

STATE OF OKLAHOMA  
OFFICE OF MANAGEMENT AND ENTERPRISE SERVICES  
GAAP CONVERSION MANUAL

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Q. MEDICAID CONVERSION PACKAGE  
OKLAHOMA HEALTH CARE AUTHORITY

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June 2021

I. PURPOSE AND OBJECTIVES

The Oklahoma Health Care Authority (OHCA) is the primary recipient for the State of Oklahoma of Title XIX, Medical Assistance funds from the federal government. Medical assistance funds paid to medicaid service providers are subject to accrual, in that some services are provided by June 30, but OHCA has not paid for the services at June 30.

II. AGENCY ACTION REQUIRED

- A. Carefully read the key terms in Part III.
- B. The Medicaid Payable and Receivable Summary form (summary) should reflect amounts as of the close of business on June 30.
- C. Round all dollar amounts to the nearest whole dollar.
- D. All working papers are subject to audit by the State Auditor & Inspector (SA&I). The agency is required to keep a copy of the completed summary form and all associated working papers for three years after the completion of the SA&I audit.
- E. The person who completes and signs the summary form should keep a copy. A financial reporting analyst will contact this person if there are any questions.
- F. If needed, call your agency's financial reporting analyst for guidance.
- G. Return the completed summary form to your OMES financial reporting analyst by e-mail **no later than the due date shown on the form**. **If you can return it earlier, please do so.**

III. KEY TERMS

- A. Basis of Accounting for Federal Program Revenue - The modified accrual basis of accounting determines when to recognize revenue, receivables, and deferred revenue in the financial statements. The modified accrual basis of accounting recognizes revenue when it is measurable and available. Cost reimbursement grants such as medicaid recognize revenue when allowable grant expenditures have been incurred.
- B. Grantor - A grantor is an organization that provides grant or entitlement funds to others. The federal government is the grantor of Medicaid funds.
- C. CFDA Number - The Catalog of Federal Domestic Assistance (CFDA) includes a specific number for each individual federal program. Each program included in the catalog is assigned a five-digit program identification number: the first two digits identify the federal department or agency that administers the program, and the last three numbers are assigned in numerical sequence. The Medicaid CFDA number is 93.778.

- D. Primary Recipient - The agency that initially receives funds from the grantor (the federal government) and is accountable to the grantor for the funds. OHCA is the primary recipient of medicaid funds.
- E. "Pass-Through" Funds - "Pass-through" funds are distributed from the primary recipient to other state or non-state organizations and are not payments for goods or services.
- F. Medicaid Payable - Medicaid payable consists of amounts owed by the state for eligible Medicaid goods and services that have been received by OHCA or its eligible clients by June 30.
- G. Medicaid Receivable - The Medicaid receivable represents the amount the federal government or a non-federal source will pay the state for the unreimbursed expenditures reported at June 30. OHCA will receive this amount after June 30.
- H. Medicaid Revenue - Medicaid revenue is the amount of the cash received, plus the receivable, less Medicaid cash received during the fiscal year which applies to prior year receivables. Since OHCA is the primary recipient of the federal funds, the Medicaid federal reimbursement for accrued expenditures is recognized as revenue.
- I. Medicaid Service Provider - These are entities (including but not limited to state agencies) that provide Medicaid services to Medical eligible patients. These entities receive Medicaid payments from OHCA.

#### IV. SPECIFIC INSTRUCTIONS

##### A. Preparation of the Data

1. Compute the amounts payable at June 30 to providers of Medicaid goods and services.
2. Compute the federal medicaid reimbursement OHCA will receive based on the Medicaid liability in #1.
3. Compute any non-federal reimbursement OHCA will receive based on the medicaid liability in #1.
4. Consider any adjustments that might be necessary to any of the amounts entered in #1, #2, and #3. For example, a federal Medicaid disallowance may reduce the federal Medicaid reimbursement.

##### B. Completing the Medicaid Summary Form- Medicaid Payable and Receivable (OMES Form Q-1)

1. Enter the agency ACFR code, name, and funds/accounts to be included on the summary.
2. Provide the name, title, phone number and date for each person who completes and approves this summary form. The finance officer or executive director should approve and sign the form before sending it to OMES. Keep a copy of the form. When submitting the form via email it should come from the address of the approving officer. This will act as an implicit electronic signature verifying the form has been reviewed for validity, accuracy, and completeness.
3. The Medicaid CFDA number is preprinted on the summary.
4. Enter the Medicaid liability computed in A1 above.
5. Enter the Medicaid receivable from the federal government computed in A2 above.
6. Enter the Medicaid receivable from any non-federal source computed in A3 above.
7. List total amounts received from other state agencies.

8. This section should include special types of payments received. List total amounts received for the following:
- (a) Enter the total amount received for drug rebates. These revenues are generally coded to account code 459151.
  - (b) Enter the total refunds and reimbursements received for third party liability payments, medical refunds, medicare recovery, civil monetary penalties, etc. These revenues are generally coded to account 459199.
  - (c) Enter the amount from item (b) that is attributable to civil monetary penalties.

C. Working Papers

The agency should keep any documents that support data on the summary form. For example:

- \* How you computed each amount
- \* The source(s) of data for each amount.
- \* Any adjustments that were made to the computed amount.
- \* Copies of cost reports you file with grantors.
- \* Any other relevant data

Note: The instructions for completing the "Medicaid Payments From Primary Recipients" (OMES Form Q-2) are printed on the Form Q-2. The Form Q-2 is to be completed by those agencies and facilities that submit claims to OHCA. These are known as "Medicaid Service Providers."