August 31, 2007

PPL No. 07-014

TO: Local Educational Consortia (LEC) and
    Local Governmental Agency (LGA) Coordinators for the
    School-Based Medi-Cal Administrative Activities (SMAA) and
    County-Based Medi-Cal Administrative Activities (CMAA) Programs

SUBJECT: Submitting Invoices as Placeholders

This Policy and Procedure Letter advises LECs and LGAs participating in the SMAA or
CMAA programs that corrected and revised invoices submitted to the California
Department of Health Care Services (DHCS) must be accompanied by a cover letter
describing the reason(s) for the submittal of a corrected invoice.

DHCS has found that some LECs and LGAs knowingly submit incorrect invoices as
placeholders in order to meet the 15-month submission deadline for SMAA or the
18-month submission deadline for CMAA. These LECs and LGAs then submit
corrected or revised invoices that are meant to represent a final tally of program
expenditures. DHCS has been advised that some LEC and LGA MAA Coordinators
participate in this practice to compensate for the delays of some claiming units in
submitting their claims to the LEC or LGA.

This practice is contrary to the certification made by each LEC and LGA Coordinator on
each MAA invoice—that the information provided is “true and correct, based on actual
expenditures incurred for the period claimed.” The Certification Statement also informs
LEC and LGA Coordinators “that knowing misrepresentation constitutes violation of the
Federal False Claims Act.” DHCS will not approve invoices that are determined to be
placeholders.

DHCS may make such a determination by requesting general ledger or other
documentation that substantiates amounts shown on the invoice, specifically for the
worksheet cells on the “Data Collection & Other Cost Summary” (SMAA) and MAA
Detail Invoice (CMAA), as indicated in the following table, but not limited to these cells.
DHCS shall deny invoices from LECs or LGAs that fail to provide such documentation as requested and refer the invoices to DHCS’s Audits and Investigations to determine if the Federal False Claims Act may apply. When an invoice is determined to be a placeholder, the submittal date of any corrected invoice for that quarter will be the submittal date of that invoice. DHCS may deny invoices that are found to have been originally submitted as placeholders with inaccurate amounts in order to meet the submittal deadline.

Requests for supporting documentation may be made for any invoice at any time; and may be made more often for LECs or LGAs that have submitted frequent revisions or corrections to their invoices.

If you have any questions, please contact Barbara Schultz, Chief, SMAA Unit, at (916) 552-9616 or barbara.schultz@dhcs.ca.gov, or Linda Hayes, Chief, CMAA Unit, at (916) 341-3969 or linda.hayes@dhcs.ca.gov.

Sincerely,

Original Signed by Elizabeth Touhey

Elizabeth Touhey, Chief
Administrative Claiming Local and Schools Services Branch

cc: Ms. Cathleen Gentry
MAA/TCM Consultant
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