



## CMAA Collaboration and Payment Policy Brief

### Overview

Fiscal Year 2014-15 closed without payment of approximately \$62 million of FY 2013-14 CMAA invoices to Local Governmental Agencies (LGA), Local Public Entities (LPE), and community-based organizations (CBO).

In years past CMAA invoices were paid within 2 to 3 months of submission but staffing shortages at the California Department of Health Care Services (DHCS) have caused delays in processing invoices.

Now fully staffed, DHCS is dedicated to processing all overdue invoices by the end of FY 2015-16. DHCS has also committed to resuming payment of invoices within the usual 2 to 3 month time frame as soon as the back log of invoices has been processed. However, DHCS has provided no specific proposal or steps to address the issue. Moreover, DHCS has increased its scrutiny of the CMAA invoices currently in the review process and is requesting additional supporting documentation not previously required at the time the invoices were due. This has resulted in a postponement of DHCS' initial promise to process FY 2013-14 invoices by December 2015. The delays have had a considerable impact on participating agencies' cash flow, budgets, and program sustainability.

This brief describes the barriers to overcome and strategies to ensure timely payment of CMAA invoices in the future. A key component toward timely payment of invoices is to effect collaboration between the LGAs and DHCS.

### History and Current Environment

In 1995 the Medi-Cal Administrative Claiming (MAC) program was separated into two programs: CMAA and TCM. Since the inception of CMAA, local agencies have paid participation fees that fund DHCS staff to provide oversight and to process CMAA invoices for the LGAs.

Federal regulation, the MAC Agreement, and the current MAA Implementation Plan obligate DHCS to work collaboratively with local governmental agencies to ensure compliance and the success of the CMAA program in California. Consequently, LGAs and DHCS have historically worked together to develop provider manuals, program and fiscal related training, and policy surrounding the CMAA program.

Leadership changes in the LGA Consortium combined with frequent staffing and management changes at DHCS resulted in stalled collaboration efforts. Recently, the LGA Consortium - through the Executive Committee (EC) - and DHCS have renewed their collaboration efforts. This resulted in a successful joint LGA/DHCS CMAA Invoice training in November 2015.

The new alliance can be used to establish the tools and processes necessary to minimize or avoid delays of CMAA payments in the future. Together, LGAs and DHCS can ensure that review and processing of invoices is efficient and timely. This will also allow LGAs to receive CMAA revenues as planned while providing DHCS with assurances that invoices submitted are compliant and accurate.

### Fiscal and Programmatic Impacts

In the short term, delayed payments have impacted the cash flow of participating agencies. In the long term, agencies that have accrued CMAA revenues will experience budget shortfalls. This has already resulted in staffing and program reductions; and some agencies have already withdrawn from participation in CMAA altogether.

For DHCS, the back log of invoices has resulted in increased workloads. New and overworked staff often request information from LGAs that has sometimes already been provided to previous



CMAA analysts. DHCS is also required to provide payment within a 45-day window or may be required to pay interest to the LGAs on those unpaid claims.

### Political Impacts

As local programs receive fewer federal funds due to delays at the state, affected CMAA programs have been reduced or eliminated. Ultimately, the delays will adversely affect the California communities that are served by the CMAA program.

As the administrator of certain federal funds, the state has the responsibility to pay claims within a specific time frame (45 days). In its capacity as administrator, the state has undergone audits by the federal government for programs such as Women, Infants, and Children (WIC) and Nutrition Education and Obesity Prevention (NEOP). One of the federal audit findings pertained to late payment of WIC and NEOP claims by the California Department of Public Health (CDPH) to local agencies. The federal government required the state to pay interest on 9 months of back logged invoices to all affected local agencies. Moving forward, the federal government required CDPH to conduct only a cursory review of all claims before submitting invoices for payment to expedite the process. A recommendation was made to conduct a more thorough review after payment had been made to local agencies. The rationale was that payment should not be held up due to lack of oversight tools established by the state.

Frustrated LGAs affected by a lack of CMAA payments from DHCS may request federal intervention from the Centers for Medicare and Medicaid Services (CMS). It would be in the best interest of DHCS and LGAs to work together to

ensure the continued influx of federal dollars into California.

### Action and Recommendations

In the spirit of collaboration, the EC and LGA Consultant have joined forces with the California State Association of Counties (CSAC) and the County Health Executive Association of California (CHEAC) to research the issues surrounding the delay in payment and to provide recommendations to facilitate the timely payment of CMAA invoices moving forward. The following recommendations could provide the desired outcome for local and state governments.

Recommendations for FY 2013-14 invoices:

1. DHCS could limit the requests for new documentation to a future invoicing period to avoid confusion and frustration among LGAs.
2. Payment should be expedited by DHCS since additional documentation provided typically does not change the dollar amount claimed by LGAs.
3. If new documentation requests are implemented, DHCS should provide the LGAs with a letter of the new items that are being requested by CMAA analysts for their review, including a sample of how the information should be presented. LGAs would then be able to better anticipate any requests for new information.
4. DHCS could provide the Consortium with a list of items required to be corrected or submitted by quarter and by LGA, thereby avoiding time-consuming emails or telephone conversations between DHCS and LGA staff.

would benefit the most from a site visit.

Recommendations for FY 2014-15 CMAA invoices and forward:

1. DHCS should expedite processing of invoices by conducting only cursory reviews. This would allow more time for DHCS to develop in-depth review tools with and for LGAs. A more thorough review of the CMAA invoices could be conducted after payment has been made. This would provide an incentive to LGAs to get it right the first time.
2. Continue DHCS/LGA collaboration to provide the LGAs with CMAA invoice training on an annual basis to ensure all preparers at the local level have the information necessary to avoid delays due to errors made during preparation.
3. Consider expanding the training locations to both northern and southern California to ensure live trainings are available to all preparers.
4. Develop a new invoice checklist to include common areas of error.
5. Avoid retroactive requests for information that was not required at time of submission deadlines.
6. State participation in LGA workgroups related to financial management and CMAA guidelines could provide a vehicle for communication throughout the year. This would also facilitate a spirit of collaboration and could short-stop common errors found from quarter to quarter.
7. DHCS/LGA should join forces to establish a comprehensive review tool for LGA coordinators. If some of the review is pushed down to the LGA level, this will avoid further delays at the state.
8. DHCS should provide technical assistance to LGAs that have the greatest need and

This policy brief was written by Nancy Leidelmeijer, the LGA consultant. It was developed in collaboration with the EC, CSAC and CHEAC to facilitate compliance, expedite the processing of CMAA invoices, and ensure the sustainability of this important funding source for California.

### Sources

DHCS' Women, Infants, and Children Program  
<https://www.cdph.ca.gov/programs/wicworks/pages/default.aspx>

The MAC Agreement  
<http://www.dhcs.ca.gov/provgovpart/Documents/ACLSS/MAC%20Agreement/HCFASDHS%20Agreement.pdf>

The CMAA/TCM Implementation Plan  
[http://www.dhcs.ca.gov/provgovpart/Documents/ACLSS/CMAA/CMAA-TCM\\_Imp\\_Plan/CMAA-TCM-Implementation-Plan-v11-05-2013.pdf](http://www.dhcs.ca.gov/provgovpart/Documents/ACLSS/CMAA/CMAA-TCM_Imp_Plan/CMAA-TCM-Implementation-Plan-v11-05-2013.pdf)

The Prompt Payment Act of California  
<http://www.dgs.ca.gov/pd/Programs/OSDS/PromptPayment.aspx>