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| LOCAL COMMISSIONERS MEMORANDUM |
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DSS-4037EL (Rev. 9/89)

Transmittal No: 95 LCM-61

Date: June 6, 1995

Division: Management Support &
Quality Improvement

TO: Local District Commissioners

SUBJECT: Reporting of Health Care Provider Related Donations

ATTACHMENTS: Attachment 1 - Report of Provider Related Cash Donations
by Project/Organization - on line

In conformance with Federal regulations, retroactive to October 1, 1992 and until notified otherwise, the local department of social services (LDSS) must submit each quarter to the State DSS, Bureau of Local Financial Operations (LFO), a detailed accounting and corresponding summary providing information on the source and use of all health care provider related cash donations. These cash donations include Federally permissible (bona fide and presumed to be bona fide) cash donations, Federally permissible cash donations for outstationed eligibility workers, and Federally impermissible cash donations made by health care providers.

This LCM provides local districts with instructions for reporting and summarizing the source and use of all health care cash donations received by the district. FFP may be jeopardized for failure to comply with the reporting requirements.

We are requesting the reports of cash donations be completed one report for each quarter in the following priority:

- * 4th quarter, 1994
- * 1st quarter 1995
- * Every quarter from October 1, 1992 - September 30, 1994.
- * Every future quarter until notified otherwise

Instructions for Completing Provider Related Cash Donation Form

Cash donations for a particular quarter must be identified by the project/organization name. The three categories of cash donations being reported for the quarter include Permissible (Bona fide) cash donations, Permissible cash donations for outstationed eligibility workers and Impermissible cash donations. These types of cash donations are defined as follows:

Category A

Permissible Bona fide Cash Donations (for Federal Reimbursement)

A bona fide cash donation means a provider related cash donation made to the local DSS or unit of the local government that has no direct or indirect relationship to Medicaid payments made to:

- | the health care provider;
- | any related entity providing health care items and services; or
- | other providers furnishing the same class of items or services as the provider or entity.

Provider related donations have no direct or indirect relationship to Medicaid payments if those donations are not returned to the individual provider, the provider class, or related entity under a hold harmless provision or practice. A hold harmless provision or practice exists when:

The amount of the payment received (other than federal amounts provided under Title XIX of the Act) is positively correlated either to the amount of the donation or to the difference between the amount of the donation and the amount of the payment received under the State plan;

All or any portion of the payment made under Medicaid to the donor, the provider class, or any related entity; varies based only on the amount of the total donation received, or

The local district receiving the donation provides for any payment, offset, or waiver that guarantees to return any portion of the donation to the provider.

To the extent a donation contains the above noted hold harmless provision, it will not be bona fide.

Provider related donations are also considered bona fide if the voluntary payments, including, but not limited to, gifts, contributions, presentations or awards, made by or on behalf of individual health care providers to the local district does not exceed:

- | \$5,000 per year in the case of an individual provider donation or
- | \$50,000 per year in the case of a donation from any health care organizational entity defined as an organization, association, corporation or partnership formed by or on behalf of a health care provider.

Provider donations in excess of the \$5,000/\$50,000 annual limit noted above must be prior authorized by the Health Care Financing Administration (HCFA) and the SDSS before they can be considered bona fide. Therefore, written authorization should be obtained from LFO before acceptance of any donation in excess of regulatory limits.

If a cash donation by a provider is bona fide, in column 1 of the Report of Provider Related Cash Donations by project/organization enter category A. In column 2, enter the provider name. In column 3, enter the local district project/organization for which the donation is being made. In column 4, enter the actual cash donations received during the quarter.

Category B

Permissible Cash Donations for Outstationed Eligibility Workers (for Federal Reimbursement)

Cash donations to a local district made by a hospital, clinic, or similar entity (such as a federally qualified health center) for the direct costs of local agency personnel who are stationed at the facility to determine eligibility (including eligibility redeterminations) of individuals for Medicaid or to provide outreach services to eligible (or potentially eligible) Medicaid individuals are also reported on the Report of Provider Related Cash Donations by Project/Organization.

Direct costs of outstationed eligibility workers refers to the costs of training, salaries and fringe benefits associated with each outstationed worker and similarly allocated costs of local agency support staff and a prorated cost of outreach activities applicable to the outstationed workers at these sites.

The prorated costs of outreach activities is calculated by taking the percentage of local district outstationed workers in the facility to total outstationed eligibility workers in the local district and multiplying the percentage by the total cost of outreach activities in the local district. Provider donations for local district overhead are not permissible under Federal regulations nor is provider office space. Training and fringe benefits costs are allowable for reimbursement and are not part of overhead. The space related to providers is not allowable since these costs are already included in the facility per diem rate.

Effective 10/1/92, the maximum amount of provider related donations for outstationed eligibility workers that all local districts may receive without a reduction in FFP may not exceed 10% of statewide medical assistance administrative costs (both Federal and State Shares) excluding the costs of family planning activities.

Permissible cash donations for outstationed workers should be coded as category B on the Report of Provider Related Cash Donations by Project/Organization (See Attachment 1). In column 2, enter the provider making the cash donation. In column 3, enter the project/organization for which the donation was made. In column 4, enter the actual cash donation received during the quarter.

Category C

Impermissible Donations (for Federal reimbursement)

Federal reimbursement is not available for the following types of cash donations:

- | Provider cash donations involving provider personnel as outstationed workers,
- | Provider cash donations for outstationed DSS agency workers in excess of eligible direct administrative costs and prorated activity costs applicable to these workers,
- | Provider donations of office space for any outstationed workers,
- | Provider cash donations made for local DSS agency overhead, and
- | Donations provided pursuant to a hold harmless provision, as described in the permissible bona fide donation section of this letter.

Impermissible cash donations should appear as category C on the Report of Provider Related Cash Donations by Project/Organization, in column 1. In column 2, enter the provider making the cash donation. In column 3 enter the project / organization for which the cash donation is made. In column 4, enter the actual cash donation received during the quarter.

Summary of Provider Related Cash Donations by Category

Once this information is reported, it should be transferred to the Summary of Provider Related Cash Donations by category (See Attachment 1) where donations are summarized by categories A) Permissible, B) Permissible outstationed worker or C) Impermissible. The form should be signed and dated by the employee completing the form.

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Please call the following personnel for any questions on the above information:

Region 1-4 - Roland Levie at 1-800-343-8859, extension 4-7549 or dial direct at (518) 474-7549; USER ID# FMS001.

Region 5 - Marvin Gold at (212) 383-1733; USER ID# OFM270.

John M. Sweeney
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Office of Financial Management

