

Louisiana Division of Administrative Law



BILLED SERVICES METHODOLOGY

EFFECTIVE: JULY 1, 2013

PRESENTED BY

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Introduction

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- ❖ This presentation is intended to explain the new billing methodology and procedures for the services provided by the Louisiana Division of Administrative Law (DAL) effective July 1, 2013.
- ❖ Why the change in billing methodology?
 - ❖ Required due to inclusion of DAL services in Section II of the SWCAP.

What is the SWCAP?

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- ❖ **The SWCAP is the State Wide Cost Allocation Plan.**
 - ❖ Annually prepared by the Division of Administration, Office of Statewide Reporting and Accounting Policy (DOA-OSRAP) with the help of a consultant.
 - ❖ Reviewed and approved by the United States Department of Health & Human Services, Division of Cost Allocation.
 - ❖ Identifies the allocated indirect costs of the State, and provides profit/loss statements for all billed services.
 - ❖ Submission and approval is required to ensure that charges for allocated or billed services are allowable for federal programs.
 - ❖ OMB Circular A-87 (2 CFR 225) provides regulations.

Framework of Billed Services Methodology

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- ❖ **To comply with the requirements of SWCAP inclusion...**
 - ❖ All customers must be billed on the same basis.
 - ❖ All customers must be billed at the same rate for services.
 - ❖ DAL is required to break even each fiscal year.
 - ❖ Profits can result in a federal payback as they indicate over-billing for services.

Billed Services Methodology - Fees

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- ❖ As of July 1, 2013, all services will be billed based on two hourly rates.
 - ❖ **Judicial Services** - billed utilizing an hourly rate applied to the actual number of hours that staff spend in support of customer agency areas of law.
 - ❖ Includes all Attorney positions excluding the DAL General Counsel.
 - ❖ **Clerical Services** - billed utilizing an hourly rate applied to the actual number of hours that staff spend in support of customer agency areas of law.
 - ❖ Includes all Admin Coordinators, Admin Program Managers, Admin Program Specialists positions.

Billed Services Methodology – Billable Hours

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- ❖ **Judicial Services and Clerical Services staff will keep timesheets to identify time.**
 - ❖ Timesheets are by Area of Law (AOL), not individual cases.
 - ❖ 1/4 hour time increments.

- ❖ **Administrative DAL staff will not keep timesheets.**
 - ❖ Their costs are recovered thru the Judicial Services and Clerical Services hourly rates.

Billed Services Methodology – Billable Hours

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❖ Timesheets are kept in 3 broad categories with activity sub-categories:

- ❖ **Admin DAL** – unbilled time (costs recovered thru Clerical and Judicial Services billed hourly rates).
 - ❖ Subcategories include: Leave, Training, Admin, Supervisory, Research, Travel, IT & Tech Assistance, Communications.
- ❖ **Clerical AOL** – billed thru Clerical Services hourly rate.
 - ❖ Subcategories include: Docketing/Schedule/Doc Mgt, Case Communications, Assisting Judges/Case Professionals, Preparing Appeal Record, Case Travel.
- ❖ **Judicial AOL** – billed thru Judicial Services hourly rate.
 - ❖ Subcategories include: Decision / Doc Prep, Decision Review, Hearing / Conference, File Review / Case Prep, Communications, Training, Research, Travel

Billed Services Methodology – Billable Rate

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- ❖ Billable rates are calculated in an Excel rate model.
- ❖ All DAL costs are initially placed into one of four cost pools:
 - ❖ Administrative DAL, Clerical Services, Judicial Services, Disallowed.
- ❖ Administrative DAL cost pool is allocated to the other cost pools based on the number of employees assigned to them.
- ❖ Clerical Services cost pool is then divided by the number of billable Clerical staff hours to arrive at billing rate.
- ❖ Judicial Services cost pool is then divided by the number of billable Judicial staff hours to arrive at billing rate.

Billed Services Methodology – Billable Rate

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- ❖ Rates will be re-calculated annually.

- ❖ Mid-year, or as-necessary, adjustments to rates may be needed to ensure DAL has full cost recovery and does not generate a profit.

- ❖ Initial Rates:
 - ❖ Clerical Services - \$76.90/hour
 - ❖ Judicial Services - \$114.97/hour

Billed Services Methodology – Payments

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- ❖ Customer agencies will pay for 50% of expected billings at beginning of fiscal year.
- ❖ A second up front payment of 50% of the expected billings will be due approximately at the end of the 2nd quarter, or sooner if actual billings exceed projected billings.
 - ❖ Customer agencies are expected to keep a positive working balance with DAL throughout the fiscal year to ensure DAL has sufficient working capital to operate.
 - ❖ Quarterly invoices will be sent to customers by area of law and any amounts due will be netted against payments already made.
 - ❖ What if actual billings exceed the amount expected and/or budgeted for DAL services?

Billed Services Methodology – Payments

- ❖ Actual billings may differ from expected billings, as case workloads change to meet customers' needs. If billings exceed up front payments, agencies must pay the balance due, plus an additional up front payment.
 - ❖ This ensures DAL has sufficient resources to operate.
 - ❖ DAL cannot provide services without cost recovery (for free) as it will have the effect of shifting costs from one customer to another – a violation of federal SWCAP rules.
- ❖ If up front or additional payments are not received:
 - ❖ DAL will monitor workloads to try to anticipate when billings may exceed up front payments, and alert the agency so it can pay, or direct DAL to stop work on its cases.
 - ❖ When payments received have been spent, DAL may stop work.

Billed Services Methodology – Payments

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❖ Top half of invoice

STATE OF LOUISIANA
DIVISION OF ADMINISTRATIVE LAW
POST OFFICE BOX 94111
BATON ROUGE, LA 70804

INVOICE #
DATE:
FY2014 - 1st Quarter Billing

BILL TO: _____

Agency:
Area of Law:
Attention:

DESCRIPTION:	Hours:	Rate per hour:	AMOUNT:
JUDICIAL SERVICES:			\$ -
CLERICAL SERVICES:			\$ -
		1st QUARTER BILLING:	\$ -
		UPFRONT PAYMENT:	\$ -
		LESS 1st QUARTER BILLING:	\$ -
		NET CREDIT:	\$0
		TOTAL AMOUNT DUE:	\$0.00

Billed Services Methodology – Payments

❖ Bottom half of invoice

FOR BUDGET/FISCAL USE ONLY

Non-ISIS Agencies: Do not complete the coding section at the bottom of the page. Please make checks payable to Division of Administrative Law, reference the invoice number on your check, and submit payment upon receipt.

ISIS Agencies: Please complete expenditure coding below and return this form by mail, fax, or email to the S.C.S. Fiscal Section upon receipt. The billing agency will use your coding to process an II document through AFS.

AGENCY	ORG	OBJT	SUB-OBJT	REPT CAT	AMOUNT

Billed Services Methodology – Payments

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❖ Top half of invoice with Sample Data

STATE OF LOUISIANA
 DIVISION OF ADMINISTRATIVE LAW
 POST OFFICE BOX 94111
 BATON ROUGE, LA 70804

INVOICE # 1234
 DATE: 12/1/2013
 FY2014 - 1st Quarter Billing

BILL TO:

Agency: Department of XYZ
 Area of Law: ABC Enforcement
 Attention: John Doe

DESCRIPTION:	Hours:	Rate per hour:	AMOUNT:
JUDICIAL SERVICES:	1,986	\$ 114.97	\$ 228,330.42
CLERICAL SERVICES:	739	\$ 76.90	\$ 56,829.10
1st QUARTER BILLING:			\$ 285,159.52
UPFRONT PAYMENT:			\$ 250,000.00
LESS 1st QUARTER BILLING:			\$ 285,159.52
NET CREDIT:			\$0
TOTAL AMOUNT DUE:			\$35,159.52

Billed Services Methodology – Payments

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- ❖ After the close of the fiscal year (approximately late August), DAL will true up all payments and billings to customer agency AOLs.
 - ❖ Each customer's account by area of law will be reviewed and a comparison between the amount paid, billed, and DAL's actual costs will be made.
 - ❖ Calculation is necessary to ensure DAL ends the year with a \$0 balance.
- ❖ True-up may result in refunds to some customers, and additional billings to other customers.
 - ❖ Every effort will be made to minimize the size of these true-up billings.
- ❖ DAL does not have the authority to carry forward positive balances from one fiscal year to the next.
 - ❖ The new FY will begin with a \$0 balance for each customer and area of law. The balances from one FY are unrelated to the next FY.
 - ❖ This means that even if on June 30 you have a positive balance, that for the new FY beginning July 1, you will be billed a new up front payment.

Questions?

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Questions?