

# Get Cost Report Ready: SHARS Documentation & Reporting Best Practices

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March 4, 2026

# Agenda

- Intro and Welcome
- SHARS Cost Report Overview
- 2025 SHARS Cost Report Update
- Cost Report Reminders / Best Practices
- Questions
- Contact Information





# Introduction & Welcome

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- New era for Frontline Education
- New, original resources are being built to provide districts with the guidance and support they need to run a successful School Health and Related Services (SHARS) program
- Additional Texas specific school Medicaid webinars are being planned
- Next webinar will be held late May/early June





# SHARS Cost Report Overview

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- Centers for Medicare & Medicaid Services (CMS) requires annual cost reporting, cost reconciliation, and cost settlement processes for all Medicaid services delivered by school districts that participate in Texas' SHARS program.
- Cost settlement is the SHARS program's second funding stream. (Interim claiming is the first funding stream.)
- For most school districts, the cost report settlement accounts for a majority of their overall SHARS reimbursements.

# SHARS Cost Report Overview

- To be eligible to submit a cost report your district must have:
  - Been enrolled as an active (SHARS) Medicaid provider with Texas Medicaid & Healthcare Partnership during the reporting period
  - Participated in the program's Random Moment Time Study (RMTS) throughout the reporting period
  - Billed and documented for services with dates of service that fall within the reporting period
  - Met all training requirements



# SHARS Cost Report Overview

- Each cost report must:
  - be completed in accordance with the cost report instructions and reimbursement methodology rules;
  - be completed for the correct cost-reporting period;
  - be completed using the accrual, modified accrual, or cash basis method of accounting for governmental entities;
  - reconcile to the district's trial balance and general ledger accounts;
  - report dollar amounts properly rounded to the nearest dollar and report statistical information to two decimal places;
  - calculate all percentages used in calculations to at least two decimal places;
  - have complete edit explanations with sufficient detail to explain all variances;
  - be submitted in the SHARS web-based cost report system; and
  - have signed, notarized/or electronically signed in accordance with HHSC's digital signature policy, original certification pages uploaded and submitted on or before the posted due date.





# 2025 SHARS Cost Report Update

# 2025 SHARS Cost Report Update

- SHARS Cost Reports generally open for the previous federal fiscal year on the first business day of January and are due April 1<sup>st</sup>.
- 2025 SHARS Cost Reports have yet to be opened.
  - Expected to be opened by April 1<sup>st</sup>
  - Expected to be due by June 1<sup>st</sup>
- State of Texas Automated Information Reporting System (STAIRS) is being phased out.
- New web-based cost reporting application, State of Texas Electronic Provider System (STEPS) launched by Health and Human Services Commission (HHSC) on February 2, 2026.



# 2025 SHARS Cost Report Update

- SHARS is just one of many HHSC cost reports being transitioned to STEPS
  - Medicaid Administrative Claiming (MAC) for ISDs also transitioning to STEPS by April 1<sup>st</sup>
  - First MAC quarterly financials to be submitted using STEPS will be for the October – December 2025 quarter and tentatively is set to be due by May 18, 2026
- HHSC planning a [phased release for STEPS](#).
- HHSC has pre-identified certain users for STEPS and has issued usernames and passwords to those individuals.
- Individuals needing STEPS access that were not pre-identified can request access by first creating an HHSC [IAMOnline](#) account.



# 2025 SHARS Cost Report Update

- The [STEPS Registration via IAMOnline Guide](#) (.pdf) provides instructions for registering STEPS through IAMOnline and navigating the system.
- Annual cost report training will be required for:
  - Primary Entity Contacts
  - Financial Contacts
  - Cost Report Preparer Contacts
- Training is available within the STEPS system and can be completed at your own pace and convenience.



# 2025 SHARS Cost Report Update

- Cost report training the same, but different
- 10 modules, 180 total minutes
- Assessments, training materials and videos

✔ Completed

### SHARS Cost Report Training | 2025

**Enrollment Date:** 02/25/2026  
**Completion Date:** 3/2/2026

Medicaid services provided by school districts in Texas to Medicaid-eligible students are known as School Health and Related Services (SHARS).

[View Details](#)



# 2025 SHARS Cost Report Update

- Verify contact information for the district in Provider Enrollment Management System (PEMS) is correct and up-to-date
- The [STEPS System User Guide](#) (.pdf), Section 5, contains detailed instructions on how to update a Primary Entity Contact (PEC) within PEMS.
- Complete SHARS Cost Report Training in STEPS at your earliest convenience
- Don't wait until the cost report is opened to begin working on it





# Cost Report Reminders / Best Practices

# Cost Report Reminders / Best Practices

- The primary purpose of the cost report is to document a provider's costs to deliver SHARS services and reconcile the provider's interim payments received for SHARS services with its actual total Medicaid allowable costs.
- The higher your total Medicaid allowable costs are, the higher your final settlement payment can potentially be
- Submitting a cost report is a SHARS participation requirement, failure to submit a cost report by the due date may result in recoupment of all interim payments received for services claimed during the reporting period.
- Each SHARS provider who is a member of a cooperative or shared services arrangement must submit a separate district specific cost report and have a district specific Random Moment Time Study (RMTS) Participant List (PL)
  - Shared costs should be reported in the cost report of all member districts
  - A copy of the coop/SSA's allocation methodology should be provided to support shared costs
- Supporting documentation should be uploaded to the cost report to support all reported costs and ratios
- Failure to submit a [SHARS Compliance Risk Assessment Form](#) could lead to more in depth reviews of all supporting documentation



# Cost Report Reminders / Best Practices – IEP Ratio

- IEP ratio (by rule):

A comparison of the total number of students enrolled in Medicaid with individualized education programs (IEPs) requiring direct medical services to the total number of students with IEPs requiring direct medical services.

- IEP Ratio (by practice):

A comparison of the total number of students enrolled in Medicaid with IEPs requiring direct medical services **for which at least one interim claim was valid and paid and that the district had obtained parental consent for** to the total number of students with IEPs requiring direct medical services.



# Cost Report Reminders / Best Practices – Trip Logs

- Documentation of each one-way trip provided must be maintained by the LEA (e.g., trip log). Trip logs must be maintained daily to record one-way specialized transportation trips. This documentation must also include the number of one-way trips per day and the time for each trip (can be indicated using AM/PM).
- It is recommended that a district's trip logs be uploaded to help speed up the audit review process
- At a minimum, trip logs must also include the following:
  - Name of the LEA
  - Route name or number
  - Bus driver's name
  - Dates of service and indicate day of the week
  - If a service is not provided on a school day, Monday–Friday, mark the student as absent
  - Student's full name and Medicaid number
  - Dated signature of the bus driver



# Cost Report Reminders / Best Practices – Trip Logs

- Copy of the school district's calendar should be submitted for audit purposes
- If the Medicaid number is not in the log, a separate ledger detailing student name, date of birth, and Medicaid status and number must be provided.
- Dated signatures should be captured after all trips have been documented.

School districts must adhere to all HIPAA and FERPA guidelines when documenting and submitting special transportation logs.

- If electronic signatures are used, it is recommended that a district upload staff certification forms authenticating the signatures



# Cost Report Reminders / Best Practices - Depreciation

- Specially-adapted vehicles used to provide specialized transportation services can be depreciated in Step 4d of the SHARS Cost Report.
- Depreciating vehicle assets adds other transportation costs to a district's total Medicaid allowable costs
- Assets are depreciated using the straight line method of depreciation.
- Historical costs and other details need only be entered once. HHSC's system will automatically calculate each asset's annual depreciation amount and apply it as an Other Cost each year until the asset has reached the end of its useful life or it is removed from service.



# Cost Report Reminders / Best Practices.

- Staff costs reported are “position specific”, “not person specific”

- **Example: Position #85 had the following employee changes from January–March:**

- ▶ Employee A works Jan. 1 through Jan. 19, earns \$800
- ▶ Substitute A works Jan. 20 through Feb. 28, earns \$1,200
- ▶ Employee B works March 1 through March 31, earns \$1,500
- ▶ The total SHARS Reportable Expenditure for Position #85 is  
$$\$800 + \$1,200 + \$1,500 = \$3,500$$

- If costs are not reported for a specific cost category in Step 3a of a district’s cost report, the district will not be allowed to report costs for that cost category in Steps 3b or 3c of the cost report
- Report other direct medical service costs (continuing education costs, direct medical travel expenses, [Appendix A supplies/materials](#)) when able
  - Continuing education costs not allowable for Personal Care Services staff



# Cost Report Reminders / Best Practices – Upload Center

- Use the STEPS Upload Center to attach data files that support the costs reported in the district's SHARS Cost Report
- Accurate, well-organized, and easily understandable documentation will help you have a better audit experience
- MS Excel files are preferred
  - Color code when possible
  - Keep formulas visible
  - File names should help identify the Step/Line Item the data supports



# Cost Report Reminders / Best Practices – Upload Center

- Avoid receipts if possible
- Consider providing a written explanation of the district's allocation methodology
- Auditors have limited time to review your cost report. Concise, relevant, easy to understand data that accurately supports the costs reported will reduce their review time and generally lead to better outcomes for your cost report.



# Cost Report Reminders / Best Practices.

- Once your cost report is complete, print a copy for your records, including:
  - Steps 1 – 5
  - Your proposed settlement
  - Certification forms (Preparer Certification, Claimed Expenditures Form, & Cost Report Certification)
- Take advantage of the 60-day cost report correction period
  - Begins immediately after the cost report due date
  - During this period the cost report can be returned for a maximum of 15 calendar days for editing.
  - [Correction request requirements](#)



# Cost Report Reminders / Best Practices - STAIRS

- STAIRS is being decommissioned
- Final access date is scheduled for April 30, 2026
- SHARS retention period is 7 years. It is recommended districts download copies of all cost reports and supporting data from the STAIRS Upload Center as it may be needed for future audits
- Instructions for downloading cost reports from STAIRS are available [here](#) (.pdf).





# Questions? / Contact Information

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**CONTACT US:**

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**VISIT US:**

**<https://www.frontlineeducation.com/special-programs/special-ed-software/>**





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