



Center for Clinical Standards and Quality /Survey & Certification Group

Admin Info: 14-07-ALL

REVISED 08.01.14

DATE: December 13, 2013

TO: State Survey Agency Directors

FROM: Director
Survey and Certification Group

SUBJECT: FY 2014 Payment Management System (PMS) Accounting Change – Sub-Account policy

“Revised to include notice of sample award documents”

Memorandum Summary

- ***New Health and Human Services (HHS) requirement for Subaccounts within the Payment Management System (PMS):*** Starting October 1, 2013, HHS’s new policy states a change in the PMS process to migrate from “pooled” to “subaccounts” in order to facilitate greater financial transparency and traceability of funds throughout the grants lifecycle.
- ***Cost-Accounting for Affordable Care Act funds (ACA) or any other funds distinct from Survey & Certification (S&C) Medicare & Medicaid funds and Clinical Laboratory Improvements Amendment (CLIA) funds:*** This memorandum provides State Survey Agencies (SAs) with additional details for the proper cost-accounting of expenditures for other survey funds.
- ***Waiver request: The waiver request to the new policy has been approved*** which grants a **temporary** reprieve (through January 2015) from the new policy. We ask that SAs contact the PMS, discuss the new policy, determine what will need to be done to come into compliance with it and inform their CMS regional office contacts of any issues that are discovered as well as determine timelines required to meet the new policy guidelines.
- ***UPDATE – Notification of Sample award documents.*** Beginning October 1, 2014 (FFY 2015) CMS will issue awards for our programs based on the new PMS subaccount system. We have generated “sample” award documents showing the required sub-account name and numbering system. To ensure they are aware of this new information it is imperative that these documents be shared with those state employees directly responsible for drawing funds from the PMS.

A. Background

Section 608 of the Grants Policy and Administration Manual (GPAM) chapter establishes Department of Health and Human Services (HHS) grants policy related to payment. This chapter supplements the HHS regulatory coverage at 45 CFR 74.22, 92.21, and 96.12.

Within this section, HHS' new policy states: starting October 1, 2013, HHS's new policy states a change in the PMS process to migrate from "pooled" to "subaccounts" in order to facilitate greater financial transparency and traceability of funds throughout the grants lifecycle. Operating Divisions (OPDIVs) must set up payment subaccounts within Payment Management System (PMS) for all new grant awards in order to improve the ability of OPDIV grants management staff to monitor advance payments, including comparison with expenditures. Instructions concerning this policy as well as frequently asked questions can be found at the link:

http://www.dpm.psc.gov/grant_recipient/hhs_subaccounting/hhs_subaccounting.aspx.

This new policy will require sub-account separation within PMS of all the Survey and Certification (S&C) funds (Medicare and Medicaid), CLIA funds, and funds provided from other sources. No longer will all SA funds be placed into a combined account for the States to draw down their expenditures. There will be separate accounts within PMS for the Medicare funds to be drawn down, Medicaid funds, CLIA funds, etc.

As states consider the impact of this new policy they should raise any questions or issues they have with their specific PMS contacts. Additionally, they should also inform their CMS regional office contact of any issues as well (and the RO should inform CO). This will help CMS be aware of the issues states might potentially face as a result of this new system.

As previously stated the new subaccount policy went into effect on October 1, 2013. However, neither CMS nor states were aware of this new policy prior to, or at the time of, implementation. Therefore, CMS requested a waiver to the policy in order to allow time for both CMS and states to make the necessary adjustments to their processes. This memo is to inform all parties that the waiver has been approved. The waiver is temporary (through January 2015) and is meant to allow all parties time to come into compliance with the new policy. We have been informed by HHS that training is also available on the new policy. States are encouraged to get in touch with their PMS contacts and avail themselves of any training opportunities.

We are providing sample award documents (attached) that include the information and documentation necessary as a result of the sub-account policy at the PMS. Note: The document numbering system for each award, regardless of program, has not changed from what has previously been used on the awarding documents. However, each awarding document will now include the name of the relevant sub-account for that particular program. The naming convention for each program is as follows (Where "XX" represents the 2 digits of the applicable FFY):

Title XVIII Medicare Survey and Certification program - XXS&CTitle18Medicare

Title XIX Medicaid Survey and Certification program - XXS&CTitle19Medicaid

CLIA – XXCLIA

Beginning with awards with starting dates of October 1, 2014 and beyond funds for each program must be drawn from, and only from, the appropriate program sub-account.

B. Accounting for ACA and any other funds *distinct from S&C Medicare & Medicaid Funds or CLIA funds*

Use of Form CMS-435 is the standard method by which States report S&C expenditures on a quarterly basis. Beginning October 1, 2013, any other distinct funds must be reported on a separate, modified form CMS-435 containing only those specific survey expenses. No use of non-S&C Medicare funds should be reported on the main Form 435. The separate CMS-435 form for non-S&C Medicare surveys can be selected on the S&C web-based budget system from the CMS-435 drop-down menu associated with “Option 12 Other.” This is similar to the procedure used for completing the OASIS and MDS forms, with the exception that these non-S&C Medicare dollars **do not** add into the overall CMS-435 for the corresponding year, as the MDS and OASIS costs do. These non-S&C Medicare funds come from a completely different funding source and need to remain separate.

Effective Date: Immediately. This policy update should be communicated with all survey and certification staff, their managers and the State/Regional Office training coordinators within 30 days of this memorandum.

/s/

Thomas E. Hamilton

Attachments

cc: Survey and Certification Regional Office Management