

Children's Long Term Support (CLTS) Reconciliation Common Adjustments

This document covers several topics related to the completion of the CLTS Reconciliation Packet ([F-00963](#)) and the CLTS year-end reconciliation process:

- Reconciliation Reports Generated by the CLTS Fiscal Team
- CLTS Reconciliation Payment Adjustments
 - CLTS Reconciliation Packet Coding Error Corrections
 - Non-Reimbursable CLTS Service Claim Adjustments
 - CLTS Cost Shares and Federal Insurance Contributions Act (FICA) Tax Refunds
- Recoupment Process for Non-Reimbursable CLTS Service Claims, CLTS Cost Shares and FICA Tax Refunds
- Maintenance of Effort (MOE) Contributions to the CLTS Waiver Program

Reconciliation Reports Generated by the CLTS Fiscal Team

As part of the CLTS year-end reconciliation process, the Wisconsin Department of Health Services (DHS) may provide county staff with one or more reports of CLTS waiver service claims that appear to be unallowable and/or inaccurately reported based on the information available to DHS. These lists are meant to be an assistive tool county waiver agencies (CWAs) can use to identify disallowances and/or service claim data errors.

CWAs that do not receive a year-end reconciliation report should not assume there are no disallowances or coding errors in their CLTS claims data. As always, CWAs should rely on independent monitoring activities of provider claims since DHS lists do not definitively include all possible disallowances and coding errors.

CLTS Reconciliation Packet Coding Error Corrections (Appendix C)

Appendix C in the CLTS Reconciliation Packet allows CWAs to adjust how allowable CLTS Waiver Program services impact their available funding through a series of coding error corrections. Below is a list of common situations that may require a coding error correction.

Incorrect service authorization data

Claims in the CLTS Claims Extract data warehouse derive their long-term service (LTS) code and funding source information from their corresponding CLTS service authorization. Once CLTS claims are paid against a given service authorization, DHS cannot change the LTS code or funding source information stored in the data warehouse. Therefore, if a CWA wishes to correct the LTS code or funding source information for a paid CLTS claim, they must use appendix C of the CLTS Reconciliation Packet to make the adjustment. CLTS claims corrected using the CLTS Reconciliation Packet must continue to use an allowable LTS code and funding source based on CLTS waiver guidelines and the participant's eligibility.

Incorrect CLTS-grandfathered expenditures

Per [Numbered Memo 2016-04](#), CWAs may only use CLTS-grandfathered allocations to pay for the CLTS expenses of a DHS-maintained list of CLTS participants (the CLTS-grandfathered list). CWAs should review their CLTS service claims for the reconciled year to make sure the CLTS service claims for children on the CLTS-grandfathered list are properly assigned to CLTS-grandfathered allocations using LTS codes F, G, P, X, or Z. Similarly, CWAs must ensure that all CLTS service claims paid using LTS codes F, G, P, X, or Z appropriately belong to children on the CLTS-grandfathered list. If a

child's CLTS service claims have utilized the wrong LTS code, the CWA must use appendix C of the CLTS Reconciliation Packet to assign the claims to their proper allocation and target group as a coding error correction.

Missing LTS code information

Occasionally, CLTS service claim data does not include a recognized LTS code. This prevents DHS from associating it with its intended CLTS funding source. CLTS service claims paid without an LTS code should initially be reported as an unidentified expenditure in appendix B of the CLTS reconciliation packet and corrected as a coding error adjustment in appendix C. CLTS Reconciliation Packets will be considered incomplete until all paid and allowable CLTS service claims have been properly assigned a funding source.

Non-Reimbursable CLTS Service Claim Adjustments (Appendix D)

CLTS services and expenses must meet several DHS and Centers for Medicare & Medicaid Services (CMS) requirements to be eligible for CLTS Waiver Program reimbursement. CLTS service expenditures that have been paid via the CLTS third-party administrator (TPA) but do not meet these CLTS Waiver Program requirements must be reported in the CLTS Reconciliation Packet, in appendix D, as a non-reimbursable CLTS service claim adjustment. Below are some common situations that require non-reimbursable CLTS service claim adjustments.

Medicaid waiver services not eligible for Medicaid waiver funding during inpatient hospital stay

As detailed in [C.R.I.B. Sheet #13-01](#), most Medicaid waiver services are not eligible for Medicaid waiver funding during an inpatient hospital stay. Any instances of these services that have not been corrected in the CLTS claims data before the established CLTS TPA cutoff date (see [Fiscal Reconciliation Documents and Milestones, P-02089](#)), must be entered into the CLTS Reconciliation Packet as a non-reimbursable service claim adjustment in appendix D.

CLTS Services exceeding the maximum CLTS Waiver program rates

CLTS CWAs and service providers must adhere to the [CLTS Waiver Program Rate Schedule \(P-02184\)](#). CLTS service claims paid in excess of the published rates (excluding approved outlier rates) will need to treat the excess as a non-reimbursable CLTS waiver payments. It is not necessary to treat the entire claim as non-reimbursable; only the amount exceeding the published CLTS waiver rate schedule needs to be treated as non-reimbursable in appendix D of the CLTS Reconciliation Packet.

Other CLTS service expenses not authorized for waiver funding

CWAs are expected to report all non-reimbursable CLTS waiver service payments in the annual CLTS Reconciliation Packet; however, due to the wide array of reasons a given service claim may be non-reimbursable, DHS is not able to provide an exhaustive list of non-reimbursable service expenses. CWAs are responsible for monitoring all of their CLTS expenditures and ensuring that any improper payments not resolved before the established CLTS TPA cutoff date are included as a non-reimbursable adjustment in appendix D of the CLTS Reconciliation Packet.

CLTS Cost Shares and Federal Insurance Contributions Act (FICA) Tax Refunds (Appendix E)

Cost Shares

Cost shares represent a CLTS Waiver requirement for certain CLTS participants to share in the costs of their CLTS waiver services. CLTS cost shares must be collected from the CLTS participant by the CWA and are refunded to DHS as part of the year-end CLTS reconciliation process. CLTS cost shares should not be confused with CLTS parental fees (also referred to as CLTS parental payments). CLTS parental fees are reported to Community Aids Reporting System (CARS) profile 882 or 883 depending on the non-federal funding used to support the participant's CLTS services. CWAs should contact the [CLTS Fiscal Mailbox](#), or their [CLTS technical assistance lead](#), for more information about the distinction between cost shares and parental fees.

FICA Tax Refunds

FICA tax refunds can occur when FICA tax contributions, estimated and withheld by a CLTS financial management service provider, exceed the rendering service provider's actual year-end FICA obligation. This creates an obligation for the financial management service provider to return the excess FICA withholdings to DHS. Financial management service providers often forward these excess FICA tax withholdings back to the CWA as an interim step in returning these funds to DHS.

Reporting cost shares and FICA refunds during reconciliation

CLTS cost shares and FICA tax refunds both represent circumstances where existing CLTS service data indicates higher expenditures than may be reimbursed under the CLTS Waiver. However, unlike most CLTS over-payments (i.e. non-reimbursable CLTS service claims), CLTS cost shares and FICA tax refunds occur over a range of time and can rarely be traced back to a single CLTS service claim. Instead of attempting to correct all of a participant's CLTS claims to account for cost shares or FICA tax refunds, CWAs must report CLTS cost shares and FICA refunds, in appendix E of the CLTS reconciliation packet.

Recoupment Process for Non-Reimbursable CLTS Service Claims, CLTS Cost Shares and FICA Tax Refunds

As part of the CLTS reconciliation process, DHS must recoup CLTS TPA payments in excess of reimbursable CLTS Waiver service expenditures. The process of recouping these payments differs based on the CLTS allocation used and the circumstances that caused the payment to exceed reimbursable amounts. DHS will recoup these excess TPA payments using a combination of the two methods listed below.

Recoupment via CLTS TPA claims adjustments

DHS prefers to recoup CLTS Waiver Program payments through the CLTS TPA's claims adjustment process whenever possible; this ensures the CLTS claims data remains as accurate as possible for state and federal reporting. Using the information reported in the CLTS reconciliation packet, DHS will send a CLTS claim adjustment to the CLTS TPA. The CLTS TPA will use this information to initiate a recoupment from the CLTS service provider, correct the CLTS claims data, and reissue any allowable payment (if applicable).

CWAs are encouraged to contact relevant CLTS service providers and alert them about their potential reconciliation recoupments. CWA's should use this as an opportunity to inform the provider about the CLTS TPA recoupment process, and the reasons for the recoupment, in order to help maintain a healthy CWA-provider relationship.

Although the CLTS Waiver Program may not reimburse CWAs, or providers, for CLTS reconciliation recoupments, CWAs may reimburse providers directly using county funds. If CWA staff determine that payment to the provider for recouped CLTS expenditures is warranted (because the service was provided in good faith and at the CWA's direction) then the CWA should work with the provider to ensure the provider receives appropriate payment for their services. CWAs that opt to reimburse providers for recouped CLTS Waiver Program expenditures should ensure that said reimbursements utilize an appropriate and allowable county funding source.

Recoupment via Community Aids Reporting System (CARS) cash back adjustments

Due to the various situations that can lead to an excess CLTS Waiver Program payment, accurate corrections and recoupments are not always possible through the CLTS TPA. Under these circumstances, DHS will use CARS to initiate a recoupment from the CWA using the CLTS cash back CARS profiles.

As part of the CLTS Waiver Program reconciliation process, the CWA's CLTS community aids/tax levy activity (CARS profiles 828, 829, and 921) is moved to the CWA's CLTS basic county allocation profiles (CARS profiles 819, 820, and 918). This is done to prioritize the use of the CWA's basic county allocation (BCA) funding before the use of the CWA's community aids/tax levy funding and, in the process, it takes CARS profiles 828, 829, and 921 to a zero balance.

This also allows CARS profiles 819, 820, and 921 to be temporarily repurposed during reconciliation for the recoupment of excess CLTS Waiver Program payments. CLTS Waiver Program payments that need to be recouped via CARS will be applied to CARS profiles 828 and 829 in accordance with the Federal Medicaid Assistance Percentage (FMAP) at the time of reconciliation. Similarly, the all-funds (AF) value of these ineligible expenditures will be applied as a cash back adjustment to CARS profile 921. The cash back amount in CARS profile 921 will then be withheld from the CWA's next CARS payment in order for the CLTS waiver program to recoup the excess payment.

Here is a list of the most common sources of excess CLTS Waiver Program payments and the methods DHS uses to recoup the associated funding:

- **Non-Reimbursable CLTS Service Claim adjustments** will be recouped through a CLTS TPA claim adjustment whenever possible; however, unique situations or complex funding interactions may necessitate an adjustment to the CWA's cash back CARS profiles instead.
- **Cost shares** are always recouped through adjustments to the CWA's cash back CARS profiles.
- **FICA tax refunds** are always recouped through adjustments to the CWA's cash back CARS profiles.

Maintenance of Effort (MOE) Contributions to the CLTS Waiver Program

Per the Children's Long-Term Support Program County Waiver Agency Maintenance of Effort Requirement ([numbered memo 2019-04](#)), CWAs may be responsible for satisfying a MOE contribution to the CLTS waiver program. To ensure CWAs are meeting this requirement, DHS may make special CLTS allocation adjustments during the annual CLTS reconciliation process.

DHS must first determine if the CWA's initial CLTS overmatch will satisfy the MOE requirement. This is done by combining the CWA's reconciled basic county allocation (BCA) match, community aids/tax levy match, and state match CLTS expenditures (CLTS-Grandfathered expenditures are not included). The amount by which the nonfederal portion of these expenditures exceeds the CWA's nonfederal CLTS waiver allocation (CARS 871) is the CWA's initial CLTS overmatch. See table 1,

below, for examples. This process also helps prioritize the use of CLTS waiver program funding before utilizing BCA and/or community aids/tax levy funding.

Table 1: Initial CLTS Overmatch Calculation

Nonfederal CLTS Match Funding	Example A Nonfederal Amount	Example B Nonfederal Amount
Nonfederal State Match*	\$70,000	\$50,000
Nonfederal BCA Match	\$10,000	\$5,000
Nonfederal Community Aids / Tax Levy Match	\$5,000	\$1,000
Less: nonfederal CLTS waiver allocation (CARS 871)	(\$60,000)	(\$60,000)
Initial CLTS Overmatch (minimum of \$0)	\$25,000	\$0

*excluding CLTS-Grandfathered

The combination of a CWA’s initial CLTS overmatch and reconciled nonfederal Children’s Community Options Program (CCOP) matched CLTS service expenditures will determine a CWA’s initial MOE contribution. When the initial MOE contribution does not meet, or exceed, the CWA’s MOE requirement then DHS will reduce the CWA’s CARS 871 allocation, thereby increasing the CWA’s CLTS overmatch. DHS will not reduce CARS 871 allocations below the CWA’s base CLTS waiver allocation and will not reduce the CWA’s CARS 871 allocation more than necessary to meet the CWA’s required MOE contribution. Year-end allocation adjustments made to fulfill MOE requirements only apply to the reconciled year and do not directly impact the CWA's subsequent CLTS allocations.

The reconciled CLTS overmatch is then applied to the CWA’s basic county allocation. CWAs may offset the basic county allocation impact of their CLTS overmatch with otherwise unspent CCOP funding as part of the CCOP reconciliation process.

Please contact dhscltsfiscal@wisconsin.gov with any concerns or questions regarding the information provided in this document.

