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**TO: Maternal, Child and Adolescent Health (MCAH) Directors,
Coordinators, and Fiscal Officers/Contacts**

**SUBJECT: CLARIFICATION ON USE OF MEDI-CAL FACTORS (MCFs) IN
AGENCY BUDGETS AND INVOICES FOR MCAH PROGRAM
Policy Letter #200809 - 03**

As the single state agency responsible for Federal Financial Participation (FFP) claiming, it is the California Department of Public Health (CDPH) MCAH Division's responsibility to ensure compliance in the oversight and administration of Title XIX FFP funding with all our agencies. This oversight includes the review of Agency budgets and invoices which claim Local MCFs or Alternate Base MCFs; that is, MCFs other than CDPH MCAH generated Base MCFs.

The purpose of this letter is to clarify policy and requirements regarding calculation, documentation, approval, and use of Medi-Cal Factors (MCFs) for our MCAH Program. This information is also being updated in the MCAH Division's 2009-10 Fiscal Policy and Procedure Manual located at <http://cdph.ca.gov/MCAHfiscal>.

FFP CLAIMING

There are two factors that determine the amount of FFP an Agency can claim.

1. Title XIX time studied activities - Time Studies identify activities and the percent of time that may be invoiced as unmatched, matched, or enhancable. Any Agency claiming Title XIX reimbursement must time study for a minimum of one full month each fiscal quarter. Time study activities are supported and substantiated by secondary documentation.
2. Medi-Cal Factor (MCF) – A program's MCF is the percent of the primary target population served by the program that are current Medi-Cal beneficiaries.
 - a.) Base MCF – The Base MCF is the number of Medi-Cal births divided by the total number of live births for a region. It is published annually as a percentage and posted as the MCAH Program Medi-Cal Factor Table on

our Fiscal Admin website. It is re-calculated annually using the most current birth data available. An Agency using the CDPH MCAH Base MCF does not need to substantiate their MCF methodology.

The Black Infant Health (BIH) Program Base MCF is determined by the CDPH MCAH Division and is posted on the Fiscal Admin website. The BIH MCF cannot be altered by an Agency. Adolescent Family Life Program's (AFLPs) MCF is determined by the client intake information entered in the LodeStar system. Only MCAH MCFs are being addressed in this letter.

- b.) Besides using the MCAH Base MCF posted by CDPH MCAH, the MCAH MCF can also be any of the following:
- 1) A Local MCF determined by the Agency, approved by CDPH MCAH, and used for some or all staff.
 - 2) Factoring two or more MCFs for one staff (Multiple or Weighted MCFs).
 - 3) Variable MCFs for staff dependent on their actual client counts.

When an Agency uses a MCF other than the CDPH MCAH Base MCF and an audit reveals secondary documentation does not support the invoiced MCF, the Agency will be responsible for repayment of the difference between invoiced amounts and what documentation supports. If there is no supporting documentation, the repayment amount will be calculated based on the CDPH MCAH Base MCF.

LOCAL MCF

An Agency may have access to more current or region-specific final birth data and can submit a written request to their CDPH MCAH Contract Manager to use an alternate Local MCF for some or all of their staff. Local MCFs must be reviewed and approved by CDPH MCAH each fiscal year they are used.

To use a Local MCF an Agency must:

1. Submit a written request with the Agreement Funding Application (AFA) via the Budget Template J-Pers worksheet. Include the data source and methodology for calculations.
2. Calculations need to be based on population-wide, publicly available (posted on city or county Web site), and statistically valid data.
3. If approved by CDPH MCAH, the Agency must retain the methodology and approval for audit purposes.
4. A written request, along with new data and methodology, must be submitted to CDPH MCAH each fiscal year when proposing a Local MCF.

MULTIPLE MCFs FOR ONE STAFF

In some instances Agency staff duties can be divided into two or more specific categories, each based on a different function, activity, or client contact, and stated on two or more budget and invoice lines. For example, a MCAH Director performs 60% general administrative MCAH Director duties and 40% Perinatal Services Coordinator (PSC) duties. The Director could be listed on two budget and invoice lines with one line stating 60% FTE as the MCAH Director performing administrative functions using the CDPH Base or Local MCF; and on the second line 40% FTE performing PSC duties claiming up to 95% MCF.

The Comprehensive Perinatal Services Program (CPSP) is a Medi-Cal program; therefore a MCF of up to 95% may be claimed. Specific activities of the PSC will determine the percent of FFP match with each time study period. The duty statement of the PSC must describe the activities assigned to that position including activities that qualify for FFP.

To use Multiple MCFs for the same staff an Agency must:

1. Submit a written request with the AFA via the MCAH Budget Template J-Pers worksheet. Include the data source(s) and methodology for calculations.
2. Either verify each alternate year (second or third year of three-year agreement) that there were no data changes or shifts in workload, or re-submit an updated methodology.
3. At a minimum, submit the methodology on the first of every three-year agreement period for CDPH MCAH review and approval.
4. Maintain the methodology, CDPH MCAH approval, client counts, secondary, and any substantiating documentation for audit purposes.

WEIGHTED MCFs

Only MCAH Directors and Coordinators can use a "Weighted" MCF. A Weighted MCF must be approved by CDPH MCAH. The methodology is submitted with the AFA and is a projection factoring the expected FTEs and MCFs. You will invoice using the actual FTE based on the time studies and MCFs based on actual client counts for that quarter. The Weighted MCF is based on time (% FTE) spent in managing varying programs or entities that have a higher MCF than the CDPH MCAH Base or Local rate. It is calculated by adding the sums of the MCF multiplied by the percentage of time performing activities in a program. For example:

<i>Activity/Program</i>	<i>% Total FTE X MCF</i>	<i>Weighted MCF</i>
CPSP	.1 FTE x 95%	9.5%
High Risk Visiting Program	.2 FTE x 80%	16.0%
General MCAH work	.7 FTE x 52% (Base MCF)	36.4%
	1.0 FTE	61.9% (MCF on budget)

To use a Weighted MCF an Agency must:

1. Submit a written request with the AFA via the MCAH Budget Template J-Pers worksheet. Include the data source(s) and methodology for calculations.
2. Either verify each alternate year (second or third year of three-year agreement) that there were no data changes or shifts in workload, or re-submit an updated methodology.
3. At a minimum, submit the methodology on the first of every three-year agreement period for CDPH MCAH review and approval.
4. Maintain the methodology, CDPH MCAH approval, client counts, secondary, and any substantiating documentation for audit purposes.

VARIABLE MCF

MCAH Agency staff whose job duties and duty statement specify that they work with a unique population are permitted to use Variable MCFs. A Variable MCF is one that varies each quarter and is based on 100% client counts during the time study month for that quarter. Variable MCFs are based on direct documentation and is the percentage of clients seen with documented Medi-Cal beneficiary identification numbers to the total number of clients seen by the staff. The CDPH MCAH FFP claiming process models the MAC Settlement of 1995 and Medi-Cal Administrative Activity claiming. Those guidelines state that Medi-Cal beneficiaries with a Share of Cost can be included in the Medi-Cal enrolled client counts.

The Variable MCF is determined for each quarter by:

1. The total number of enrolled Medi-Cal clients served divided by the total number of clients served by the specific staff member, or
2. An Agency with a specialized program may determine a Variable MCF based on data for the entire program. If CDPH MCAH approved, staff working in that program can use the same Variable MCF for their percent of time in the program. It could then be budgeted and invoiced using the Multiple MCF, Weighted MCF, or Variable MCF methods.

During an Agency's time study month each staff claiming a Variable MCF must document 100% of their client contact as "non Medi-Cal" or "Medi-Cal" in their secondary documentation. "Medi-Cal" does not mean assumed eligible; they must be a documented current Medi-Cal beneficiary. Your secondary documentation must be able to substantiate a client's Medi-Cal enrollment status in the event of an audit.

When budgeting Variable MCFs for individual staff an Agency is projecting what the FYs ratio of Medi-Cal enrolled to total client contact will be for that specific staff. Budget projections should be based on prior year actual client counts and staff duty statements.

Invoicing with Variable MCFs must reflect actual client counts for that claiming period and client contact documentation must be maintained for a minimum of three years for audit purposes, or longer to meet file retention requirements (see Fiscal Policy & Procedure Manual section 'Audit File Retention Information'). This documentation will

be reviewed during an on-site audit and copies can be requested at any time by CDPH MCAH staff to substantiate an Agency's Variable MCFs. If client Medi-Cal enrollment cannot be verified, they cannot be counted as Medi-Cal enrolled.

Documentation of client counts to support Variable MCFs must identify:

- staff name and position/title,
- date and time span of activity,
- activity and nature/intent of activity, (e.g., outreach at health fair)
- total number of "clients" seen or contacted, and
- documented Medi-Cal verifications (e.g., beneficiary's Medi-Cal identification numbers)

To use a Variable MCF for one or more staff an Agency must:

1. Submit a written request with the AFA via the MCAH Budget Template J-Pers worksheet. Include the methodology for calculations.
2. If approved, the Agency must submit a new request each fiscal year.
3. Staff or Program document 100% of client counts in their secondary documentation during the time study month as Medi-Cal enrolled or not. Maintain verification of enrollment.
4. Calculate MCF as percent of Medi-Cal enrolled to the total clients seen for that quarter and use that MCF for the corresponding quarter invoices for that staff.
5. The actual client counts must be re-calculated each quarter for each quarterly invoice.
6. Maintain the methodology, quarterly calculation summaries, client counts, CDPH MCAH approval, secondary, and any substantiating documentation for audit purposes.

We hope that this policy clarification will make it easier for you and your staff, and reduce second-guessing during the budget building and invoicing process. Also, by following the processes in this letter you will be able to better substantiate Agency fiscal activities during an audit. The 2009-10 CDPH MCAH Fiscal Administration Policy and Procedure Manual will also be updated with this clarification of our MCF policies.

We are in the process of revising the FY 09-10 MCAH Budget template (J-Pers worksheet) so it can also be used for requesting alternate MCFs (non-CDPH Base MCF). It will be completed by June 2009, so you can use it for your 2009-10 AFA packets. Information on the template and its use will also be located on the Fiscal Admin website at <http://cdph.ca.gov/MCAHfiscal> . If you have any questions regarding this letter, please contact your Contract Manager or Program Consultant.

Sincerely,



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