Indiana DCS Cost Report Training
for CY 2015 (2017 Rates)

OVERVIEW
Agenda

• Background Information
• Cost Report Process
• Cost Report Completion
• I-Rate Walk Through
• Questions and Answers
“(4)(A) The term “foster care maintenance payments” means payments to cover the cost of (and the cost of providing) food, clothing, shelter, daily supervision, school supplies, a child’s personal incidentals, liability insurance with respect to a child, reasonable travel to the child’s home for visitation, and reasonable travel for the child to remain in the school in which the child is enrolled at the time of placement”

Source: http://www.ssa.gov/OP_Home/ssact/title04/0475.htm
“(2) The following are examples of allowable administrative costs necessary for the administration of the foster care program:

- (i) Referral to services;
- (ii) Preparation for and participation in judicial determinations;
- (iii) Placement of the child;
- (iv) Development of the case plan;
- (v) Case reviews;
- (vi) Case management and supervision;
- (vii) Recruitment and licensing of foster homes and institutions;
- (viii) Rate setting; and
- (ix) A proportionate share of related agency overhead.
- (x) Costs related to data collection and reporting”

Rates

Cost Based Rate...

- Eligible Costs ÷ Utilization = Payment Rate
- Disallowances
  
  *(Listed in order as it is applied to the report)*
  
  - Salary Cost Limit
  - Fringe Benefit Cost Limit
  - Staffing Ratio/Caseload Ratio Cost Limit
  - Occupancy Cost Limit *(not applicable to LCPAs)*
  - Administrative Cost Limit

- Profit Margin

- Rate Adjustments
  
  - COLA
  - Stabilization Factor
  - Rate Year Adjustment
  - Performance
  - Program/Cost Structure Change
• Means of distributing/allocating costs
• Federal Funding (Title IV-E)
• RTSP
  – Paper Sample
  – 3,000 samples per quarter
• LCPA
  – Email
  – 2,600 samples per quarter
• Contact DCS
  – RMS@dcs.IN.gov
Resources

Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards:

USDA Expenditures on Children by Families:
http://www.cnpp.usda.gov/ExpendituresonChildrenbyFamilies.htm

Social Security Act:
http://www.ssa.gov/OP_Home/ssact/title04/0400.htm

Code of Federal Regulations, Title 45–Public Welfare:
Resources

RTSP (465 IAC 2-16) & CPA (465 IAC 2-17)
http://www.in.gov/legislative/iac/iac_title?iact=465

Cost Report Instructions
http://www.in.gov/dcs/2334.htm

RTSP Provider Manual 2013
http://www.in.gov/dcs/files/Rulesresidentialprovidermanual2013.pdf

CPA Provider Manual 2013
http://www.in.gov/dcs/files/RulesChildplacingagencyprovidermanual2013.pdf

DCS Rate Setting Salary & Wage Guide
http://www.in.gov/dcs/2334.htm (COMING SOON FOR CY 2014)
Cost Report Process

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<th>Phase 1: Planning and Completion</th>
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<td>Public Hearing</td>
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<td>Training</td>
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<td>Preparation</td>
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<td>Cost Report Completion</td>
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<th>Phase 2: Audits</th>
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<td>Desk Audits</td>
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<td>Rate Distribution</td>
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<td>Field Audits</td>
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<th>Phase 3: Rate Reviews</th>
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<td>Administrative Reviews</td>
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<td>Appeals/Hearing</td>
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Cost Report Completion

What you’ll need…

– Program Information
  • Any new / changing programs?
– Financial Information
– Census / Utilization Information
– Allocation Methodologies

Include Actual Costs

– **NO** Estimates (unless budget report)
– **NO** “Other” (exception: where noted)
– **NO** Budgeted Figures (exception: new program)
Budgeted Reports

- Contact DCS Rate Setting Unit if a report is needed for a new program
- Pro-Forma (12 month of data)
  - If partial actual costs, project out to full year
- How to complete?
  - Mirror existing report
  - Based on budgeted data
- Utilization?
  - Calculate at appropriate utilization percentage
  - Back into based on FTEs
Budgeted Reports

How to Calculate Utilization using FTEs

**RTSP Utilization** = \[ \frac{([[§3.1 + §3.3 \text{ Time Study allocated FTEs}] \div 4.2}] \times \text{Staffing Ratio} \] \times 365

**LCPA Utilization** = \[ ([§3.1 + §3.3 \text{ Time Study allocated FTEs}] \times \text{Caseload Ratio}] \times 365 \]

- **RTSP**
  - §3.1 Time Study allocated FTEs = 20.5100
  - §3.3 Time Study allocated FTEs = 4.4900
  - Staffing Ratio Limit = 2.7000
  - \[ \frac{(20.5100 + 4.4900) \div 4.2} \times 2.7000 \] \times 365 = 5,866
  - *If utilization result is greater than licensed capacity, adjust FTEs*

- **LCPA**
  - §3.1 Time Study allocated FTEs = 20.5100
  - §3.3 Time Study allocated FTEs = 4.4900
  - Staffing Ratio Limit = 5.5000 (arbitrary number between 5 and 7).
  - \[ (20.5100 + 4.4900) \times 5.5000 \] \times 365 = 50,188
Cost Identification

Allocation Methodologies

- Appropriate way of dispersing costs
- When used?
  - Account tied to multiple programs/cost centers
  - Account tied to multiple cost columns
- What to do?
  - Excel
  - Review
  - Account for 100% of cost
  - Reconcile
  - Be consistent (Cost & FTE allocations)
Cost Identification

Examples Allocation Methodologies

- Direct
- Utilization
- Revenue
- FTE
- Acuity of Child/Program
- Square Footage
- Meals Served
- Travel Logs
- Work Orders
- Handsets
Cost Report Cost Columns

**Total:** Total of allocated cost columns

**Administrative:** General and/or Programmatic Administrative

**Maintenance (RTSP ONLY):** Food, Clothing, Shelter, Daily Supervision, Personal Incidental

**Adoption (LCPA ONLY):** Permanent placement of children

**Time Study:** Primary direct care staff cost, Case Managers, Licensing & Recruiting staff

**Case Management:** Case plan and case development

**Non IV-E (IL & Recreation):** Non-supervision recreation or Independent Living

**Behavioral Health:** Counseling, Therapy, Crisis Intervention

**Medical:** Administering medical procedures

**Education:** On-site school/classroom related costs

**Unallowable:** Federally Unallowable or unallowable per 465 IAC 2-16-21(c) (RTSP, or 465 IAC 2-17-23(c) (CPA)

*Note:* More thorough description included within instructions
### Understanding the Columns

**RTSP**

§3.1 through §3.3

**What do they mean?**

<table>
<thead>
<tr>
<th>Administrative</th>
<th>Maintenance</th>
<th>Time Study</th>
<th>Non IV-E (IL / Rec.)</th>
<th>Behavioral Health</th>
<th>Medical</th>
<th>Education</th>
<th>Unallowable</th>
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<td>Cost</td>
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**A:** Subjected to (1) Salary Cost Limit and (2) Administrative Cost Limit; allocated by % of Direct Costs

**B:** Maintenance, Non IV-E (IL & Recreation), and Education subjected to Salary Cost Limit, Medical is not; 100% included in payment rate

**C:** Subjected to (1) Salary Cost Limit and (2) Staffing Ratio Cost Limit; allocated by RMS %, included in payment rate

**D:** Not subjected to any cost limit, not included in payment rate; does affect Administrative Allocation
**Understanding the Columns**

**RTSP**
§4.1 through §4.4

<table>
<thead>
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<th>Case Management</th>
<th>Non IV-E (IL / Rec.)</th>
<th>Behavioral Health</th>
<th>Medical</th>
<th>Education</th>
<th>Unallowable</th>
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</tbody>
</table>

**A**: Subjected to Administrative Cost Limit; allocated by % of Direct Costs

**B**: Not subjected to any cost limit; 100% included in payment rate

**D**: Not subjected to any cost limit, not included in payment rate; does affect Administrative Allocation

*Note: All costs of §4.3 Occupancy are subjected to Occupancy Cost Limit, regardless of its allocation*
### Understanding the Columns

**LCPA**

§3.1 through §3.3

What do they mean?

<table>
<thead>
<tr>
<th>Administrative</th>
<th>Adoption</th>
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<th>Non IV-E (IL / Rec.)</th>
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<th>Medical</th>
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<th>Unallowable</th>
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<td>C</td>
<td>D</td>
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</table>

**A**: Subjected to (1) Salary Cost Limit and (2) Administrative Cost Limit; allocated by % of Direct Costs

**C**: Subjected to (1) Salary Cost Limit and (2) Caseload Ratio Cost Limit; allocated by RMS %s, included in payment rate

**D**: Not subjected to any cost limit, not included in payment rate; does affect Administrative Allocation
**Understanding the Columns**

**LCPA**
§4.1 through §4.4

What do they mean?

<table>
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<th>D</th>
<th>B</th>
<th>D</th>
<th>D</th>
<th>D</th>
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<th>D</th>
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<tbody>
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<td>Administrative</td>
<td>Adoption</td>
<td>Case Management</td>
<td>Non IV-E (IL / Rec.)</td>
<td>Behavioral Health</td>
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</tr>
</tbody>
</table>

A: Subjected to Administrative Cost Limit; allocated by % of Direct Costs

B: Not subjected to any cost limit; 100% included in administrative payment rate

D: Not subjected to any cost limit, not included in payment rate, does affect Administrative Allocation
Desk Audits

• Review
  – Current data in comparison to past years
  – Comparison of each cost report submitted to each other
  – Reasonable…Allowable…Eligible
  – Allocation methodologies
  – Comparison to various benchmarks

• Contact Provider w/ Questions (via Issues Tab and email)

• Costs may be reallocated based on correspondence w/ Provider

• Revisions
Cost Report Finalization

• Review by DCS Rate Setting Unit
  – Cost Limits
    • Fringe
    • Administrative
  – Enhancements
    • Rate Adjustments
      – COLA
      – Stabilization Factor
      – Rate Year Adjustment
    • Profit Margin (for profit agencies only)

• Rate Letters & I-Rate Cost Reports

• Contact DCS Rate Setting Unit w/ questions and/or comments

• Information Session/Individual Sessions
Rate Reviews/Appeals

Administrative Review Requests
- Review of the rates
  • 465 IAC 2-16-26 (RTSP)
  • 465 IAC 2-17-27 (LCPA)
- When to submit?
- What to submit?

Appeal/Hearing Requests
- Appeal of the rates
  • 465 IAC 2-16-27 (RTSP)
  • 465 IAC2-17-28 (LCPA)
- When to submit?
- What to submit?
Field Audits

Why?
- Compliance
- Educational

Frequency?
- ~ Every 2 – 3 Years
- Newer Providers Sooner

Preparation
- Maintain and copy all documentation
- Keep GOOD notes on how costs were determined
- Document ALL allocations of costs and FTE’s

Results
- Report
- Findings (Weighting Tool)
- Rate Adjustment
I-Rate Cost Report Tutorial

I-Rate

I-Rate = Indiana DCS Rate Setting Program

Access...

- [https://magik.dcs.in.gov](https://magik.dcs.in.gov)
  - Click on “KidTraks” link on left
I-Rate Cost Report Tutorial

Setting up access to the I-Rate module of KidTraks

Select “VENDOR PROFILE” to add users
I-Rate Cost Report Tutorial

Setting up access to the I-Rate module of KidTraks

Vendor Profile

Preferences

Receive Warrant Summary Notifications Electronically

(When you sign up to receive electronic notifications of warrant summaries, you will no longer receive paper summaries by mail.)

Submit

Referral Notifications

Centralized Referral MailBox:

LGPA MailBox:

Residential MailBox:

Update

Authorized Users

Add New User

Todd Fandrei
toddfandrei@gmail.com

Disabled  Admin  Role

N  Y  fiscal user

Chris Back
chrisback1963@gmail.com

N  N  fiscal user

Corey Burns
coreburns11@gmail.com

N  N  fiscal user

Select “Add New User” or select a User’s name to edit their permissions.
Authorized users in KidTraks need to have “fiscal user” selected as their “Role”.

- User can be given “Create/Modify” or “Read Only” permission in I-Rate.
Viewing your Licenses and Programs

Click “Contracts” and then select “Licenses and Programs”
I-Rate Cost Report Tutorial

Viewing your Licenses and Programs

<table>
<thead>
<tr>
<th>License Number</th>
<th>License Type</th>
<th>Start Date</th>
<th>Expiration Date</th>
<th>Licensing Agency</th>
<th>Closed Date</th>
<th>Resource ID</th>
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<td>30000</td>
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<td>Program Name</td>
<td>Program Service Category</td>
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<td>I-Rate North Unit</td>
<td>Open Residential</td>
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<td>I-Rate South Unit</td>
<td>Open Residential</td>
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<td>I-Rate East Unit</td>
<td>Sexually Maladaptive Youth</td>
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<td>I-Rate West Unit</td>
<td>Emergency Shelter</td>
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<th>License Number</th>
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<td>Program Name</td>
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<td>Foster Care (Age 0-4)</td>
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<td>Foster Care with Services (Age 0-4)</td>
<td>Foster Care with Services (Age 0-4)</td>
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</table>
I-Rate Cost Report Tutorial

Accessing the I-Rate module of KidTraks

Click “Contracts” and then select “I-Rate”
I-Rate Cost Report Tutorial

Cost Allocations Tab
- Click “Cost Allocations” to access this area
Click “Add Cost Allocation” to add a customized cost allocation to be used on cost reports.
I-Rate Cost Report Tutorial

Cost Allocations Tab

Enter in the percentage allocated to each cost activity column.
If a custom allocation is being used on a cost report, it cannot be modified.
Cost Reports Tab

- 2017 Calendar Year Rates cost report group will be empty
- Previous year’s cost reports can be accessed from this tab as well
I-Rate Cost Report Tutorial

Adding a cost report
- Only a user with “Create/Modify” permissions in I-Rate can add a cost report

Click “Add Cost Report”
Adding a cost report

- You can only add reports for programs that are listed in the Licenses and Programs section of KidTraks.
- If a cost report is needed for a program that is not listed, contact DCS Rate Setting Staff.
Once cost report is added, you will be redirected to this screen to begin populating the report with program and cost data.

If RTSP, the first step is to attach a program to the cost report.
Adding a program to the cost report

- A program can only be added to one cost report
- Only programs with the same License type and Program Service Category can be added
Adding employee cost and FTE data to §3.1 Salary and Wages

- The same process is followed for adding information to §3.3 Contracted Services

Click “Add” or “Import” to input employee personnel costs.
I-Rate Cost Report Tutorial

Adding a single position’s cost and FTE
Importing position’s used on another cost report

Select the cost report you would like to use to populate the positions identified in §3.1

Salaries and Wages
I-Rate Cost Report Tutorial

Importing position’s used on another cost report

Click on each position title to input Cost and FTE data.

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<td>x 3 Chief Executive Officer</td>
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<td>x 5 Child Care Worker</td>
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<tr>
<td>x 10 Principal</td>
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<tr>
<td>x 11 Teacher</td>
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<tr>
<td>x 12 Teacher Aide</td>
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<td>-</td>
<td></td>
</tr>
</tbody>
</table>
Adding Fringe Benefits & Payroll Taxes

3.2 Fringe Benefits and Payroll Taxes

Cost Type: Social Security & Medicare

Total: $38,250.00

Comments: 

<table>
<thead>
<tr>
<th>Item</th>
<th>Amount</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Retirement</td>
<td>$14,250.00</td>
<td>2.81%</td>
</tr>
<tr>
<td>Health, Dental, Vision, etc.</td>
<td>$95,000.00</td>
<td>18.77%</td>
</tr>
<tr>
<td>Life Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Disability Insurance</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other Fringe Benefits &amp; Payroll Taxes</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>$150,000.00</td>
<td>29.63%</td>
</tr>
</tbody>
</table>
Adding Program Costs

§4.3 Occupancy

- Depreciation (Building & Grounds)
  - Cost Allocation: Square Footage
  - Administrative: $10,762.50
  - Maintenance: $70,212.50
  - Case Management: $2,050.00
  - Non-IV-E: $0.00
  - Behavioral Health: $11,787.50
  - Medical: $0.00
  - Education: $7,687.50
  - Unallowable: $0.00
- Total: $102,500.00

Comments:
I-Rate Cost Report Tutorial

Adding Indirect Administrative Costs

§5.1 Personnel

5.1 Indirect Personnel

<table>
<thead>
<tr>
<th>Position</th>
<th>Cost</th>
<th>FTE</th>
<th>Salary</th>
<th>Hourly Wage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Senior Management</td>
<td>$0.00</td>
<td>0.0000</td>
<td>$0.00</td>
<td>$0.00</td>
</tr>
</tbody>
</table>

Comments

[Image of a software interface showing the personnel costs]
Adding Indirect Administrative Costs

§5.2 Operating

<table>
<thead>
<tr>
<th>Position</th>
<th>Cost Type</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Food/Household Supplies</td>
</tr>
<tr>
<td>2</td>
<td>Office Supplies</td>
</tr>
<tr>
<td>3</td>
<td>Fees, Dues, &amp; Subscriptions</td>
</tr>
<tr>
<td>4</td>
<td>Accident Insurance</td>
</tr>
<tr>
<td>5</td>
<td>Advertising</td>
</tr>
<tr>
<td>6</td>
<td>Printing/Postage/Shredding</td>
</tr>
<tr>
<td>7</td>
<td>Conference &amp; Training</td>
</tr>
<tr>
<td>8</td>
<td>Employee Medical Exams</td>
</tr>
<tr>
<td>9</td>
<td>Employee Recruitment</td>
</tr>
<tr>
<td>10</td>
<td>Bad Debt</td>
</tr>
</tbody>
</table>

Cost Type: Food/Household Supplies
Total: $0.00
Comments:
I-Rate Cost Report Tutorial

Adding Revenue

6.1 Direct Program Revenue

Revenue Type: Indiana DCS

- Per Diem Payments: $745,100.00
- Administrative: $0.00
- Maintenance: $0.00
- Behavioral Health: $0.00
- Medical: $0.00
- Education: $0.00
- Donations/Fundraising: $0.00
- Other: $0.00

Total: $745,100.00

Comments:
Attachments can be added

- Licenses, financial documents, working papers, etc.
- enter " . " in the Description field
- Name the file in a thoughtful manner
  - Ex: License_I-Rate North Unit, Job Description_Case Manager
“Action” drop down list
- Submit Cost Report
- Print Cost Report
Issues / Questions posed by the Desk Auditor
Email sent to user who created cost report
  -click on cost report ID to be redirected to the cost report

From: DCS Rate Setting Unit [mailto:DCSRateSetting@dcsln.gov]
Sent: Wednesday, February 11, 2015 12:36 PM
To: Cox, Barry D
Subject: Cost Report 10004258 Issues and Questions

Dear Corey Greenya,

Cost report 10004258 has been reviewed by DCS Rate Setting Staff. Please address the issues below by adding your comments to each issue in the I-Rate cost report. You will only be able to change lines that have unresolved issues. If you have any questions on how to provide responses to these issues, please contact Robert Nicholson at Robert.Nicholson@dcsln.gov.

<table>
<thead>
<tr>
<th>Issue ID</th>
<th>Issue Name</th>
<th>Section</th>
<th>Line Number</th>
<th>Issue Description</th>
<th>Created By</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1002867</td>
<td>Licensing Coordinator</td>
<td>Salary And Wages</td>
<td>4</td>
<td>Why was this position allocated to Time Study. We need a job description for this position.</td>
<td>Nicholson, Robert A</td>
<td>02/11/2015</td>
</tr>
<tr>
<td>1002868</td>
<td>Administrative Assistant</td>
<td>Salary And Wages</td>
<td>1</td>
<td>Are the Amount and FTE correct for this position? The annualized cost 1=for this position is $26,933. Last year the annualized cost for this position was $22,550. Why was 100% of this cost allocated to</td>
<td>Nicholson, Robert A</td>
<td>02/11/2015</td>
</tr>
</tbody>
</table>
Responding to Issues / Questions posed by the Desk Auditor
I-Rate Cost Report Tutorial

- Notify DCS of Issue Responses
- Print Issues Report

§3.1 Salary and Wages
## Printed Issues Report

PDF printout of all Issues and Comments

### Cost Report Issues

**Vendor:** IRATE, INC  
**License Type:** Child Placing Agency  
**Program Service Category:** CPA

<table>
<thead>
<tr>
<th>Issue ID</th>
<th>Name</th>
<th>Description</th>
<th>Section</th>
<th>Line Number</th>
<th>Category</th>
<th>Status</th>
<th>Created By</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>1002967</td>
<td>Licensing Coordinator</td>
<td>Why was this position allocated to Time Study. We need a job description for this position.</td>
<td>Salary And Wages</td>
<td>4</td>
<td>Allocation</td>
<td>Open</td>
<td>Nicholson, Robert A</td>
<td>2/11/2015</td>
</tr>
<tr>
<td>1002968</td>
<td>Administrative Assistant</td>
<td>Are both the cost and the FTE correct for this line entry? Total cost ($30,300) - FTE (0.1125) yields an annualized cost of $269,333 or $129.45/hour for this position. This seems high for a position of this type.</td>
<td>Salary And Wages</td>
<td>1</td>
<td>Amount</td>
<td>Open</td>
<td>Nicholson, Robert A</td>
<td>2/11/2015</td>
</tr>
<tr>
<td>1002970</td>
<td>Number of locations/offices</td>
<td>How many locations/offices were in operation during CY 2014? Which were these offices located?</td>
<td>Programs</td>
<td></td>
<td>General</td>
<td>Open</td>
<td>Nicholson, Robert A</td>
<td>2/11/2015</td>
</tr>
</tbody>
</table>

**Comment:**
- This position is responsible for all the necessary tasks related to the recruitment and licensing of foster homes/parents.  
- This position is only compensated $26,933 on average annually.  
- What is the correct total cost that should be identified for this position on the cost report?  
- $30,300 is the correct amount. This includes multiple individuals with this job title.  
- Because $30,300 is the correct amount, the FTE that was identified needs to be adjusted. The FTE will be changed to 1.125 (30,300 / 26,933).

**Comment:** IRATE, Inc. has Child Placing Agency offices at 2 different locations. One location is in Allen county and the other location is in Marion county.

**Comment:**
- Created By: Corey Greenya  
- Date: 2/11/2015  
- Created By: Corey Greenya  
- Date: 2/11/2015  
- Created By: Corey Greenya  
- Date: 2/11/2015
I-Rate Cost Report Tutorial

Cost Report events are logged automatically
Salary Cost Limit Disallowance

3 Tier Salary Cost Limit, referencing Total Vendor Revenue:
- < $1 million = $100,000
- $1 million - $5 million = $125,000
- > $5 million = $175,000

\[
\frac{(Salary\ Cost\ Limit - (Reported\ Cost \div Reported\ FTE))}{(Reported\ Cost \div Reported\ FTE)} = \%\ Disallowance
\]

\[
\frac{$175,000 - ($50,000 \div 0.2500)}{($50,000 \div 0.2500)} = 12.50\%
\]

\[
Reported\ Cost \times \%\ Disallowance = $\ Disallowance
\]

\[
$50,000 \times 12.50\% = $6,250
\]
Fringe and Tax Cost Limit Disallowance

§3.2 Fringe Benefits & Payroll Taxes

\[
\frac{\left( \frac{\text{§3.1 Salary & Wages Total}}{} - \frac{\text{Salary Cost Limit}}{\text{Disallowance}} \right)}{\text{Fringe & Tax Reported}} = 30.00\%
\]

\[
\frac{\$150,000}{($506,250 - $6,250)} = 28.55\%
\]

\[
\{\left( \frac{\text{§3.1 Salary & Wages Total}}{\text{Disallowance}} - \frac{\text{Salary Cost Limit}}{\text{Fringe & Tax}} \right) \times \text{Cost Limit} \} - \frac{\text{§3.2 Fringe Benefits & Payroll Taxes Total}}{\text{Disallowance}} = \$7,250.10
\]
Staffing/Case Load Ratio Cost Limit Disallowance

\[
\frac{\left(\frac{\text{Reported Utilization}}{\text{Days of Operation}}\right)}{\left\{\frac{(§3.1 + §3.3 \text{ Time Study FTEs})}{\# \text{ of 40 hour shifts per week}}\right\}} = \text{Staffing/Case Load Ratio Reported}
\]

\[
\left(\frac{\frac{2,755}{365}}{\frac{7.7100 + 1.0000}{4.2}}\right) = 3.6661...
\]

\[
\frac{\left(\frac{\text{Staffing/Case Load Ratio Cost Limit} - \text{Staffing/Case Load Ratio Reported}}{\text{Staffing/Case Load Ratio Cost Limit}}\right)}{\text{Staffing/Case Load Ratio Cost Limit}} = \% \text{ Disallowance}
\]

\[
\frac{(4.6000 - 3.6661...)}{4.6000} = 20.30\%
\]

Note: 20.30% applied against §3.4 lines (3), (8), & (13)
§3.4 Time Study Allocation will not be available until the cost report has been committed by DCS and the rate has been activated

<table>
<thead>
<tr>
<th>Cost Type</th>
<th>Total</th>
<th>Administrative</th>
<th>Maintenance</th>
<th>Case Management</th>
<th>Non IV/E (L &amp; Rec.)</th>
<th>Behavioral Health</th>
<th>Medical</th>
<th>Education</th>
<th>Unallowable</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1) T/S Salaries and Wages</td>
<td>$286,116.00</td>
<td>$11,375.57</td>
<td>$206,365.35</td>
<td>$7,141.34</td>
<td>$2,586.27</td>
<td>$4,279.09</td>
<td>-</td>
<td>-</td>
<td>- $2,844.80</td>
</tr>
<tr>
<td>(2) T/S Salaries and Wages Excess of Cap</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(3) T/S Salaries and Wages Subtotal</td>
<td>$286,116.00</td>
<td>$11,375.57</td>
<td>$206,365.35</td>
<td>$7,141.34</td>
<td>$2,586.27</td>
<td>$4,279.09</td>
<td>-</td>
<td>-</td>
<td>- $2,844.80</td>
</tr>
<tr>
<td>(4) T/S Salaries and Wages Staff Ratio Excess of Cap</td>
<td>($59,685.90)</td>
<td>($1,930.13)</td>
<td>($52,755.77)</td>
<td>($1,495.13)</td>
<td>($558.74)</td>
<td>($1,009.51)</td>
<td>-</td>
<td>-</td>
<td>($774.01) ($20.54)</td>
</tr>
<tr>
<td>(5) T/S Salaries and Wages Total</td>
<td>$236,430.10</td>
<td>$11,375.57</td>
<td>$206,365.35</td>
<td>$7,141.34</td>
<td>$2,586.27</td>
<td>$4,279.09</td>
<td>-</td>
<td>-</td>
<td>- $2,844.80</td>
</tr>
<tr>
<td>(6) T/S Fringe Benefits and Payroll Taxes</td>
<td>$86,000.00</td>
<td>$4,282.48</td>
<td>$77,718.05</td>
<td>$2,076.35</td>
<td>$973.50</td>
<td>$1,610.70</td>
<td>-</td>
<td>-</td>
<td>- $1,070.00</td>
</tr>
<tr>
<td>(7) T/S Fringe Benefits and Payroll Taxes Excess of Cap</td>
<td>($3,277.54)</td>
<td>($127.03)</td>
<td>($3,150.51)</td>
<td>($103.52)</td>
<td>($47.01)</td>
<td>($77.55)</td>
<td>-</td>
<td>-</td>
<td>- ($51.70) ($2.14)</td>
</tr>
<tr>
<td>(8) T/S Fringe Benefits and Payroll Taxes Subtotal</td>
<td>$82,722.46</td>
<td>$4,155.45</td>
<td>$73,567.54</td>
<td>$1,972.82</td>
<td>$926.45</td>
<td>$1,553.15</td>
<td>-</td>
<td>-</td>
<td>- $1,018.26</td>
</tr>
<tr>
<td>(9) T/S Fringe Benefits and Payroll Taxes Staff Ratio Excess of Cap</td>
<td>($17,089.10)</td>
<td>($527.02)</td>
<td>($14,562.08)</td>
<td>($402.98)</td>
<td>($199.07)</td>
<td>($301.17)</td>
<td>-</td>
<td>-</td>
<td>($205.09) ($50.50)</td>
</tr>
<tr>
<td>(10) T/S Fringe Benefits and Payroll Taxes Total</td>
<td>$65,633.36</td>
<td>$3,628.43</td>
<td>$59,005.46</td>
<td>$1,570.85</td>
<td>$427.47</td>
<td>$1,251.98</td>
<td>-</td>
<td>-</td>
<td>- $712.12</td>
</tr>
<tr>
<td>(11) T/S Contracted Services</td>
<td>$35,000.00</td>
<td>$1,094.00</td>
<td>$30,705.00</td>
<td>$1,137.50</td>
<td>$365.00</td>
<td>$837.00</td>
<td>-</td>
<td>-</td>
<td>- $423.50</td>
</tr>
<tr>
<td>(12) T/S Contracted Services Excess of Cap</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(13) T/S Contracted Services Subtotal</td>
<td>$35,000.00</td>
<td>$1,094.00</td>
<td>$30,705.00</td>
<td>$1,137.50</td>
<td>$365.00</td>
<td>$837.00</td>
<td>-</td>
<td>-</td>
<td>- $423.50</td>
</tr>
<tr>
<td>(14) T/S Contracted Services Staff Ratio Excess of Cap</td>
<td>($17,050.10)</td>
<td>($523.68)</td>
<td>($14,526.42)</td>
<td>($400.42)</td>
<td>($196.09)</td>
<td>($301.21)</td>
<td>-</td>
<td>-</td>
<td>($205.09) ($50.50)</td>
</tr>
<tr>
<td>(15) T/S Contracted Services Total</td>
<td>$17,949.90</td>
<td>$1,094.00</td>
<td>$14,855.90</td>
<td>$1,137.50</td>
<td>$365.00</td>
<td>$837.00</td>
<td>-</td>
<td>-</td>
<td>- $423.50</td>
</tr>
</tbody>
</table>

Direct Care Staff Time Study Allocation Total: $330,135.20 $15,975.56 $279,159.64 $10,129.46 $3,631.49 $5,408.46 - $3,984.64 $165.97

160.00% 4.84% 87.72% 3.25% 1.16% 1.82% 1.21% 0.00% 0.00%

20.30% applied against §3.4 lines (3), (8), & (13); disallowance shown on lines (4), (9), & (14)
Capacity Cost Limit Disallowance

\[
\frac{\text{Reported Utilization}}{\text{Potential Days of Service}} = \text{Capacity Reported}
\]

\[
\frac{2,775 \text{ Days}}{3,650 \text{ Days}} = 76.03\%
\]

\[
\text{Capacity Cost Limit} - \text{Capacity Reported} = \% \text{ Disallowance}
\]

\[
80.00\% - 76.03\% = 3.97\%
\]

\[
\text{\$4.3 Occupancy Total} \times \% \text{ Disallowance} = \$ \text{ Disallowance}
\]

\[
100,000 \times 3.97\% = \$3,970
\]
§7.2 Administrative Cost Allocation Walk Through

§3.4 Time Study Allocation, §7.1 Total Direct Costs, and §7.2 Administrative Cost Allocation will not be available until the cost report has been committed by DCS and the rate has been activated.

| Line (1) | $551,407.54 | \[= \text{§7.1 Total Direct Costs Less Excess Administrative + §3.4 Time Study Administrative Total} - \text{§7.1 Total Direct Costs} \] |
| Line (2) | $195,087.99 | \[= \text{§7.2 Line (1) \times Administrative Cost Limit} \] |
| Line (3) | \[= \text{§7.1 Total Direct Administrative} \] |
| Line (4) | $10,000 | \[= \text{§5.3 Total Indirect Costs} - \text{§5.1 Line (7)} - \text{§5.2 Line (10)} - \text{§5.2 Line (11)} - \text{§5.2 Line (12)} \] |
# §7.2 Administrative Cost Allocation Walk Through

<table>
<thead>
<tr>
<th>Line (5)</th>
<th>=</th>
<th>§7.2 Line (3) + §7.2 Line (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$221,098.69</td>
<td>=</td>
<td>$211,098.69 + $10,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Line (6)</th>
<th>=</th>
<th>§3.4 Time Study Administrative Total</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Line (7)</th>
<th>=</th>
<th>§7.2 Line (5) - §7.2 Line (6)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$205,120.14</td>
<td>=</td>
<td>$221,098.69 - $15,978.54</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Line (8)</th>
<th>=</th>
<th>Lesser of §7.2 Line (2) and §7.2 Line (7)</th>
</tr>
</thead>
</table>

<table>
<thead>
<tr>
<th>Line (9)</th>
<th>=</th>
<th>§7.2 Line (8) + §3.4 Time Study Administrative Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>$211,066.53</td>
<td>=</td>
<td>$195,087.99 + $15,978.54</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Administrative Cost Disallowance</th>
<th>=</th>
<th>§7.2 Line (7) - §7.2 Line (9)</th>
</tr>
</thead>
<tbody>
<tr>
<td>$5,946.39</td>
<td>=</td>
<td>$205,120.14 - $211,066.53</td>
</tr>
</tbody>
</table>
Important Reminders

RTSP:
- Only programs of similar type can be included on one report (License Type, Program Service Category, and Cost Structure)
- If multiple programs are grouped on one report, each of these programs will have the same generated payment rate.

Both RTSP & LCPA:
- Manually enter all data.
- Enter real numbers into the cost report. Formulas cannot be entered.
- Duplicate positions cannot be identified in §3.1 Salaries and Wages and/or §3.3 Contracted Services.
- Round all FTEs to four (4) decimal places.
- Attachments (including Licenses, program descriptions, Financial Audits, etc.) can be uploaded to the cost report in I-Rate, rather than mailing hard copies.
Important Reminders

- Do not allocate staff to multiple cost line entries (identify employees to only ONE position)
- Include all costs of the identified program(s) on the cost report
- If submitting a budgeted report, make sure information is pro-rated out to a full year’s worth of data
- Check cost report for accuracy
- If a report is incomplete upon submission, the report will be sent back for correction.
- **Make use of the allocation tool within I-Rate.**
- When adding any “other” cost line entries (ie: sections 3.2,4.1,4.2,4.3,4.4, and/or 5.1) be as descriptive as possible in the comments section of the individual line entry.
- When submitting responses to Desk Audit, make sure to select “Submit to DCS” from Action drop down.
- Name your attachments in an organized manner
- Cost Reports are due **March 31, 2016**.
Website
http://www.in.gov/dcs/2907.htm

DCS Rate Setting Email
DCSRateSetting@dcs.in.gov

Mailing Address
Indiana Department of Child Services
Attn: Rate Setting Unit
402 W. Washington St., Room W392, MS-50
Indianapolis, IN 46204
<table>
<thead>
<tr>
<th>Staff</th>
<th>Email</th>
<th>Telephone</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chris Back</td>
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