



# **MARYLAND STATE DEPARTMENT OF EDUCATION**

## **Cost Approval Process for Out-of-State Residential Providers And Individual Placements**

**FISCAL YEAR 2017**

March, 2016

**OUT-OF-STATE RESIDENTIAL PROVIDERS & INDIVIDUAL PLACEMENT  
COST APPROVAL PACKET  
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# **Overview and** **Process**

## **Scope and Purpose**

The Maryland State Department of Education (MSDE) is responsible for setting rates for facilities that serve Maryland youth which are located outside of the State of Maryland. The Division of Special Education/Early Intervention Services (DSE/EIS), Nonpublic Special Education Section provides oversight for this work. COMAR 14.31.01 sets forth the guidelines for out-of-State placement of Maryland youth. Rates are set for facilities that provide private residential and nonpublic education services to youth aligned with the specific needs of the placed youth. The purpose is to fund the reasonable expenses necessary to ensure a Free Appropriate Public Education (FAPE) for students placed by the Local School Systems (LSS) or Maryland public agencies. The MSDE issues an Annual Program Cost Sheet Template that reflects the Maryland approved rates. Issued rates are to be consistently used for all Maryland placed youth by all Maryland placing agencies responsible for the welfare and education of Maryland's children.

The issuance of an MSDE *Annual Program Cost Sheet Template* only indicates that the MSDE agrees to the negotiated State rates for Maryland youth only. This issuance of the *Annual Program Cost Sheet Template* does not indicate approval of the facility/program nor its educational/basic related services, residential services and/or extended school years, if applicable, nor does it guarantee MSDE or Local School System (LSS) agreement with the placement or payment for rendered services.

## **Out-of-State Residential Providers**

The MSDE provides *Annual Program Cost Sheet Templates* to out-of-State providers when a Maryland local school system (LSS) has obtained MSDE approval for an out-of-State placement OR a Maryland placing agency holds a contract with the out-of-State provider AND the agency has identified a placement need for a specific Maryland youth at the facility. The MSDE interagency cost approval practices for out-of-State placements are limited to providers that offer both a residential and nonpublic school program for the Maryland placed youth.

The local school system or the placing agency submits to the MSDE a request for rates for the facility when placement for a Maryland youth is pending. The written request must include current contact information for the facility executive, education and financial directors. The written request for the packet may be sent directly to the MSDE, Program Cost Approval Specialist: Camillus Ugwu at [Camillus.Ugwu@maryland.gov](mailto:Camillus.Ugwu@maryland.gov)

Upon receipt of the written request for a rate, the MSDE will send to the facility complete guidelines and instructions regarding cost approval standards and procedures, which are outlined in this instructional manual.

## **Individual Placements**

The MSDE provides *Annual Program Cost Sheet Templates* to Maryland providers which have not obtained approval to operate as a nonpublic special education school and out-of-State providers when a Maryland local school system (LSS) has obtained a MSDE approval for an *individual placement* for a specific child.

## Assurances

Maryland rates are set to ensure equal rates are paid for equal services regardless of the placing agency, placing State, or location of the facility. All rates issued by Maryland must comply with all cost approval guidelines and instructions. Each out-of-State or individual placement provider must assure rates are equal for equal services. The Executive Director for each facility submits the required assurances annually with the cost approval packet. A rate will not be approved if charges for Maryland youth are higher for charges for youth from any other State for the same services; unless a waiver is obtained from the Maryland State Superintendent of Schools. Education Article §8-404. The Maryland Nonpublic Special Education Section seeks the waiver when necessary.

## Rate Verifications

### Maryland Medical Assistance Participation

When the out-of-State facility operates a residential program in which the residential cost is paid by Maryland Medical Assistance, the Maryland Department of Health and Mental Hygiene (DHMH), Division of Long Term Care Services, establishes the residential per diem cost. This per diem rate is recognized as the approved MSDE residential rate. A copy of the most current rate approval letter from the DHMH, Division of Long Term Care Services indicating the approved residential per diem rate must be submitted to MSDE as supporting documentation for the requested rate.

### Home State or Local Government Assigned Rate

Out-of-State providers that have a **government rate set by the home state, the provider** is required to file a copy of the official letter from the home State or local agency which has approved the per diem and related service rate(s).

Prior to approval, the MSDE will consider the home State government established rate. The MSDE does not guarantee that negotiated rates approved by other states will automatically be accepted for Maryland youth. Additional documentation may be required.

Medical Assistance rates from the home state are considered government assigned rates and will be considered for the residential per diem rate.

### Private Cost approval

Out-of-State providers that serve Maryland students and do not have a government assigned rate are required to provide the detailed private cost approval methodology that supports the rate. If necessary, the MSDE may require additional information or completion of the comprehensive *MSDE Nonpublic Special Education School Cost Approval Template*.

### Neighboring States and Jurisdictions

The MSDE maintains working relationships with neighboring States and education jurisdictions. This working relationship may require the out-of-State day school/residential provider to complete and comply with the comprehensive *MSDE Nonpublic Special Education School Budget Template* for each fiscal year in accordance with the annual guidelines and instructions.

## **Out-of-State Residential Providers & Individual Placements**

### **Cost Approval Packet Contents**

The *Cost Approval Packet* contains the following:

- Guidelines and Instructions
- *Out-of-State Residential Providers & Individual Placements for FY 2017 Template*
  - School Demographics (Form 1A)
  - Revenues (Form 1B)
  - Program Calendar Data
  - Program Calendar – Education
  - Program Calendar – Residential

### **Assurances**

The Nonpublic Special Education School Cost Approval Packet must include the signed verification and assurances form (Attachment A). Rates for noncompliant packet submissions will not be issued.

### **Timelines**

#### **FY 2017 Timeline Summary**

<b>Date</b>	<b>Timeline Event/ Submission Due Dates</b>
March, 2016	Placing agencies submit lists of priority providers to the MSDE for the upcoming Fiscal Year.
April , 2016	MSDE issues FY 2017 materials to identified providers
May 1, 2016	Providers submit packets to the MSDE
August 8, 2016	MSDE issues Cost Sheet Templates to providers with approved submission packets

#### **Timeline Guidelines**

- Cost approval packets may be submitted on or before the due date. Approved *Annual Program Cost Sheet Templates* are issued to the schools in the order that complete and accurate cost approval packets are received.
- Rates are set for a fiscal year beginning July 1 and ending June 30 of each fiscal year.
- Incomplete *Out-of-State Residential Providers & Individual Placements Cost approval* packets will be returned to the sending organization/school. Incomplete cost approval submissions must be revised and returned to MSDE.
- A program's *Annual Cost Sheet Template* is issued only after the submission, review, and approval of a complete and accurate supporting cost approval packet.

## **Submission Information**

### **Cost Approval Template/Package Submission**

The *Out-of-State Residential Providers & Individual Placements Cost approval for FY 2017 Template* must be submitted in an electronic format. Cost approval templates for each out-of-State facility may be submitted by placing the file and supporting documents in the organization's Nonpublic Secure Server "To MSDE Folder." An email must be sent to the Camillus Ugwu ([Camillus.Ugwu@maryland.gov](mailto:Camillus.Ugwu@maryland.gov)), notifying him that a file or document has been placed in the folder. (To obtain a Secure Server folder, contact Camillus Ugwu at the e-mail address above.)

OR

The *Out-of-State Residential Providers & Individual Placements Cost approval for FY 2017 Template* may be submitted by downloading the information to a labeled compact disc or thumb drive and mailed by certified US mail to the address provided on page 8.

### **Receipts for Submission of Documents**

After a document is placed in the Nonpublic Secure Server folder, a screen shot indicating the submission date and time may be printed as a receipt.

Confirmation that the MSDE has received mailed documents requires that the documents be sent by certified mail or express courier service. The return receipt will serve as proof of delivery.

### **Package Submission Checklist**

- Complete *Out-of-State Residential Providers & Individual Placements Cost approval for FY 2017 Template* - All Forms
- Signed Required Assurances
- Supporting Documentation for Education Rate (must submit one)
  - Government Rate Letter
  - Detailed Private Rate Methodology Outline
- Supporting Documentation for Residential Rate (must submit one)
  - Maryland Medical Assistance Letter
  - Government Rate Letter
  - Medical Assistance Rate letter from the home State
  - Detailed outline of private rate setting methodology
- ❖ Please remember to proofread Form 1A for accuracy in all details.
- ❖ The MSDE cost approval review process begins after all required and complete information is received.

### **Helpful Hints for a Successful Submission**

- Each out-of-State facility supported with Maryland State funds must submit cost approval information following the MSDE, Division of Education/Early Intervention (DSE/EIS) guidelines and instructions and must obtain a daily rate specific to each education and residential program.

- It is the out-of-State facility's responsibility to comply with the Maryland placing agency(ies) contract, and to follow federal and State laws and regulations related to the operation of a facility or program.
- The MSDE will not alter or correct documents submitted for review. The out-of-State facility or submitting organization is responsible for making all required and necessary corrections to cost approval forms. Packets requiring corrections to basic demographic information may delay the issuance of an approved *Annual Cost Sheet Template*.
- *Cost Approval Templates* are written in Excel 2007 format and are compatible with newer versions of Excel.
- Out-of-State facilities are only reimbursed for billable services provided to youth during each individual youth's enrollment period.
- Expenses included in the cost approval submission must have sufficient support and documentation to substantiate the rate.
- The MSDE does not approve rates for public facilities, adult providers, or facilities that do not provide a nonpublic school program.
- The nonpublic school or organization is responsible for verifying all *Annual Cost Sheet Template* information prior to its use by the nonpublic school/residential facility.
- Rates are valid from July 1 to June 30 for the Maryland State Fiscal Year (SFY). Program calendars must be within one SFY. Rates are reviewed annually.
- Revised program *Annual Cost Sheet Templates* are issued to update demographic information and add related service rates as necessary.
- All rate formulas, rates, and data entered into the *Cost Approval Template* are limited to two decimal points.
- Tuition rates and residential rates are issued as per diem rates. Related services and supplemental service rates are issued as hourly rates. A onetime or annualized fixed rate can be issued for a specific youth's need, by request only.
- Instructions on how to use the *Annual Cost Sheet Template* to produce individual student cost sheets for submission to Maryland local school systems are provided annually. Each placing agency may have modified instructions for completion of the individual form for each youth as deemed necessary by the agency.
- The MSDE may request supporting documentation or supplemental information for any expenditure included in the rate.
- When not specifically expressed in these guidelines and instructions, the most current *Financial Reporting Manual for Maryland Public Schools*, the *Code of Federal*

*Regulations (CFR), Title 2 Grants Agreements, and/or Generally Accepted Accounting Principles (GAAP) are followed.*

- Rates for noncompliant submissions will not be issued. MSDE may require funds to be returned for any unallowable expenses inadvertently incorporated in the rate.

### **Annual Program Cost Sheet Template**

When the provider and the MSDE reach consensus on the school, related service, and residential rates the *Annual Program Cost Sheet Template* is issued. The *Annual Program Cost Sheet Template* is the final product of the *Out-of-State Residential Providers & Individual Placement Cost Approval* submission process. The *School Information, Services Information, and Rates* populate directly from Forms 1A and 1B into the appropriate locked fields on *Annual Cost Sheet Template*.

- Carefully proofread Forms 1A and 1B at the conclusion of all data entries. Make corrections as necessary in open cells. For a shaded and/or locked cell, make the correction on the appropriate cost approval form where the data was originally entered. Should assistance with locating the form be needed, contact: Camillus Ugwu at [Camillus.Ugwu@Maryland.gov](mailto:Camillus.Ugwu@Maryland.gov).
- The provider is responsible for final review and verification of all entered data on the *Annual Program Cost Sheet Template* prior to using the template and issuing individual cost sheets to Maryland Local School Systems and/or Maryland placing agencies. Original information errors will require individual cost sheets to be reissued.

### **Limitations to the Individual Placement Rate or Out-of-State Rates**

Expenses not required for the provision of public education may be deemed as unallowable. When an expense is questioned, additional supporting documentation and justification will be requested and is required. The MSDE, DSE/EIS, Nonpublic Special Education Section uses the standard practices and regulations for allowable expenses for a public school system or a residential provider as a guideline. The requested expense must be necessary to ensure the provision of a FAPE or the provision of room, board, and services required by the placing agency. Expenses deemed appropriate for an individual youth and approved to be included as a cost sheet item are managed as a single line item cost.

The out-of-State provider may reference the comprehensive Nonpublic Special Education School Cost Approval Packet, Guidelines and Instructions for more extensive information regarding allowable school expenses, limitations to the school cost approval and appeal procedures.

### **Technical Assistance**

For technical assistance contact:

- ❖ Cynthia Amirault, Nonpublic Special Education Section Chief at (410) 767-1425, or email [Cynthia.Amirault@maryland.gov](mailto:Cynthia.Amirault@maryland.gov).

- ❖ Camillus Ugwu, Program Cost Approval Specialist, Nonpublic Special Education Section at (410) 767-0241 or email [Camillus.Ugwu@maryland.gov](mailto:Camillus.Ugwu@maryland.gov)

Or

- ❖ Shaundria Gibson, Education Program Specialist, Nonpublic Special Education Section at (410) 767-0827 or email [Shaundria.Gibson@maryland.gov](mailto:Shaundria.Gibson@maryland.gov).

The MSDE, DSE/EIS, Nonpublic Special Education Section staff is available to provide direct technical assistance to the schools, however the staff may not render any accounting or legal advice. The Nonpublic Special Education Section does not address questions related to individual contracts with the Maryland placing agencies.

### **U.S. Mailing Address**

Cynthia Amirault, Chief  
Nonpublic Special Education Section  
Division of Special Education/Early Intervention Services (DSE/EIS)  
Maryland State Department of Education  
200 West Baltimore Street  
Baltimore, Maryland 21201

**SPECIFIC**  
**INSTRUCTIONS:**  
**COMPLETING**  
**FORMS**

## **SPECIFIC INSTRUCTIONS: COMPLETING FORMS**

### **Data Entry**

- White cells are open and require data entry. Place the cursor at the first open cell, enter the data, and then press the *Tab* key. The cursor navigates to the next cell, enter the data.
- A shaded area is locked and indicates that the data has been entered or calculated elsewhere. The data will populate into the appropriate field(s).
- Use all provided drop down lists.
- Cost approval forms submitted with altered template formulas or altered cell formats are returned to the facility.

### **Form 1A: Demographic Information**

Provide the following required nonpublic school/program demographic information:

- Legal Authority Name (*As it appears on the Certificate of Approval issued by the State Department of Education for the state where the school is located*)
- MSDE issued School Number - please reference the previous year's cost sheet or call the MSDE, Nonpublic Special Education Section (410-767-0241) to obtain the School Number.
- School Name - Enter the facility or school name (*As it appears on the Certification of Approval issued by the State Department of Education for the state where the school is located. For schools that begin with The, list as "Name, The"*)
- School Address
- School Phone/Fax
- Email
- School Web Address
- Executive Director - include phone number and email address (\*)
- Administrative Head - include phone number and email address (\*may be the same person)
- Director of Education - include phone number and email address
- Director of Finance - include phone number and email address
- Each program must have its own *Unique name describing the specific educational program offered within the school, i.e. preschool, high school, standard diploma, etc.*
- Full day/Partial day
- Federal Tax ID Number
- ❖ ***Program numbers are issued and completed by the MSDE***

### **Changes to Demographic Information**

Changes to **all** demographic information during the course of the current fiscal year must be reported in writing or by email to the Nonpublic Special Education Section Chief (contact information is located on page 7) **within ten business days of the change**. A revised *Annual Cost Sheet Template* may be issued for a demographic change.

### **School Calendar: Billable Days**

The dates on Form 1A under this title populate from the completed calendar program forms.

## **Student Count - FTE**

Project the number of Maryland youth that will be served by the facility over the course of the year.

## **Inclement Weather Policy and Procedure**

Enter a brief summary of the facility's inclement weather policy, any identified pre-determined make-up days, OR provide a complete copy of the school's Inclement Weather Policy and Procedure as an attachment.

## **Maryland Medical Assistance**

Use the drop down tab and select Yes or No to indicate the facility's participation in this program.

## **Related Services**

Related services provided to an individual student must be consistent with the Individualized Education Program (IEP) and approved by the LSS prior to implementation and billing.

### **Standard Related Service(s) Included in the Education Program Per-Diem Rate**

- Form 1A: Use the provided drop down lists to identify all related services included in the standard per diem rate.
- Use the provided drop down lists to identify the percentage of students who receive the related service.

### **Standard Related Services as Line Item Rates** (recorded on Form 1B-Revenues)

- To calculate the rate for a line item related service, include all direct and indirect costs into the calculation. Direct service costs and indirect service costs must be captured in the hourly rate. Related service rates are issued as hourly rates.
- The MSDE may request additional supporting documentation including copies of contracts for individual providers and the school's methodology for calculating the hourly rate.

### **Billing For Line Item Rates**

Billing for related services is limited to direct student services as specifically outlined, defined and recorded in the IEP sections; (III) Special Consideration and Accommodations, or (V) Services. Services must be clearly defined in terms of provider, frequency and hours. Billing occurs for the service **after** the service is delivered.

### **Billable Hours for 1-to-1 Assistants**

The daily billing of a one-to-one assistant is capped at the number of "Hours in Day" recorded on Form 1A, unless otherwise specified in the IEP. One-to one assistants are not "bundled" services.

## Rate Setting Process Verification

Form 1A - This area is used by the MSDE.

## Revenues

### Form 1B:

Form 1B is formula bound. Submitted forms with altered formulas or altered format are returned to the nonpublic school.

#### *Tuition:*

- **Education Program:** Enter the requested base education program per diem rate; provide supporting documentation; government rate letter, or private rate methodology.
- **Residential Program:** Enter the requested base residential per diem rate, provide supporting documentation: MD MA letter, government rate letter, home State Medical Assistance letter, or private rate methodology.
- **Extended School Year:** This area is locked for out-of-State Facilities, all school days provided are accounted for under the Education Program days
- **Billable Days:** Education Program and Residential Program are populated into Form 1A.

#### *Related Services, Supplementary Aides, Services, Program Modification, and Supports:*

- Column C Codes: E=Education, R=Residential (identifies program for service delivery)
- Requests for rates without projected hours of service may be denied.
- **Total Hours:** Project the total number of student service hours to be provided for each listed related service/supplementary service as needed by the school/residence. These are the services that are billed by line item and are not included in the Standard Per Diem rate.
- **Rate/Hour:** Enter the requested rate/ hour for each related service, supplementary service and/or other IEP service.
- **Related Services:** Providers A-N provide services as outlined in the student IEPs.
- **Supplementary Aids, Services Program Modifications and Supports:** must also be identified IEP service.
- **Lines 30-36 (E-K)** are open lines to enter other IEP services not captured (A-N, A-D). Enter a clear descriptor in Column B. Enter Total Hours and requested rate/hour.
- **Medical Assistance/Other Revenues:** Do not apply to this cost approval process.
- **Total Income:** Calculates and includes all generated revenue.

## Program Calendar Data

**The Out-of-State Residential Providers & Individual Placement Cost Approval Calendar must match the published calendar that is provided to parents, Local School Systems and placing agencies.**

Dates for the school calendar and residential calendar are to be entered on the *Program Calendar Data* form. Extended School Year (ESY) days are to be recorded under the

Education calendar. This data populates into Form 1A and appears as *Beginning Dates*, *Ending Dates*, *Quarter Days* and *Total Days*.

All program dates must be within the Maryland State Fiscal Year. This is July 1 to June 30.

The Program Calendar Data populates to the appropriate forms listed below.

- FY 2017 Program Calendar - Education
- FY 2017 Program Calendar - Residential
- To enter a date, click on the first box and then use the drop-down arrow and select a month from the list. Click on the second box to select the day in the same manner. The year automatically fills in.
- **First Day, Last Day** - Enter the first and last days of the program (month/date).
- **Off weekends?** - Set to “Yes” in the Education and ESY columns; set to “No” in the Residential column if the program runs every day.
- **Hours in School Day** - Enter the total number of hours that the students receive general education/special education and related services during a school day; include lunch time.
- **No School (#1-#18)** - Use when school is not in session for students for a single day.
- **No School From/To Days** - Use when school is not in session for students for a period of two or more consecutive days.

# APPENDIX

