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ANALYSIS OF
MEDICAID ADMINISTRATIVE COSTS
STATE OF WASHINGTON

October 1977

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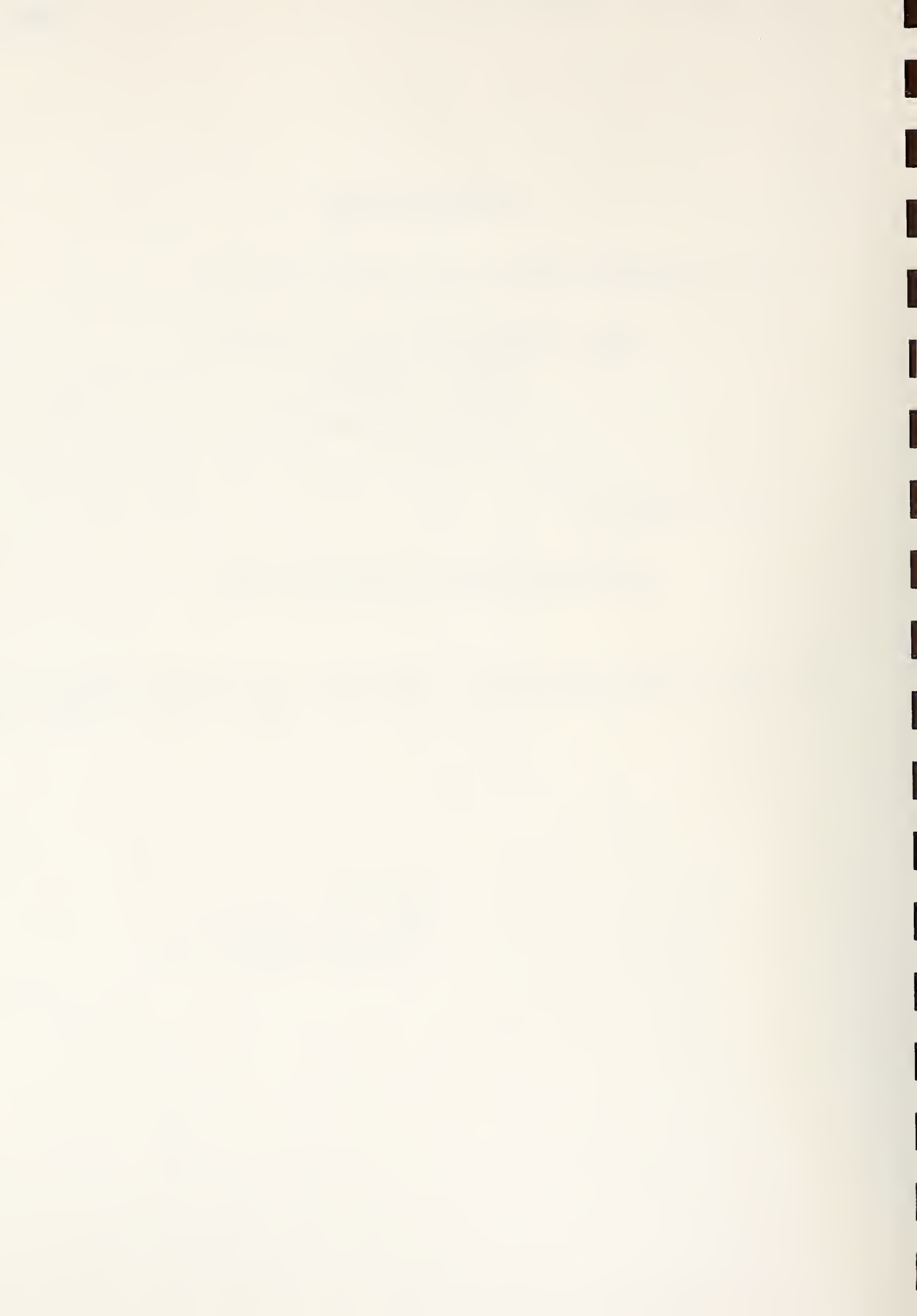
ANALYSIS OF
MEDICAID ADMINISTRATIVE COSTS
STATE OF WASHINGTON

October 1977

Submitted to:
Department of Health,
Education, & Welfare
Health Care Financing
Administration
330 C Street, S.W.
Washington, D.C. 20201

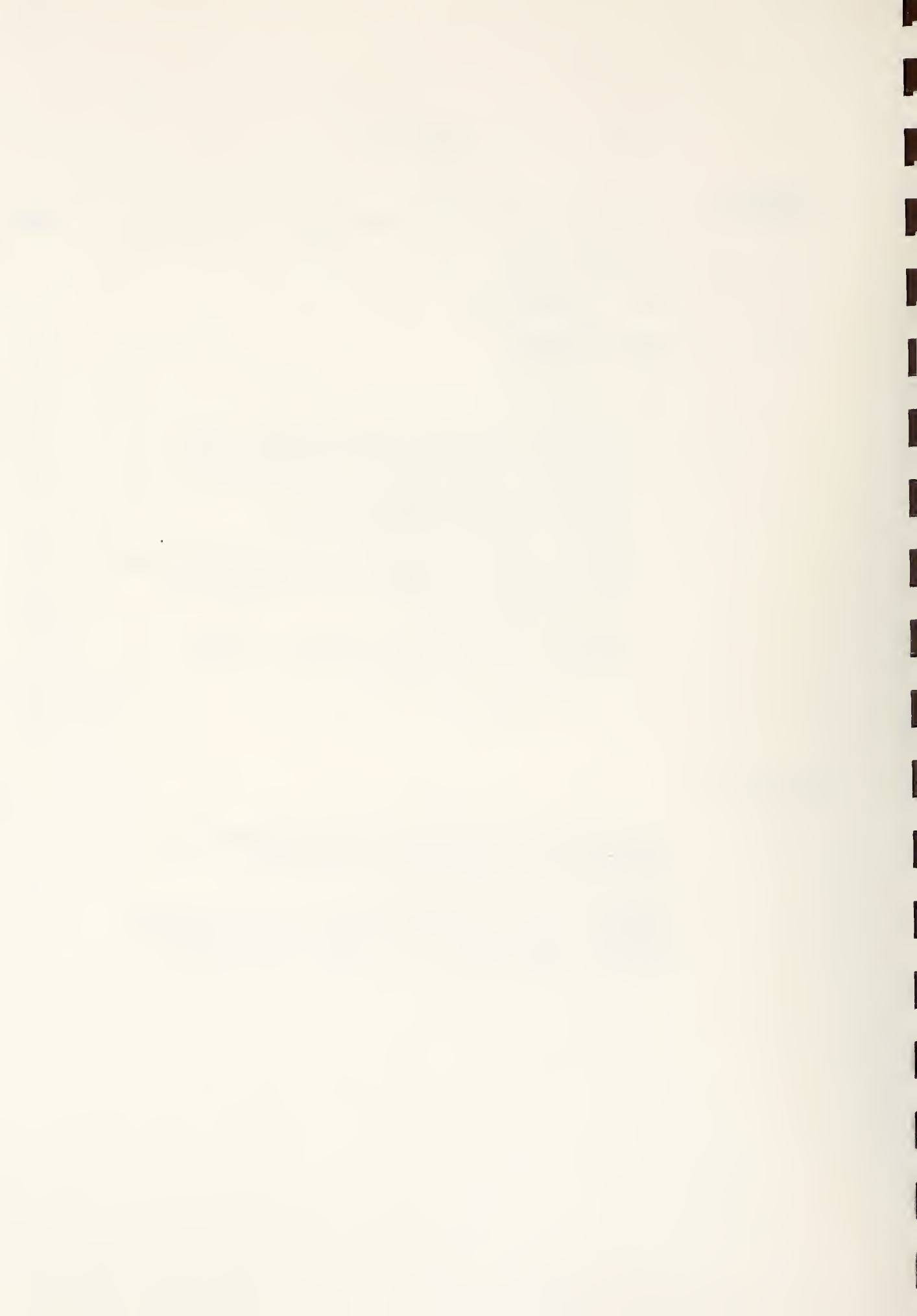
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2021 K Street, N.W.
Washington, D.C. 20006

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for such work or for the contents of this report, are
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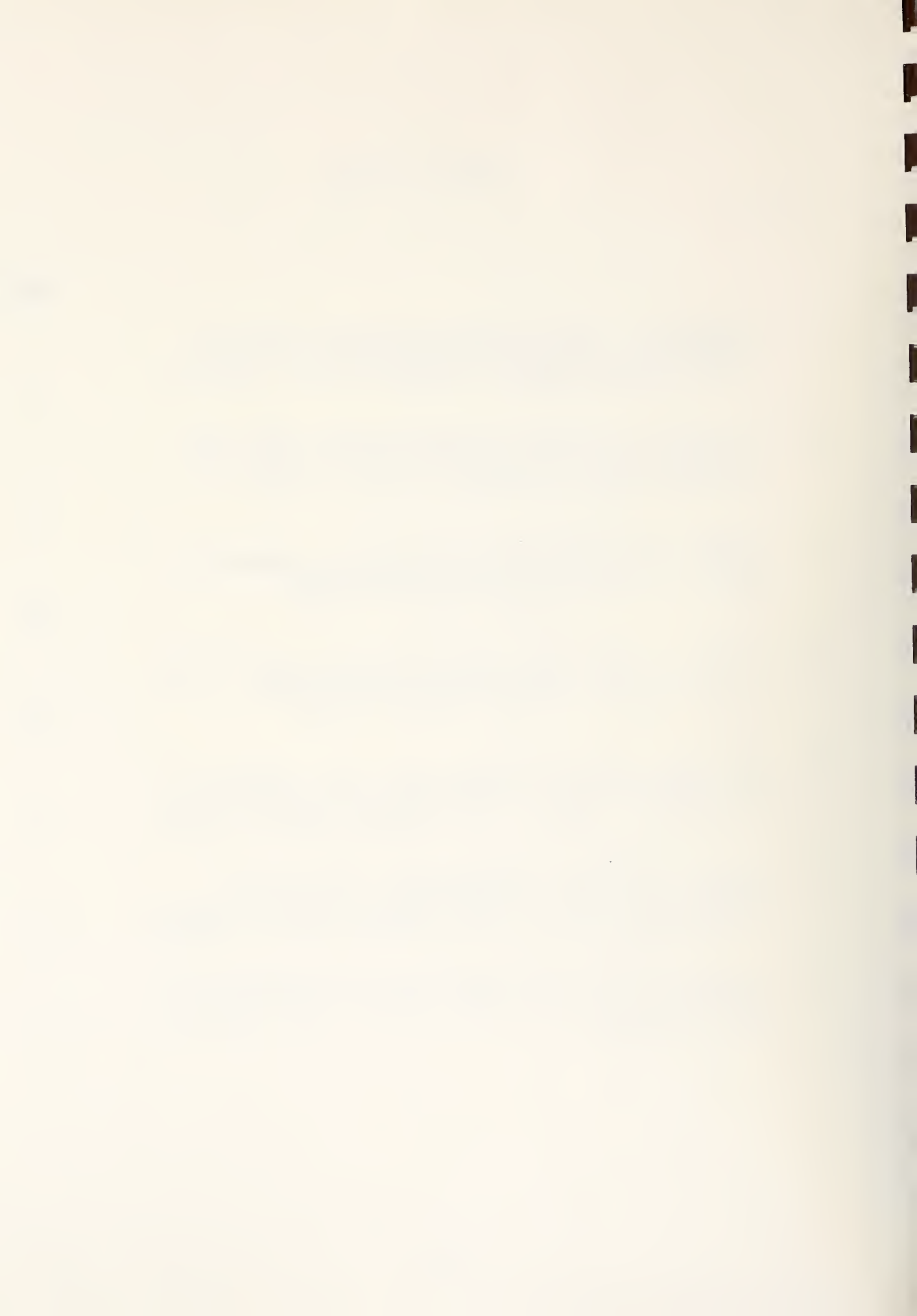
CONTENTS

<u>CHAPTER</u>		<u>PAGE</u>
I	INTRODUCTION	1
II	DATA GATHERING	2
III	TEST RESULTS	5
	Cost Matrix	5
	Summary of Costs by Functional Area	5
	Summary of Costs by FFP Percentages	8
	Summary of Provider Services' Administrative Costs	8
	Federal Share of Costs by Functional Area	11
	Administrative Costs as a Function of FFP Percentages	13
	Type of Costs as a Percent of Total by Functional Area	15
	Revenue Matrix	15
 <u>APPENDIX</u>		
A	COST MATRIX FOR MEDICAID ADMINISTRATIVE COSTS FOR THE STATE OF WASHINGTON DURING FISCAL YEAR 1976	
B	REVENUE MATRIX FOR MEDICAID ADMINISTRATIVE COSTS FOR THE STATE OF WASHINGTON DURING FISCAL YEAR 1976	



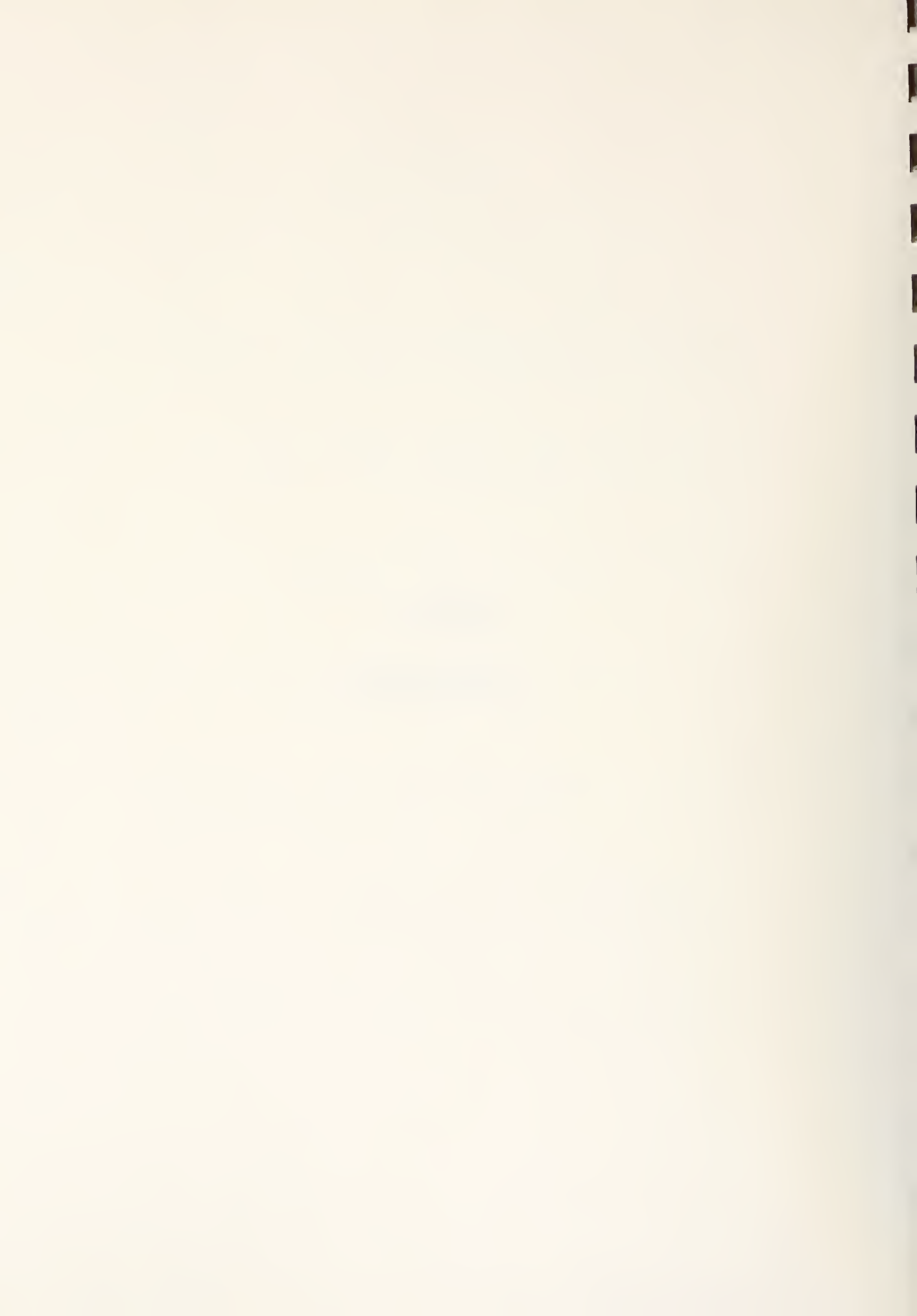
LIST OF TABLES

	<u>PAGE</u>
1. Summary of Medicaid Administrative Costs by Functional Area—State of Washington (July 1, 1975 through June 30, 1976)	6
2. Summary of Medicaid Administrative Costs by FFP—State of Washington (July 1, 1975 through June 30, 1976)	9
3. Summary of Medicaid Administrative Costs by Type of Provider—State of Washington (July 1, 1975 through June 30, 1976)	10
4. Federal Share of Medicaid Administrative Costs by Functional Area—State of Washington (July 1, 1975 through June 30, 1976)	12
5. Medicaid Administrative Costs as a Function of FFP Percentages by Functional Area—State of Washington (July 1, 1975 through June 30, 1976)	14
6. Type of Medicaid Administrative Costs as a Percent of Total by Functional Area—State of Washington (July 1, 1975 through June 30, 1976)	16
7. Summary of Medicaid Administrative Revenues by FFP—State of Washington (July 1, 1975 through June 30, 1976)	17



CHAPTER I

INTRODUCTION



CHAPTER I

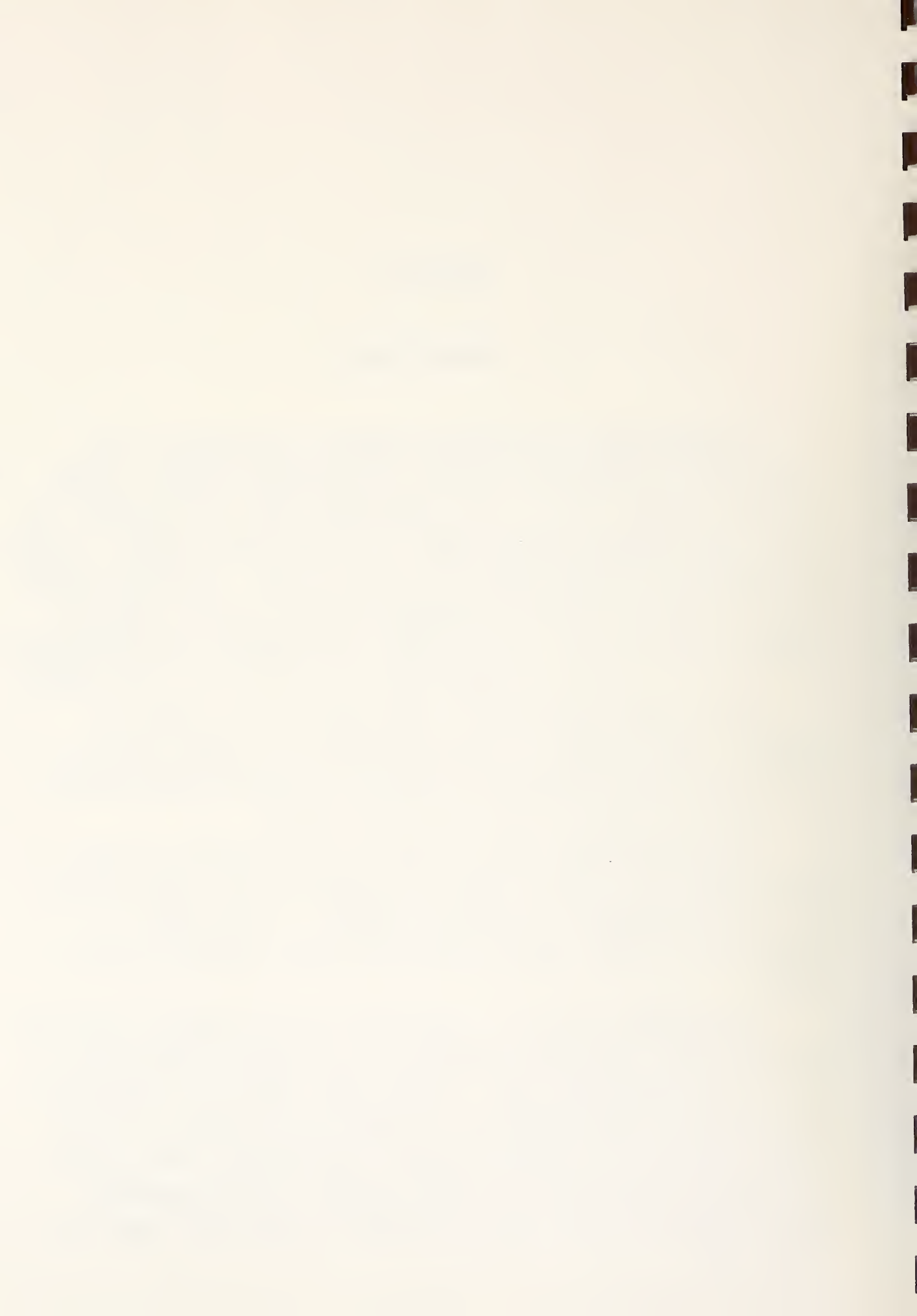
INTRODUCTION

The Department of Health, Education and Welfare has retained the National Institute for Advanced Studies (NIAS) and Jack Martin & Co., P.C., Certified Public Accountants, to study the administrative costs of the Medicaid program. Using methodology developed earlier in this study, visits are being made to several states to gather data about their Medicaid administrative costs. The analysis of Medicaid administrative costs for the State of Washington is set forth in this report.

The overall objective of this study is to obtain an improved understanding of the adequacies and deficiencies of federal policies relating to federal financial participation in supporting Medicaid administrative costs.

The methodology used to analyze administrative costs in each state, and the rationale for selecting the test states, have been published in separate reports. Accordingly, a discussion of these subjects has not been included in this report.

This report is one of a series of state reports analyzing the costs and revenues to administer the Medicaid program in one of the selected states. Since each report is independent of the other state reports, a comparative analysis of costs among states (i.e., whether or not a particular cost element is higher or lower than in other states) is not presented. This comparative analysis is included in the final report of this study.



CHAPTER II

DATA GATHERING

CHAPTER II

DATA GATHERING

The objective of this project is to analyze actual experience during a given year. The year selected for the State of Washington was Fiscal Year 1976; actual costs and actual functions performed were analyzed for the period from July 1, 1975, through June 30, 1976.

The Medicaid designated single state agency for the State of Washington is the Washington Department of Social and Health Services (DSHS). The Office of Medical Assistance of the Health Services Division of DSHS has operational responsibility for Medicaid; the Chief of this office is Richard Nelson, and the Medical Director is Dr. Robert Hall. An organizational chart of this office is set forth as Figure 1 of this report. Several other divisions of DSHS also provide Medicaid administrative services, such as the Administrative Services Division (fiscal and data processing services) and the Community Services Division (eligibility determination services).

The State of Washington provides a wide range of services to both categorical and medically indigent recipients. Implementation of an approved MMIS operated by a fiscal agent was begun on February 1, 1976, and completed about July 1, 1976; additional data processing services were provided by the state's centralized data processing function. The state has an effective program requiring prior authorization for all

STATE OF WASHINGTON
DEPARTMENT OF SOCIAL AND HEALTH SERVICES

OFFICE OF MEDICAL ASSISTANCE

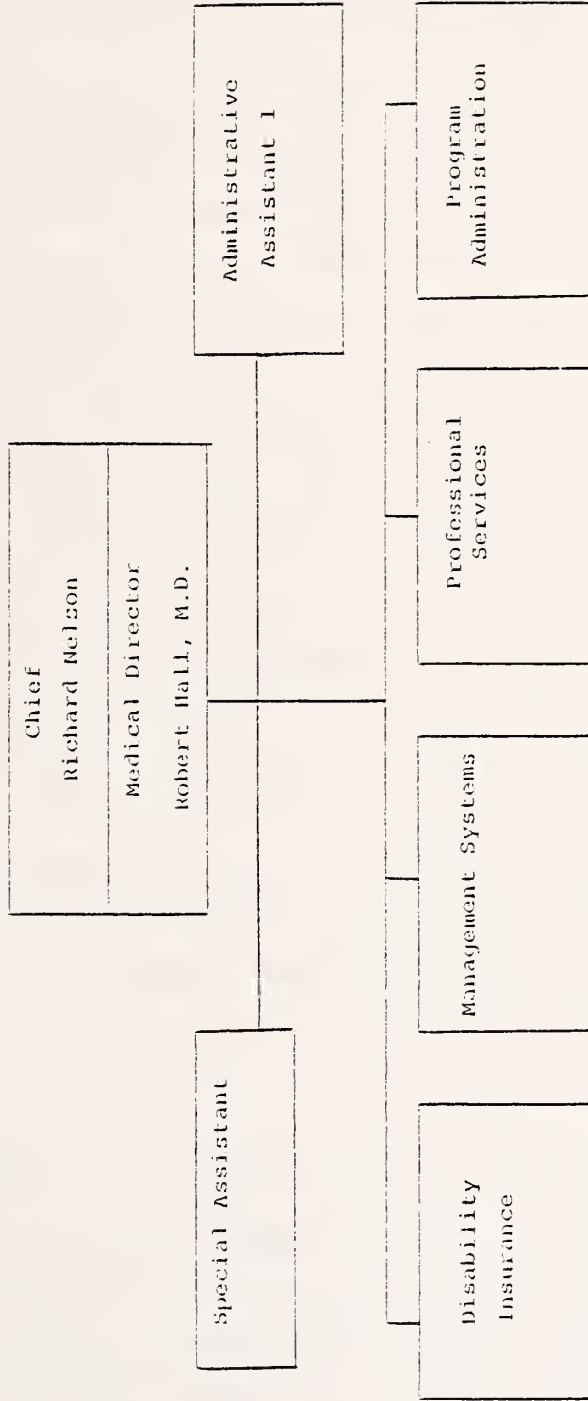


Figure 1. Organizational Chart.

non-emergency hospitalizations. Each such request is reviewed by a physician and approved, modified, or disapproved. Without this prior authorization, an otherwise valid claim cannot be paid.

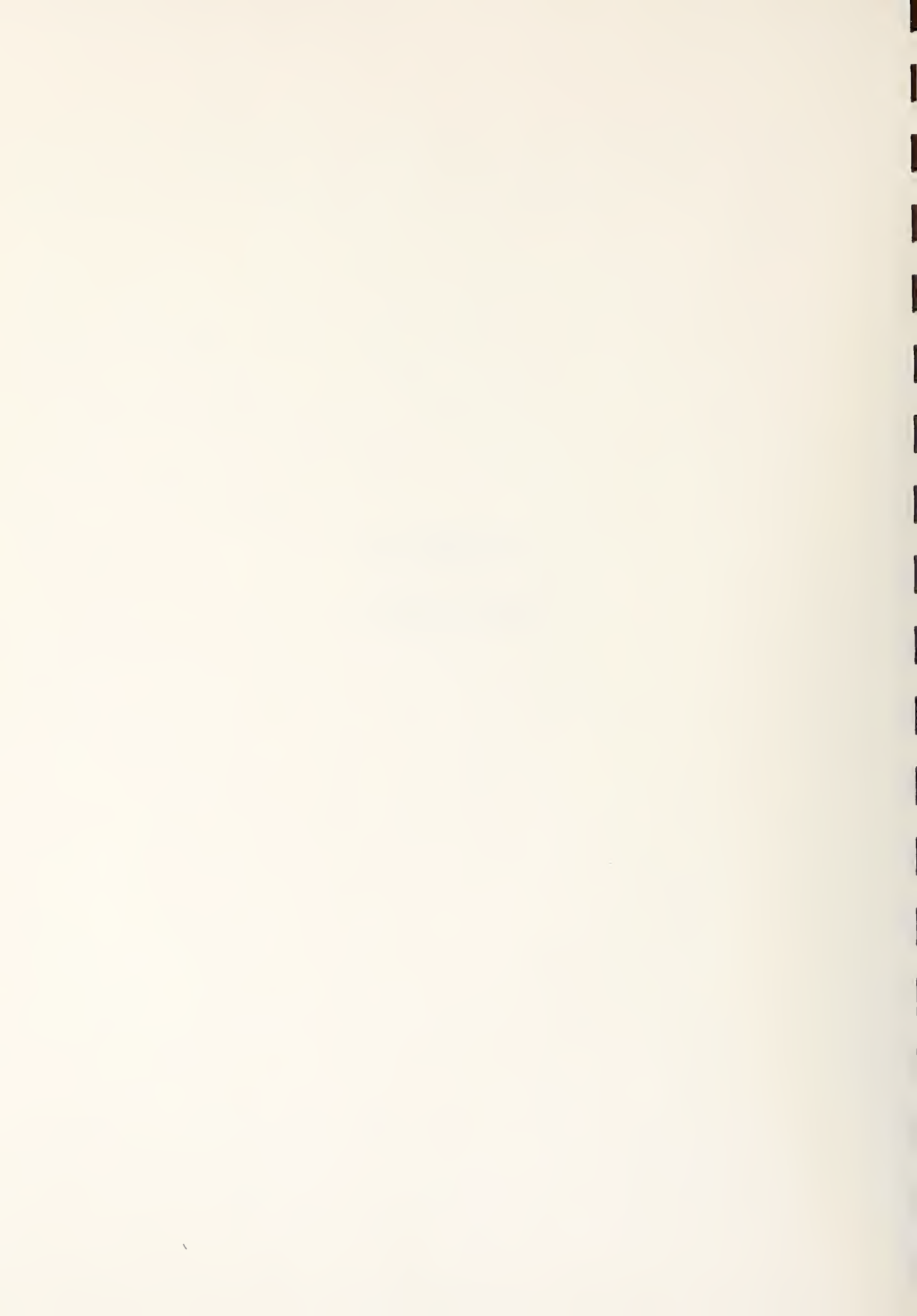
During Fiscal Year 1976, a total of \$11,919,682 of state and local administrative and training costs were reported as computable for federal funding for the OA-41 reports. Adjustments in subsequent quarters reduced this total to \$11,627,516. The state spent \$888,714 during Fiscal Year 1976 from a Department of Commerce grant to implement its EPSDT program. During the second half of the fiscal year, the state implemented a timekeeping system which identified \$84,248 in costs for its quality control program. Similar costs were incurred during the first half of the year, but there are no records available; because of this lack of records, these costs were charged to the Food Stamp program. In order to include the impact of the quality control program for the entire fiscal year, administrative costs were increased by \$84,248. Total administrative costs analyzed in this report are \$12,600,478.

As part of the analysis of administrative costs, the percentage of administrative costs to medical assistance payments (MAP) is calculated. Medical assistance payments for Fiscal Year 1976, as reported on the OA-41 reports, totalled \$175,400,000.

The primary data collection goals were to complete the cells of the Cost and Revenue Matrices. The data for these cells were obtained from indepth interviews with the Medicaid staff responsible for the various functional areas. Each area of the organization was allocated to the appropriate functional area; each functional area was allocated to the appropriate federal financial participation (FFP) percentage. The data were coded and entered into a computer terminal, and the Cost and Revenue Matrices were produced.

CHAPTER III

TEST RESULTS



CHAPTER III

TEST RESULTS

COST MATRIX

The Cost Matrix for Medicaid Administrative Costs for the State of Washington during Fiscal Year 1976 is set forth as Appendix A. Several summaries of the data in the Cost Matrix are included in this section of the report.

Summary of Costs by Functional Area

A Summary of Costs by Functional Area is set forth in Table 1. As shown in this table, 40.5 percent of the total administrative costs of \$12,600,478 was spent in administering recipient services, primarily eligibility determination. An additional 22.3 percent was spent for claims processing, and 18.8 percent of total costs was spent on administration of provider services. An additional 7.7 percent was allocated to surveillance and utilization review, and 7.0 percent to general administration. The remaining 4.2 percent was allocated to the four other functional areas.

During Fiscal Year 1976, an average of 285,580 recipients was enrolled in Washington's Medicaid program*; average

* To assure comparability across states, the number of recipients was obtained from Medicaid Statistics, DHEW Publication No. SRS 77-0353. 1974 figures were the most recent available for Washington. The number of recipients provided by state officials was smaller, but was not used because the definition used by each state differed.

TABLE 1

SUMMARY OF MEDICAID ADMINISTRATIVE COSTS BY FUNCTIONAL AREA
STATE OF WASHINGTON
(July 1, 1975 through June 30, 1976)

Functional Area	Full-Time Equivalent Positions	C O S T S						Percentage of Total Costs
		Personnel	Travel	Electronic Data Processing	Other	Total		
General Administration	23.9	\$ 448,078	\$ 37,261	\$178,441	\$213,424	\$ 877,204	7.0%	
Training	.7	12,722	-	-	7,141	19,863	0.2	
Recipient Services	332.4	4,062,552	454,627	59,480	525,138	5,101,797	40.5	
Provider Services	125.5	1,636,313	115,157	-	618,894	2,370,364	18.8	
Claims Processing	108.2	1,151,702	18,102	832,721	813,328	2,815,853	22.3	
Surveillance and Utilization Review	35.7	726,492	72,060	118,960	52,662	968,154	7.7	
Third-Party Liability	6.6	77,721	4,064	-	16,253	98,040	0.8	
Fraud Control	.1	1,972	430	-	143	2,545	-	
Cost Settlement	15.3	260,711	26,657	-	59,290	346,658	2.7	
TOTAL COSTS	648.4	\$8,376,265	\$728,138	\$1,189,602	\$2,306,273	\$12,600,478		
PERCENT OF TOTAL COSTS		66.5%	5.8%	9.4%	18.3%		100.0%	

administrative cost per recipient was \$44.12. A total of 5,068,796 claims was paid; total costs of claims processing of \$2,815,853 yields an average cost per claim of 56 cents. The cost of \$4,762,562 for eligibility determination (as shown on line 3.A. of the Cost Matrix, Appendix A) yields a cost per recipient of \$16.68 for eligibility determination.

A total of 648.4 full-time equivalent (FTE) personnel was allocated to the nine functional areas. About half of these FTEs (332.4) were allocated to recipient services. A total of 125.5 FTEs were assigned to provider services and 108.2 FTEs were allocated to claims processing. The remaining 82.3 FTEs were distributed to the other six functional areas.

Average personnel costs (salaries and fringe benefits) for administration of the Washington Medicaid program during Fiscal Year 1976 were 12,918. For each functional area, average personnel costs ranged from \$20,337 to \$10,643.

<u>Functional Area</u>	<u>Average Personnel Costs</u>
Surveillance and Utilization Review	\$20,337
General Administration	18,764
Training	17,192
Cost Settlement	17,108
Fraud Control	14,086
Provider Services	13,038
Recipient Services	12,221
Third-Party Liability	11,723
Claims Processing	10,643

Personnel costs accounted for 66.5 percent of total administrative costs for all functional areas. The state spent 9.4 percent for electronic data processing, 5.8 percent for travel, and 18.3 percent for all other costs.

Summary of Costs by FFP Percentage

Table 2 contains a Summary of Costs by Federal Financial Participation (FFP) Percentage. As shown in this table, 68.9 percent of total administrative costs was allocated to functions with a 50% FFP. Because of its use of physicians and other medical professionals, as well as its approved Medicaid Management Information System (MMIS), the state had 18.0 percent of total costs reimbursed at 75%. A total of 4.8 percent of administrative costs was fully reimbursed, while 7.7 percent received no reimbursement from the Federal Title XIX program (however, these expenses were extensively reimbursed by other federal programs).

Summary of Administrative Costs by Type of Provider

A Summary of Costs by Type of Provider is set forth in Table 3. As shown in this table, 57.2 percent of the FTEs in provider services was allocated to the EPSDT program, and an additional 27.7 percent of total FTEs was assigned to long-term care facilities. A majority of the 10.1 percent of other provider services FTEs was involved with the mental health program. The remaining 5.5 percent of total FTEs was allocated to four types of providers (physicians, pharmacies, hospitals and dentists), while the other four provider types received no measurable service.

More than four-fifths of the total number of FTEs allocated to provider services were either fully funded by the Federal Title XIX program (27.7 percent) or not funded at all (53.8 percent) by this program. (Most of these FTEs were fully funded by a federal grant for the EPSDT program from the U.S. Department of Commerce.) A total of 11.2 percent was funded at the 75% rate, while the 50% rate had the smallest percentage (7.3 percent).

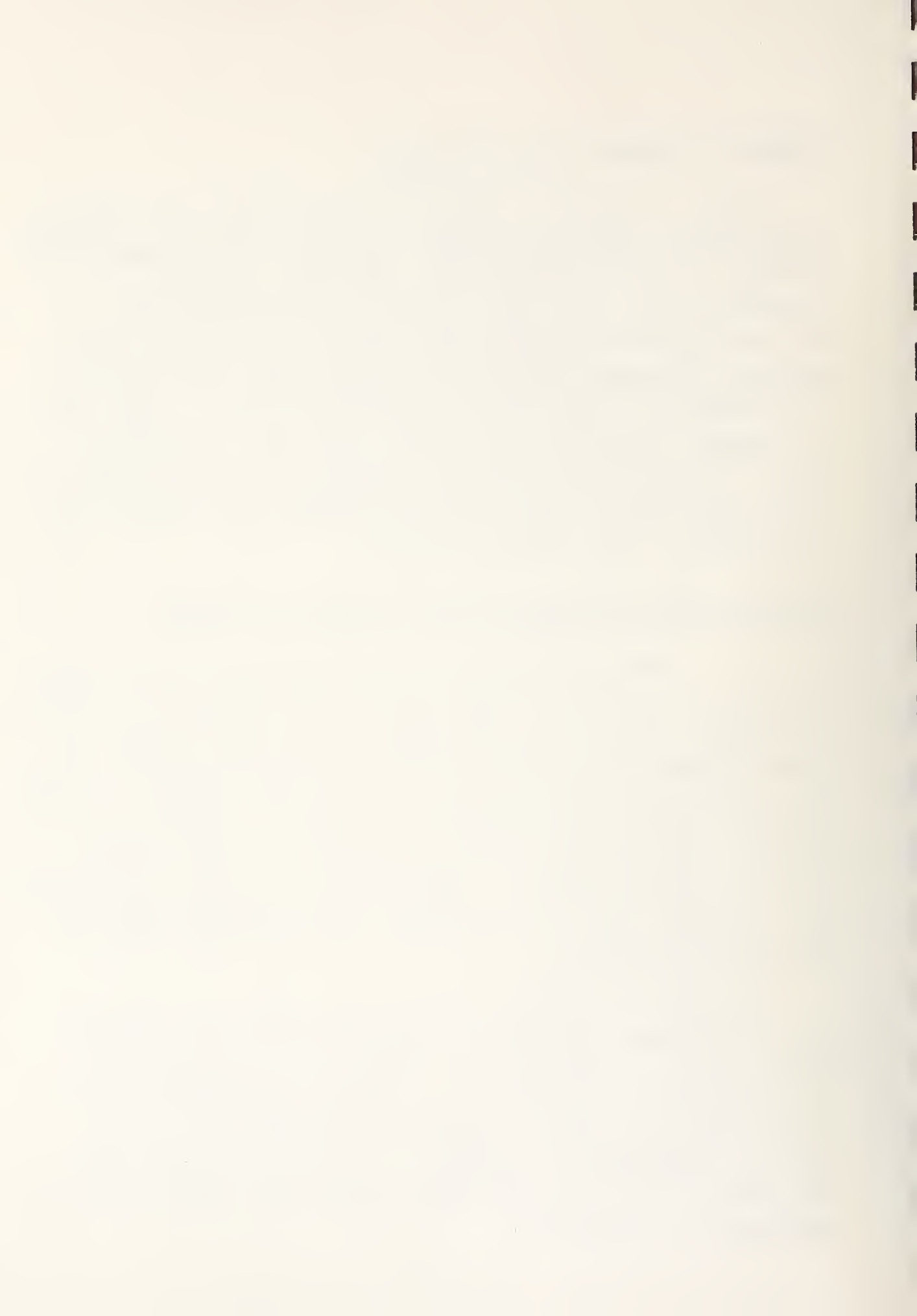


TABLE 2

SUMMARY OF MEDICAID ADMINISTRATIVE COSTS BY FFP
STATE OF WASHINGTON

(July 1, 1975 through June 30, 1976)

Description	FEDERAL FINANCIAL PARTICIPATION (FFP) PERCENTAGE						Total
	100%	90%	75%	50%	0%	0%	
Full-Time Equivalent Positions	34.8	1.0	68.5	472.2	39.9		616.4
Costs:							
Personnel	\$535,234	\$23,597	\$1,334,482	\$5,774,620	\$708,332		\$8,376,265
Travel	64,515	458	108,359	535,622	19,384		728,338
Electronic Data Processing:							
Fiscal Agent	-0-	-0-	\$584,482	-0-	-0-		\$ 584,482
State	-0-	-0-	-0-	\$605,120	-0-		605,120
Total EDP	-0-	-0-	\$584,482	\$605,120	-0-		\$1,189,602
Other	1,431	52,286	235,001	1,772,309	245,246		2,306,273
TOTAL COSTS	\$601,180	\$76,341	\$2,262,324	\$8,687,671	\$972,962		\$12,600,478
PERCENT OF TOTAL COSTS	4.8%	0.6%	18.0%	68.9%	7.7%		100.0%

TABLE 3

SUMMARY OF MEDICAID ADMINISTRATIVE COSTS BY TYPE OF PROVIDER
 STATE OF WASHINGTON
 (July 1, 1975 through June 30, 1976)

Type of Provider	FTEs		Total Costs	Percentage of Total Costs
	Number	Percent		
EPSDT: Patient Care	32.6	26.0%	\$ 501,992	21.2%
EPSDT: Administrative	<u>39.2</u>	<u>31.2</u>	<u>502,000</u>	<u>21.2</u>
TOTAL EPSDT	71.3	57.2	\$1,003,992	42.1%
Physician	1.4	1.1	38,793	1.6
Family Planning	-0-	-0-	-0-	-0-
Pharmacy	0.1	0.1	2,770	0.1
Pathology and Radiology	-0-	-0-	-0-	-0-
HMOs	-0-	-0-	-0-	-0-
Clinic	-0-	-0-	-0-	-0-
Hospital	3.3	3.0	117,253	5.0
LTC: MR/IPR	.1	.1	171,703	7.2
LTC: Other	<u>34.7</u>	<u>27.7</u>	<u>601,364</u>	<u>25.4</u>
TOTAL LTC	34.8	27.8%	\$773,067	32.6%
Dental	0.9	0.7	40,555	1.7
Other	<u>12.7</u>	<u>10.1</u>	<u>393,934</u>	<u>16.6</u>
TOTAL	125.5	100.0%	\$2,370,364	100.0%
DISTRIBUTION BY FFP:				
100% FFP	34.7	27.7%	\$ 601,130	25.4%
90% FFP	-	-	-	-
75% FFP	14.1	11.2	356,914	15.0
50% FFP	9.2	7.3	523,556	22.1
0% FFP	<u>67.5</u>	<u>53.8</u>	<u>888,714</u>	<u>37.5</u>
TOTAL	125.5	100.0%	\$2,370,364	100.0%

Long-term care facilities received 32.6 percent of the total cost of provider services, primarily because of the facilities certification, medical review, and independent practitioners review programs. The EPSDT program received 42.4 percent of total provider services costs, and 16.6 percent was allocated to other provider types. The remaining 8.4 percent of total costs for provider services was allocated to the four provider types which received services.

A total of 25.4 percent of total provider services administrative costs was fully funded. The remaining costs were funded at the 50% FFP (22.1 percent), the 75% FFP (15.0 percent), or did not receive Federal Title XIX funding (37.5 percent).

Federal Share of Costs by Functional Area

A Summary of the Federal Share of Costs by Functional Area is set forth in Table 4. A total of \$6,710,465 was provided by Federal Title XIX funds for its share of administrative costs during Fiscal Year 1976; thus, the Federal Title XIX program supported 53.3 percent of total costs. Total administrative costs were 3.28 percent of total Medical Assistance Payments during the year.

Recipient services received 38.1 percent of federal funds, with 22.6 percent allocated to claims processing. The allocation of federal funds to other functional areas generally followed the allocation of total costs to functional areas.

Of the costs allocated to surveillance and utilization review, 73.0 percent was supported by Federal Title XIX funds. At the other end of the range, federal funds supported 50.1 percent of total costs for recipient services, and the minimum 50.0 percent of federal support occurred in training, third-party liability and fraud control. Federal Title XIX funds supported only 47.7 percent of total administrative costs

TABLE 4

FEDERAL SHARE OF MEDICAID ADMINISTRATIVE
COSTS BY FUNCTIONAL AREA
STATE OF WASHINGTON
(July 1, 1975 through June 30, 1976)

Functional Area	C O S T S			Federal (Title XIX) Expenditures as a Percentage of Total Administrative Expenditure in Each Functional Area	Total Expenditure in Each Functional Area as a Percentage of Total Medical Assistance Payments
	Federal Share of Total Administrative Costs		Percent		
	Amount				
General Administration	\$ 555,666		8.3%	63.3%	.50%
Training	9,932		0.1	50.0	.01
Recipient Services	2,556,813		38.1	50.1	2.91
Provider Services	1,130,644		16.8	47.7	1.35
Claims Processing	1,516,404		22.6	53.9	1.60
Surveillance and Utilization Review	706,878		10.5	73.0	.55
Third-Party Liability	49,020		0.7	50.0	.06
Fraud Control	1,273		-	50.0	-
Cost Settlement	183,838		2.7	53.0	.20
TOTAL	\$6,710,465		100.0%	53.3%	7.18%

allocated to provider services, because of the Department of Commerce grant for the EPSDT programs. If the amount of the Commerce grant is excluded, Title XIX supports 76.3 percent of all other administrative costs for provider services.

The provision of recipient services, primarily eligibility determination, was 2.91 percent of total Medical Assistance Payments (MAP). Expenditures for claims processing equalled 1.60 percent of total MAP, while 1.35 percent of total MAP was allocated to provider services.

Administrative Costs as a Function of FFP Percentages

Table 5 summarizes Administrative Costs as a Function of FFP Percentages by Functional Area. For each functional area, costs reimbursed at the 50% FFP rate are set forth, as are the sum of the costs for the higher FFP percentages (75%, 90% and 100%). In total, 68.9 percent of administrative costs was reimbursed at the 50% FFP; 23.4 percent or \$2,939,845 was reimbursed at the higher rates, while 7.7 percent of \$972,962 did not receive any Title XIX funding.

The functional areas which benefited most from the higher FFP percentages were surveillance and utilization review (92.1 percent of costs was matched at a rate greater than the minimum 50% FFP), and general administration (48.2 percent). At the other end of the spectrum, recipient services received only 3.8 percent of costs at the rate greater than the minimum 50% FFP, while training, third-party liability and fraud control were entirely reimbursed at the 50% FFP rate.

TABLE 5

MEDICAID ADMINISTRATIVE COSTS AS A FUNCTION
OF FFP PERCENTAGES BY FUNCTIONAL AREA
STATE OF WASHINGTON
(July 1, 1975 through June 30, 1976)

Functional Area	Administrative Costs by Federal Financial Participation Percentages			
	50% FFP		75%, 90%, and 100% FFPs	
	Amount	Percent	Amount	Percent
General Administration	\$ 454,752	51.8%	\$ 422,452	48.2%
Training	19,863	100.0	-0-	-0-
Recipient Services*	4,325,396	94.6	192,153	3.8
Provider Services*	523,556	22.1	958,094	40.4
Claims Processing	2,381,944	84.6	433,909	15.4
Surveillance and Utilization Review	76,952	7.9	891,202	92.1
Third-Party Liability	98,040	100.0	-0-	-0-
Fraud Control	2,545	100.0	-0-	-0-
Cost Settlement	304,623	87.9	42,035	12.1
TOTAL	\$8,687,671	68.9%	\$2,939,845	23.4%

*Note: \$84,248 (or 1.6%) in Recipient Services' costs and \$888,714 (or 37.5%) in Provider Services' costs have 0% FFP.

Type of Cost as a Percent of Total by Functional Area

The Type of Cost as a Percent of Total by Functional Area is set forth in Table 6. Many of the functional areas have percentages similar to the percentages for total costs. The following exceptions are noted:

- The highest concentrations of personnel costs occurred in recipient services (79.6 percent of total costs), third-party liability (79.3 percent) and fraud control (77.5 percent), reflecting the lack of automation of these functions.
- Only 40.9 percent of total claims processing costs was allocated to personnel, while 29.6 percent was allocated to EDP, because of the relatively high degree of automation in this function. Similarly, only 51.1 percent of total general administration costs was allocated to personnel, while 20.3 percent was allocated to EDP for the same reason.

REVENUE MATRIX

The Revenue Matrix for Medicaid Administrative Costs for the State of Washington during Fiscal Year 1976 is set forth as Appendix B. These revenues fund the costs set forth in the Cost Matrix, Appendix A. In addition to the revenues received from the Federal Title XIX program, and from the state, revenues were also received from the Department of Commerce grant and from the Federal Food Stamp Program, as previously described in Chapter II, Data Gathering, of this report.

A Summary of Revenues by FFP is set forth in Table 7. Of the total revenues of \$12,600,478, 53.3 percent was provided by the Federal Title XIX program, 39.0 percent was provided

TABLE 6

TYPE OF MEDICAID ADMINISTRATIVE COSTS
AS A PERCENT OF TOTAL BY FUNCTIONAL AREA
STATE OF WASHINGTON
(July 1, 1975 through June 30, 1976)

Type of Cost	FUNCTIONAL AREA										TOTAL
	General Administration	Training	Recipient Services	Provider Services	Claims Processing	Surveillance and Utilization Review	Third-Party Liability	Fraud Control	Cost Settlement	TOTAL	
Personnel	51.1%	64.0%	79.6%	69.0%	40.9%	74.8%	79.3%	77.5%	75.2%	66.5%	
Travel	4.3	-0-	8.9	4.9	0.6	7.5	4.1	16.9	7.7	5.8	
EDP	20.3	-0-	1.2	-0-	29.6	12.3	-0-	-0-	-0-	9.4	
Other	24.3	36.0	10.3	26.1	28.9	5.4	16.6	5.6	17.1	18.3	
TOTAL	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	

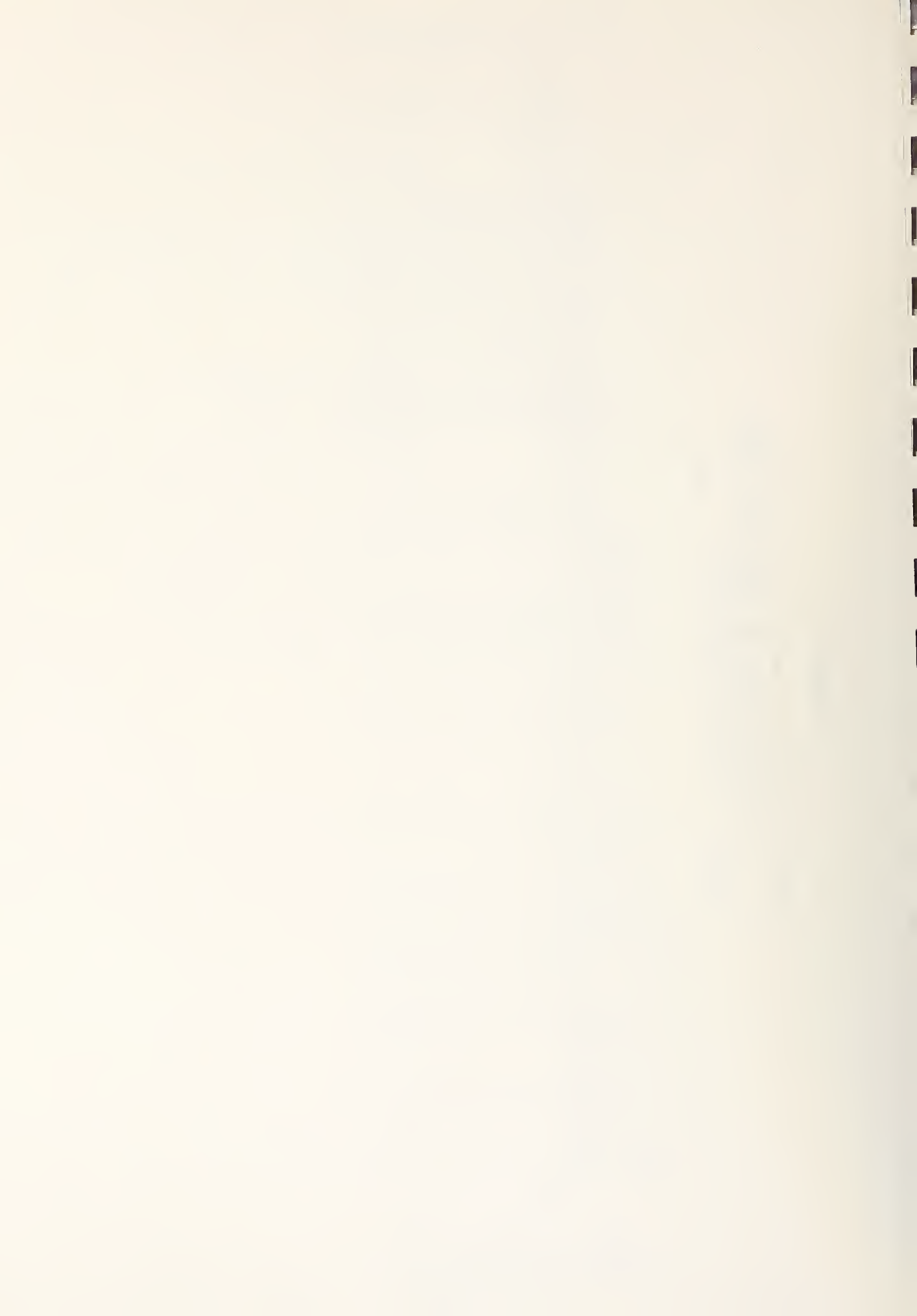
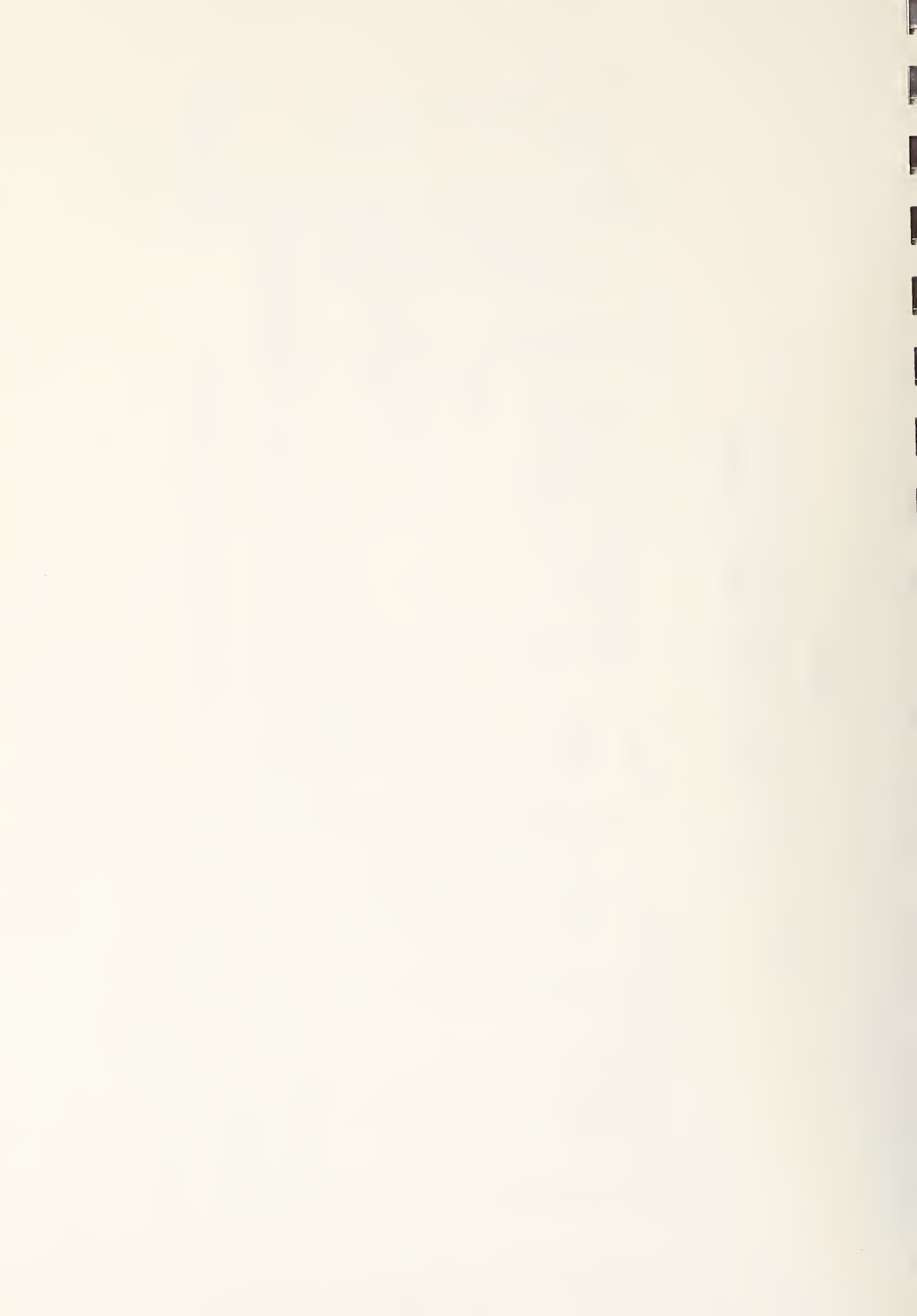


TABLE 7

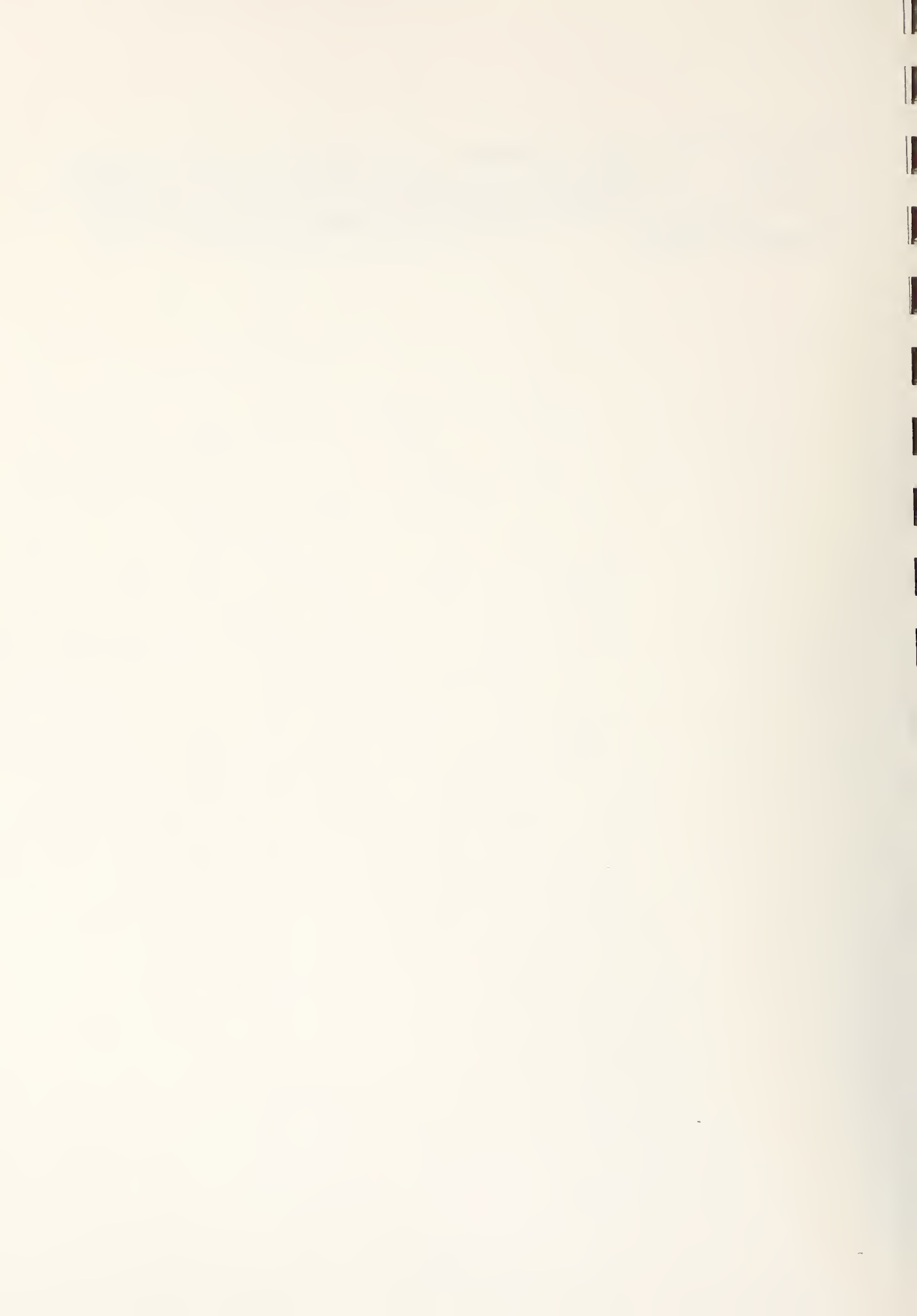
SUMMARY OF MEDICAID ADMINISTRATIVE REVENUES BY FFP
 STATE OF WASHINGTON
 (July 1, 1975 through June 30, 1976)

Federal Financial Participation (FFP) Percentage	Federal				State of Washington	Total	Percentage of Total
	Title XIX	Food Stamps*	Department of Commerce				
100%	\$ 601,180	\$ -	\$ -	\$ -	\$ 601,180	4.8%	
90%	68,707	-	-	7,634	76,341	0.6	
75%	1,696,743	-	-	565,581	2,262,324	18.0	
50%	4,343,835	-	-	4,343,836	8,687,671	68.9	
0%	-	84,248	888,714	-	972,962	7.7	
TOTAL REVENUE	\$6,710,465	\$84,248	\$888,714	\$4,917,051	\$12,600,478		
PERCENTAGE OF TOTAL	53.3%	0.7%	7.0%	39.0%		100.0%	

*See explanation on page 4.



by the state and 7.7 percent was provided by other federal sources. The comments previously set forth in the review of the summaries of the Cost Matrix generally apply to the Revenue Matrix.



APPENDIX A

COST MATRIX FOR MEDICAID ADMINISTRATIVE COSTS
FOR THE STATE OF WASHINGTON
DURING FISCAL YEAR 1976

ING FISCAL YEAR 1976

TOTAL COST			FEDERAL DOLLARS	FUNCTIONAL AREA ADMINISTRATIVE COSTS AS A PERCENTAGE OF TOTAL ADMINISTRATIVE COSTS	PERCENT ADMINISTRATIVE COST TO TOTAL MAP	FEDERAL DOLLARS AS A PERCENT OF TOTAL ADMINISTRATIVE COST
MEDICAL	OTHER	TOTAL				
0	54,508	54,508	27,254	.43	.03	50.00
0	54,508	54,508	27,254	.43	.03	50.00
0	76,341	76,341	68,707	.61	.04	90.00
0	35,044	35,044	17,522	.28	.02	50.00
0	111,385	111,385	86,229	.88	.06	77.42
126,689	219,422	346,111	259,583	2.75	.20	75.00
0	365,200	365,200	182,600	2.90	.21	50.00
126,689	584,622	711,311	442,183	5.65	.41	62.16
126,689	750,515	877,204	555,666	6.96	.50	63.35
0	19,863	19,863	9,932	.16	.01	50.00
0	19,863	19,863	9,932	.16	.01	50.00
66,154	92,996	159,150	119,363	1.26	.09	75.00
0	4,603,412	4,603,412	2,301,706	36.53	2.62	50.00
66,154	4,696,408	4,762,562	2,421,069	37.80	2.72	50.84
0	1,956	1,956	1,467	.02	.00	75.00
0	84,543	84,543	42,272	.67	.05	50.00
0	84,248	84,248	0	.67	.05	.00
0	170,747	170,747	43,739	1.36	.10	25.62
479	30,568	31,047	23,285	.25	.02	75.00
0	137,441	137,441	68,721	1.09	.08	50.00
479	168,009	168,488	92,006	1.34	.10	54.61
66,633	5,035,164	5,101,797	2,556,813	40.49	2.91	50.12
0	12,716	12,716	9,537	.10	.01	75.00
0	489,276	489,276	0	3.88	.28	.00
0	501,992	501,992	9,537	3.98	.29	1.90
0	48,838	48,838	36,629	.39	.03	75.00
0	53,724	53,724	26,862	.43	.03	50.00
0	399,438	399,438	0	3.17	.23	.00
0	502,000	502,000	63,491	3.98	.29	12.65
0	1,003,992	1,003,992	73,028	7.97	.57	7.27

COST M

FUNCTIONAL AREA	FTE PERSONS			PERSONNEL COST		
	MEDICAL	OTHER	TOTAL	MEDICAL	OTHER	
4.C PHYSICIAN						
75% FFP	.40	1.00	1.40	6,734	16,836	
50% FFP	.00	.00	.00	0	0	
TOTAL	.40	1.00	1.40	6,734	16,836	
4.D FAMILY PLANNING	.00	.00	.00	0	0	
4.E PHARMACY						
75% FFP	.10	.00	.10	1,683	0	
50% FFP	.00	.00	.00	0	0	
TOTAL	.10	.00	.10	1,683	0	
4.F PATHOLOGY AND RADIOLOGY	.00	.00	.00	0	0	
4.G HMO'S	.00	.00	.00	0	0	
4.H CLINICS	.00	.00	.00	0	0	
4.I HOSPITALS						
75% FFP	.25	3.60	3.85	5,076	70,315	
50% FFP	.00	.00	.00	0	0	
TOTAL	.35	3.60	3.85	5,076	70,315	
4.J LTC:MR-IPR						
75% FFP	.05	.00	.05	841	0	
50% FFP	.00	.00	.00	0	0	
TOTAL	.05	.00	.05	841	0	
4.K LTC:OTHER						
100% FFP	19.23	15.52	34.75	341,343	193,891	53
50% FFP	.00	.00	.00	0	0	
TOTAL	19.23	15.52	34.75	341,343	193,891	53
TOTAL LONG TERM CARE	19.28	15.52	34.80	342,184	193,891	53
4.L DENTAL						
75% FFP	.90	.00	.90	30,769	0	3
50% FFP	.00	.00	.00	0	0	
TOTAL	.90	.00	.90	30,769	0	3
4.M OTHER SERVICES						
75% FFP	.25	4.85	5.10	5,247	75,927	8
50% FFP	.00	7.58	7.58	0	171,391	11
TOTAL	.25	12.43	12.68	5,247	247,318	25
TOTAL PROVIDER SERVICES	21.18	104.31	125.49	391,693	1,244,620	1,66

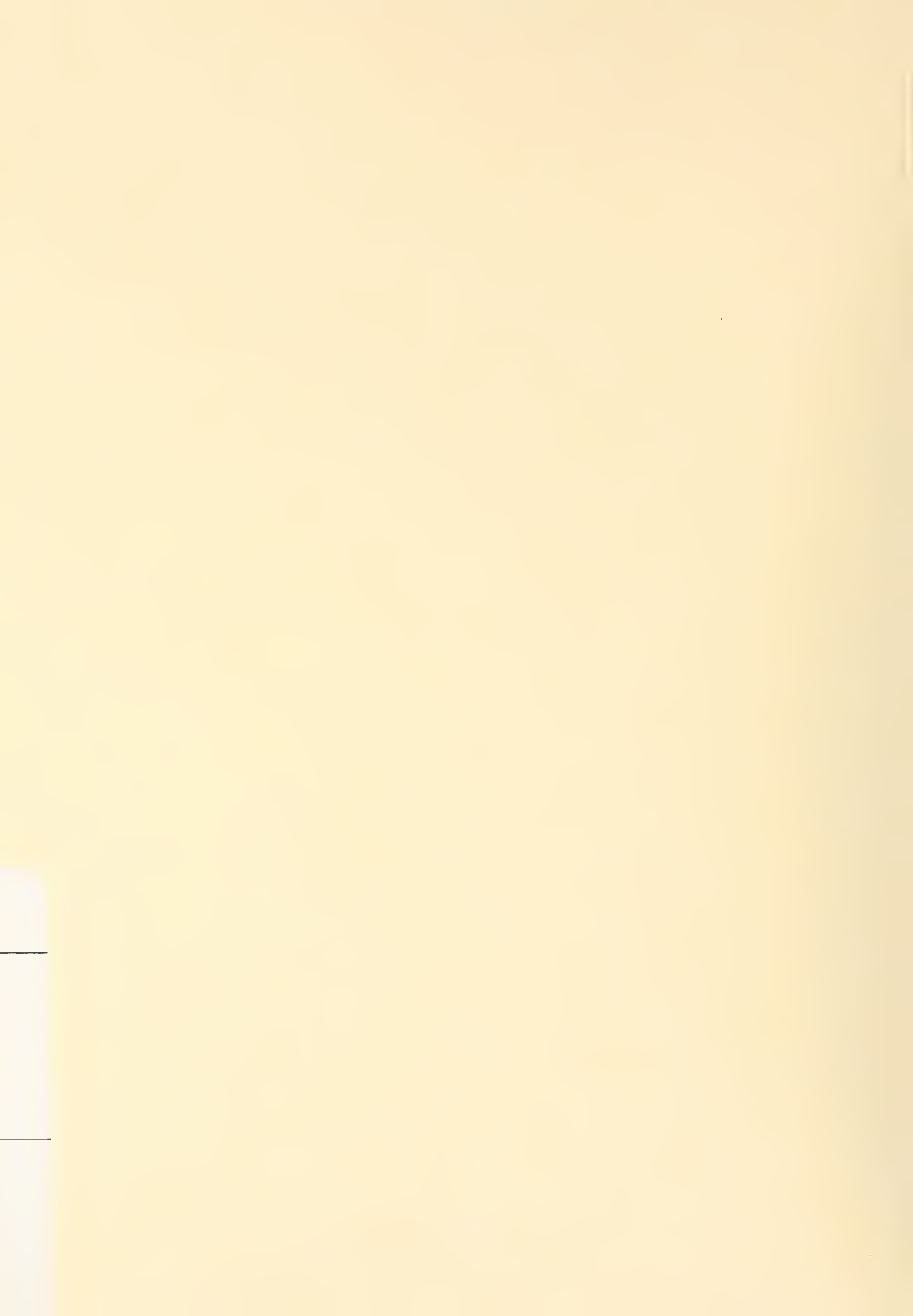
APPENDIX A (Continued)

MATRIX FOR MEDICAID ADMINISTRATIVE COST FOR THE STATE OF WASHINGTON DURING FISCAL

TOTAL	TRAVEL COST			OTHER COST					
	MEDICAL	OTHER	TOTAL	EDP			MEDICAL	OTHER	TOTAL
				FISCAL AGENT	STATE				
23,570	466	1,164	1,630	0	0	2,409	6,023	8,432	
0	0	0	0	0	0	0	5,161	5,161	
23,570	466	1,164	1,630	0	0	2,409	11,184	13,593	
0	0	0	0	0	0	0	0	0	
1,683	116	0	116	0	0	602	0	602	
0	0	0	0	0	0	0	369	369	
1,683	116	0	116	0	0	602	369	971	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	
0	0	0	0	0	0	0	0	0	
75,391	291	4,190	4,481	0	0	1,506	21,683	23,189	
0	0	0	0	0	0	0	14,192	14,192	
75,391	291	4,190	4,481	0	0	1,506	35,875	37,381	
841	58	0	58	0	0	301	0	301	
0	0	0	0	0	0	0	170,503	170,503	
841	58	0	58	0	0	301	170,503	170,804	
5,234	0	64,515	64,515	0	0	0	1,431	1,431	
0	0	0	0	0	0	0	184	184	
5,234	0	64,515	64,515	0	0	0	1,615	1,615	
6,075	58	64,515	64,573	0	0	301	172,118	172,419	
0,769	1,047	0	1,047	0	0	5,421	0	5,421	
0	0	0	0	0	0	0	3,318	3,318	
0,769	1,047	0	1,047	0	0	5,421	3,318	8,739	
31,174	291	5,645	5,936	0	0	1,506	29,213	30,719	
71,391	0	17,988	17,988	0	0	0	86,726	86,726	
12,565	291	23,633	23,924	0	0	1,506	115,939	117,445	
136,313	2,269	112,888	115,157	0	0	11,745	607,149	618,894	

AR 1976

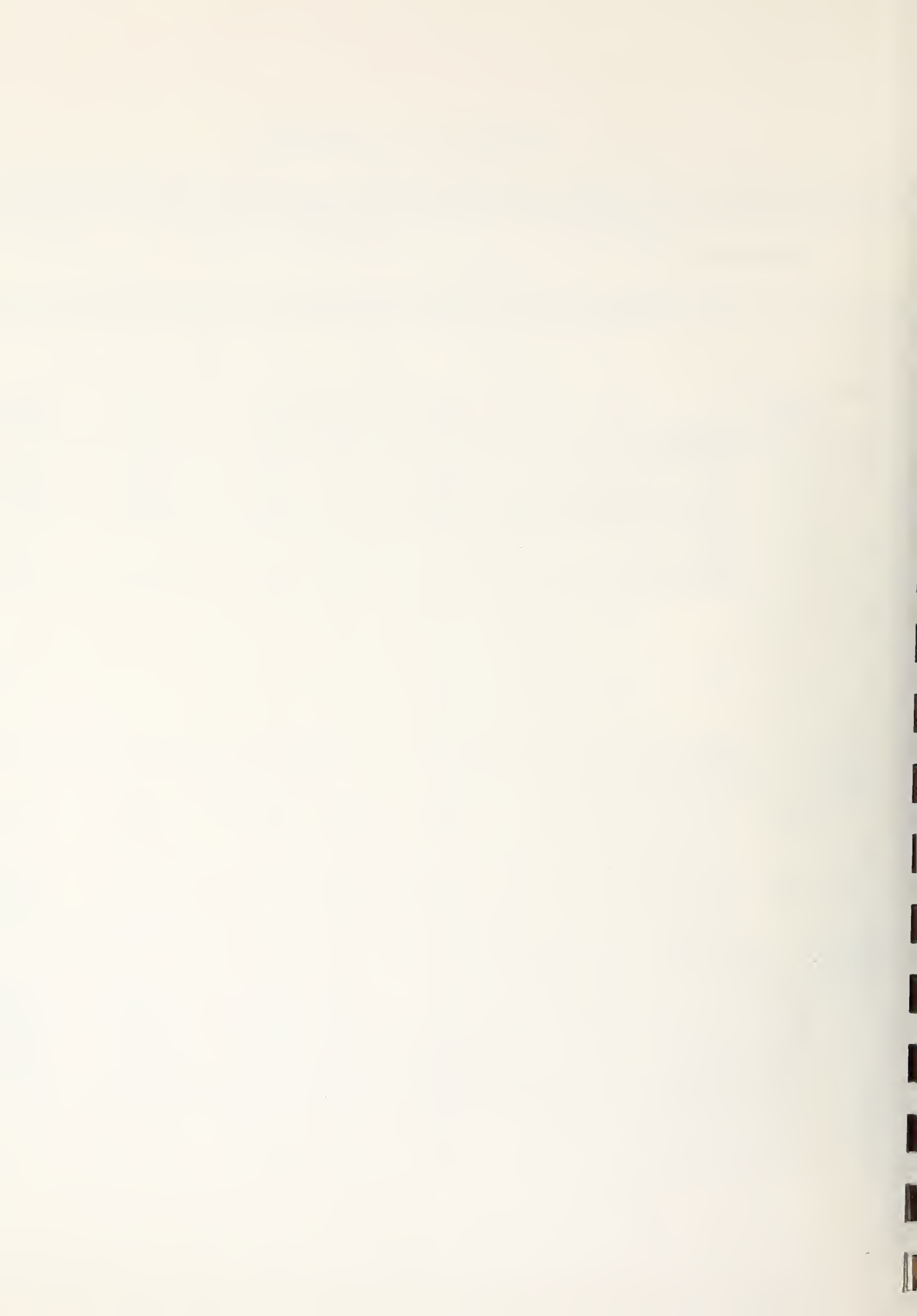
TOTAL COST			FEDERAL DOLLARS	FUNCTIONAL AREA ADMINISTRATIVE COSTS AS A PERCENTAGE OF TOTAL ADMINISTRATIVE COSTS	PERCENT ADMINISTRATIVE COST TO TOTAL MAP	FEDERAL DOLLARS AS A PERCENT OF TOTAL ADMINISTRATIVE COST
MEDICAL	OTHER	TOTAL				
24,772	409,137	433,909	325,432	3.44	.25	75.00
0	2,381,944	2,381,944	1,190,972	18.90	1.36	50.00
24,722	2,791,081	1,815,853	1,516,404	22.35	1.61	53.85
83,415	707,787	891,202	668,402	7.07	.51	75.00
0	76,952	76,952	38,476	.61	.04	50.00
83,415	784,739	968,154	706,878	7.68	.55	73.01
0	98,040	98,040	49,020	.78	.06	50.00
0	98,040	98,040	49,020	.78	.06	50.00
0	0	0	0	.00	.00	.00
0	2,545	2,545	1,273	.02	.00	50.00
0	2,545	2,545	1,273	.02	.00	50.00
0	0	0	0	.00	.00	.00
0	2,545	2,545	1,273	.02	.00	50.00
36,454	5,581	42,035	31,526	.33	.02	75.00
0	66,797	66,797	33,399	.53	.04	50.00
36,454	72,378	108,832	64,925	.86	.06	59.66
0	237,826	237,826	118,913	1.89	.14	50.00
0	237,826	237,826	118,913	1.89	.14	50.00
36,454	310,204	310,658	183,838	2.75	.20	53.03
1,343	259,180	601,180	601,180	4.77	.34	100.00
0	76,341	76,341	68,707	.61	.04	90.00
2,327	1,759,997	2,262,324	1,696,743	17.95	1.29	75.00
0	8,687,671	8,687,671	4,343,836	68.95	4.95	50.00
3,670	10,783,846	11,627,516	6,710,465	92.28	6.63	57.71
0	972,962	972,962	0	7.72	.55	.00
3,670	11,756,808	12,600,478	6,710,465	100.00	7.18	53.26
0	175,400	175,400				
844	187,157	188,000				



APPENDIX A (Concluded)

COST MATRIX FOR MEDICAID ADMINISTRATIVE COST FOR THE STATE OF WASHINGTON DURING FISCAL YEAR 1976

FUNCTIONAL AREA	FTE PERSONS			PERSONNEL COST			TRAVEL COST			OTHER COST					TOTAL COST			FEDERAL DOLLARS	FUNCTIONAL AREA ADMINISTRATIVE COSTS AS A PERCENTAGE OF TOTAL ADMINISTRATIVE COSTS	PERCENT ADMINISTRATIVE COST TO TOTAL MAP	FEDERAL DOLLARS AS A PERCENT OF TOTAL ADMINISTRATIVE COST
	MEDICAL	OTHER	TOTAL	MEDICAL	OTHER	TOTAL	MEDICAL	OTHER	TOTAL	EDP		MEDICAL	OTHER	TOTAL	MEDICAL	OTHER	TOTAL				
										FISCAL AGENT	STATE										
6 CLAIMS PROCESSING																					
76% FFP	.64	.00	.64	20,174	0	20,174	744	0	744	409,137	0	3,854	0	412,991	24,772	409,137	433,909	325,432	3.44	.26	75.00
50% FFP	.00	107.57	107.57	0	1,131,528	1,131,528	0	17,358	17,358	0	423,584	0	809,474	1,233,058	0	2,381,944	2,381,944	1,190,072	18.90	1.36	50.00
TOTAL CLAIMS PROCESSING	.64	107.57	108.21	20,174	1,131,528	1,151,702	744	17,358	18,102	409,137	423,584	3,854	809,474	1,646,049	24,772	2,791,081	1,815,853	1,516,404	22.36	1.61	53.85
8 SURVEILLANCE AND UTILIZATION REVIEW																					
75% FFP	4.46	31.14	35.60	151,361	573,131	724,492	5,190	66,850	72,040	58,448	0	26,864	9,358	94,670	183,415	707,787	891,202	668,402	7.07	.51	75.00
50% FFP	.00	.00	.00	0	0	0	0	0	0	0	60,512	0	16,440	76,952	0	76,952	76,952	38,476	.61	.04	50.00
TOTAL SURVEILLANCE AND UTILIZATION REVIEW	4.46	31.14	35.60	151,361	573,131	724,492	5,190	66,850	72,040	58,448	60,512	26,864	25,798	171,622	183,415	784,739	968,154	706,878	7.68	.56	73.01
7 THIRD PARTY LIABILITY																					
50% FFP	.00	6.63	6.63	0	77,723	77,723	0	4,064	4,064	0	0	0	16,253	16,253	0	98,040	98,040	49,020	.78	.06	50.00
TOTAL THIRD PARTY LIABILITY	.00	6.63	6.63	0	77,723	77,723	0	4,064	4,064	0	0	0	16,253	16,253	0	98,040	98,040	49,020	.78	.06	50.00
8 FRAUD CONTROL																					
8.A DETECTION	.00	.00	.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	.00	.00	.00
8.B INVESTIGATION																					
50% FFP	.00	.14	.14	0	1,972	1,972	0	430	430	0	0	0	143	143	0	2,545	2,645	1,273	.02	.00	50.00
TOTAL	.00	.14	.14	0	1,972	1,972	0	430	430	0	0	0	143	143	0	2,545	2,645	1,273	.02	.00	50.00
8.C PROSECUTION	.00	.00	.00	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	.00	.00	.00
TOTAL FRAUD CONTROL	.00	.14	.14	0	1,972	1,972	0	430	430	0	0	0	143	143	0	2,545	2,645	1,273	.02	.00	50.00
9 COST SETTLEMENT																					
9.A HOSPITALS																					
76% FFP	1.00	.00	1.00	36,454	0	36,454	0	3,218	3,218	0	0	0	2,363	2,363	36,454	5,581	42,036	31,526	.33	.02	75.00
50% FFP	.00	2.96	2.96	0	44,111	44,111	0	477	477	0	0	0	22,209	22,209	0	66,797	66,797	33,399	.63	.04	50.00
TOTAL	1.00	2.96	3.96	36,454	44,111	80,565	0	3,695	3,695	0	0	0	24,572	24,572	36,454	72,378	108,832	64,925	.86	.06	59.06
9.B LONG TERM CARE FACILITIES																					
50% FFP	.00	11.36	11.36	0	180,146	180,146	0	22,962	22,962	0	0	0	34,718	34,718	0	237,826	237,826	118,913	1.89	.14	50.00
TOTAL	.00	11.36	11.36	0	180,146	180,146	0	22,962	22,962	0	0	0	34,718	34,718	0	237,826	237,826	118,913	1.89	.14	50.00
TOTAL COST SETTLEMENT	1.00	14.32	15.32	36,454	224,257	260,711	0	26,657	26,657	0	0	0	59,290	59,290	36,454	310,204	310,658	183,838	2.75	.20	53.03
10 ADMINISTRATIVE TOTALS																					
10.A MATCHED																					
100% FFP	19.23	15.52	34.75	341,343	193,891	535,234	0	64,515	64,515	0	0	0	1,431	1,431	341,343	259,180	601,180	001,180	4.77	.34	100.00
00% FFP	.00	.97	.97	0	23,597	23,597	0	458	458	0	0	0	52,286	52,286	0	78,341	76,341	68,707	.61	.04	90.00
76% FFP	19.34	49.14	68.48	445,768	888,714	1,334,482	9,157	99,202	108,359	584,482	0	47,402	187,599	819,483	502,327	1,759,997	2,262,324	1,696,743	17.95	1.29	75.00
50% FFP	.00	472.35	472.35	0	5,774,620	5,774,620	0	535,622	535,622	0	605,120	0	1,772,309	2,377,429	0	8,687,671	8,687,671	4,343,830	69.95	4.95	60.00
TOTAL MATCHED	38.57	537.98	576.55	787,111	6,880,822	7,667,933	9,157	699,797	708,954	584,482	605,120	47,402	2,018,625	3,250,529	843,670	10,783,846	11,627,516	6,710,465	92.28	6.63	57.71
NO FFP	.00	71.89	71.89	0	708,332	708,332	0	19,384	19,384	0	0	0	245,246	245,246	0	972,962	972,962	0	7.72	.55	.00
TOTAL ADMINISTRATIVE	38.57	609.87	648.44	787,111	7,589,154	8,376,265	9,157	719,181	728,338	584,482	605,120	47,402	2,258,871	3,495,875	843,670	11,756,808	12,600,478	8,710,465	100.00	7.18	53.26
11 MAP (+1,000)	.00	.00	.00	0	0	0	0	0	0	0	0	0	175,400	175,400	0	175,400	175,400	0			
12 TDAL MEDICAID (+1,000)	38.57	609.87	648.44	787	7,589	8,376	9	719	728	584	605	47	177,659	178,896	844	187,157	188,000				



APPENDIX B

REVENUE MATRIX FOR MEDICAID ADMINISTRATIVE COSTS
FOR THE STATE OF WASHINGTON
DURING FISCAL YEAR 1976

MEDICAID ADMINISTRATIVE COSTS PROJECT

STATE OF WASHINGTON

SUMMARY OF REVENUE BY FUNCTIONAL AREA AND SOURCE FOR FY 1976

FUNCTIONAL AREA	SOURCE		TOTAL REVENUE
	STATE FUNDS	FEDERAL FUNDS*	
1. General Administration			
1.A. Federal Statistical Reporting			
50% FFP	\$ 27,254	\$ 27,254	\$ 54,508
TOTAL	27,254	27,254	54,508
1.B. Information Systems Planning			
90% FFP	7,634	68,707	76,341
50% FFP	17,522	17,522	35,044
TOTAL	25,156	86,229	111,385
1.C. Other Administrative			
75% FFP	86,528	259,583	346,111
50% FFP	182,600	182,600	365,200
TOTAL	269,128	442,183	711,311
TOTAL GENERAL ADMINISTRATION	321,538	555,666	877,204
2. Training			
50% FFP	9,931	9,932	19,863
TOTAL TRAINING	9,931	9,932	19,863
3. Recipient Services			
3.A. Eligibility: Determination			
75% FFP	39,787	119,363	159,150
50% FFP	2,301,706	2,301,706	4,603,412
TOTAL	2,341,493	2,421,069	4,762,562
3.B. Eligibility: Quality Control			
75% FFP	489	1,467	1,956
50% FFP	42,271	42,272	84,543
0% FFP	84,248	0	84,248
TOTAL	127,008	43,739	170,747

FUNCTIONAL AREA	SOURCE		TOTAL REVENUE
	STATE FUNDS	FEDERAL FUNDS*	
3.C. Other Recipient Services			
75% FFP	\$ 7,762	\$ 23,285	\$ 31,047
50% FFP	68,720	68,721	137,441
TOTAL	76,482	92,006	168,488
TOTAL RECIPIENT SERVICES	2,544,984	2,556,813	5,101,797
4. Provider Services			
4.A. EPSDT: Patient Care			
75% FFP	3,179	9,537	12,716
0% FFP	489,276	0	489,276
TOTAL	492,455	9,537	501,992
4.B. EPSDT: Administrative			
75% FFP	12,209	36,629	48,838
50% FFP	26,862	26,862	53,724
0% FFP	399,438	0	399,438
TOTAL	438,509	63,491	502,000
TOTAL EPSDT	930,964	73,028	1,003,992
4.C. Physician			
75% FFP	8,408	25,224	33,632
50% FFP	2,580	2,581	5,161
TOTAL	10,988	27,805	38,793
4.D. Family Planning	0	0	0
4.E. Pharmacy			
75% FFP	600	1,801	2,401
50% FFP	184	185	369
TOTAL	784	1,986	2,770
4.F. Pathology and Radiology	0	0	0
4.G. HMOs	0	0	0
4.H. Clinics	0	0	0

FUNCTIONAL AREA	SOURCE		TOTAL REVENUE
	STATE FUNDS	FEDERAL FUNDS*	
4.I. Hospitals			
75% FFP	\$ 25,765	\$ 77,296	\$ 103,061
50% FFP	7,096	7,096	14,192
TOTAL	32,861	84,392	117,253
4.J. LTS: MR-IPR			
75% FFP	300	900	1,200
50% FFP	85,251	85,252	170,503
TOTAL	85,551	86,152	171,703
4.K. LTC: Other			
100% FFP	0	601,180	601,180
50% FFP	92	92	184
TOTAL	392	601,272	601,364
TOTAL LONG-TERM CARE	85,643	687,424	773,067
4.L. Dental			
75% FFP	9,309	27,928	37,237
50% FFP	1,659	1,659	3,318
TOTAL	10,968	29,587	40,555
4.M. Other Services			
75% FFP	29,457	88,372	117,829
50% FFP	138,052	138,053	276,105
TOTAL	167,510	226,424	393,934
TOTAL PROVIDER SERVICES	717,649	1,130,644	2,370,364
5. Claims Processing			
75% FFP	108,477	325,432	433,909
50% FFP	1,190,972	1,190,972	2,381,944
TOTAL CLAIMS PROCESSING	1,299,449	1,516,404	2,815,853
6. Surveillance and Utilization Review			
75% FFP	222,800	668,402	891,202
50% FFP	38,476	38,476	76,952
TOTAL SURVEILLANCE AND UTILIZATION REVIEW	261,276	706,878	968,154

FUNCTIONAL AREA	SOURCE		TOTAL REVENUE
	STATE FUNDS	FEDERAL FUNDS*	
7. Third-Party Liability			
50% FFP	\$ 49,020	\$ 49,020	\$ 98,040
TOTAL THIRD-PARTY LIABILITY	49,020	49,020	98,040
8. Fraud Control			
8.A. Detection	0	0	0
8.B. Investigation			
50% FFP	1,272	1,273	2,545
TOTAL	1,272	1,273	2,545
8.C. Prosecution	0	0	0
TOTAL FRAUD CONTROL	1,272	1,273	2,545
9. Cost Settlement			
9.A. Hospitals			
75% FFP	10,509	31,526	42,035
50% FFP	33,398	33,399	66,797
TOTAL	43,907	64,925	108,832
9.B. LTC Facilities			
50% FFP	118,913	118,913	237,826
TOTAL	118,913	118,913	237,826
TOTAL COST SETTLEMENT	162,820	183,838	346,658
TOTALS	\$5,890,013	\$6,710,465	\$12,600,478

* In addition to Title XIX, Federal Funds include \$888,714 from the Department of Commerce and \$84,248 from the Food Stamp Program.

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