



PENINSULA RSN

CHAPTER NAME POLICIES AND PROCEDURES

Policy Name: COST ALLOCATION

Policy Number: 8.06

Reference: WAC 388-865-0270, -0325, 1996 Waiver
42 CFR 438; DSHS Contract

Effective Date: 11/2010

Revision Date(s):

Approved by: PRSN Executive Board

CROSS REFERENCES

- Policy: Corrective Action Plan
- Policy: Management Attestation of Accuracy of Fiscal Reports

PURPOSE

To ensure that required costs are allocated accurately to fiscal reports submitted to the Department.

PROCEDURE

1. Allocation of costs between the Medicaid and non-Medicaid cost centers is performed at two levels:
 - Provider costs
 - Administrative costs
2. Provider costs are allocated between the Medicaid and non-Medicaid cost centers by each agency.
 - The PRSN monitors provider allocations as part of its annual fiscal monitoring protocol.
 - Costs are typically split between Medicaid and non-Medicaid cost centers based on the client hours (Medicaid vs. non-Medicaid) provided by that cost center.

3. PRSN Administrative costs are split between Medicaid and non-Medicaid cost centers based on the ratio of Medicaid and non-Medicaid revenues to total revenue.

MONITORING

This policy is a mandate by statute and contract.

1. This policy will be monitored through use of PRSN:
 - Semi-annual Provider Revenue and Expense Report
 - Reports are tracked over time for consistency, with significant variances followed up on by the PRSN Administrator.
 - Annual fiscal on-site monitoring of providers
2. If a provider performs below expected standards, a Corrective Action Plan will be required for PRSN approval. Reference PRSN Corrective Action Plan Policy