comments" the point of departure and final post screening destination if you are returning to your workstation. Do not log time for any unrelated stops. Describe in the "Comments" section any inordinate travel delays. **Note**: If you are performing multiple screenings/client visits on the same day, travel time from one screening/visit location to the next screening/visit appointment is allocated to the next screening/visit.
- Enter time in minutes of all activity that you perform in the actual conduct of the in home screening. If the screening is unusually difficult requiring additional time to complete, so note in the "Comments".
- When using the "Other" category, describe the activity performed.

4. Mileage

- When logging miles, be sure they are consistent with road map miles. If there is a required detour, it should be noted in the "Comments" section.
- The Reimbursement Rate/Mi should be the current state reimbursement rate.

5. Post Screening Activity

- Enter time in minutes for all form completion specific to this case conducted outside the client's home. Describe in the "Activity/Comments" section the activity performed and the forms being completed.
- Enter time in minutes all clerical support activity and note in the " Activity/Comment" section the activity performed.
- When entering case review or approval time it is important to note in the Activity/Comment section who the time is for.
- When using the "Other" category it is important that the activity be described in the "Activity/Comment" section.

6. Supplies/Postage/Other

This section is only to be used to identify extraordinary use of supplies, postage etc. related to this specific case. Normal use of supplies, postage etc. will be reported as part of overhead by your budget department.

7. Disposition

- Carefully complete this section of the form noting the date action occurred and the action taken.
- If the screening/case remain open for any reason, describe in the "Activity/Comment" section.
- Case referrals to MH/MR require the date and check whether referred locally or for dual diagnosis management.
- Check the level of screening

***8. Signature* (MUST ALWAYS BE COMPLETED) -** *Your signature on the bottom of the reporting document certifies that the information is true and accurate to the best of your knowledge. The document must be signed and dated to be valid.*

PLEASE MAIL THE COMPLETED FORM TO THE HEALTH DISTRICT COORDINATOR IDENTIFIED IN THE ATTACHED LIST WHO WILL BE TRACKING THE SAMPLE SIZE. KEEP A COPY OF THIS COMPLETED FORM FOR YOUR RECORDS

If you have questions about completion of this form, please call Kim Barnes (804) 786-4959 (ksbarnes@vdh.state.va.us) or Bonnie Davis (804) 863-1652 (bdavis@vdh.state.va.us) at VDH and Terry Smith (804) 692-1208 (tas2@dss.state.va.us) or Margie Marker (804) 692-1262 (maj2@dss.state.va.us) at DSS.

07/23/03