

III. ADMINISTRATIVE CLAIMING PROCESS

CLAIMING MEDI-CAL ADMINISTRATIVE ACTIVITIES (MAA)

As part of the resolution of retroactive Medi-Cal Administrative Claiming (MAC), the Health Care Financing Administration (HCFA) and the State have discussed those residual administrative activities which are not included in Targeted Case Management (TCM) and for which the Local Governmental Agencies (LGAs) will be allowed to continue to claim Federal Financial Participation (FFP) after June 30, 1995. These administrative activities, known as "Medi-Cal administrative activities," (MAA) are described below. HCFA and the State agree that these Medi-Cal administrative activities are allowable administrative activities, the costs of which will be matched by HCFA, so long as the rules outlined below pertaining to Medi-Cal administrative claiming are adhered to.

Each LGA that intends to claim for the costs of MAA must submit a comprehensive MAA claiming plan to the State. Such a claiming plan shall describe in detail all of the following:

- a. The categories of Medi-Cal administrative activities for which the LGA intends to claim, selected from the list below;
- b. The claiming units for which claims will be submitted, the nature of their work, their location, and the types of employees involved;
- c. The supporting documentation the claiming unit will maintain to support its claim; and
- d. How the costs related to these Medi-Cal administrative activities will be developed and documented.

For certain categories of MAA, additional documentation must be submitted with the claiming plan, as explained below.

Once submitted to the State, each LGA's claiming plan will be reviewed in a timely manner by the State and, after approval, submitted to HCFA. HCFA agrees to review and comment on these detailed claiming plans, and to approve acceptable plans, in a timely manner. Once approved by the State and HCFA, these MAA claiming plans will become part of annual agreements between the LGAs and the State and will form the basis for Medi-Cal administrative claiming. Claims submitted to the State without an approved claiming plan or which do not agree with the approved claiming plan will be rejected. A claiming plan will remain in effect from year to year until amended. A LGA may submit amendments to its claiming plan at any time. A claiming plan must be amended each time the scope of MAA are significantly changed or a new type of activity is undertaken. For example, a LGA outreach claiming plan must be amended when a new outreach campaign or program is instituted. Amendments will be subject to the approval process described above.

NOTE: In Local Educational Agencies (LEAs) TCM case managers will not be permitted to claim for MAA, as well as TCM.

Based upon the principles for supporting salaries and wages embodied in OMB Circular A-87, as amended May 17, 1995, allocating charges for the supervisors, clerical, and support staffs of sampled TCM case managers and employees directly engaged in MAA may be claimed based upon the results of the time studies of the sampled employees.

HCFA reserves the right to audit MAA claims in accordance with established procedures and protocols.

The following MAA are allowable as Medi-Cal administration:

1. Medi-Cal Outreach: This activity is NON-ENHANCED (matched at the 50 percent rate). The only allowable Medi-Cal outreach for purposes of Medi-Cal administrative claiming is to groups or individuals targeted to two goals:
 - a. Bringing potential eligibles into the Medi-Cal system for the purpose of determining Medi-Cal eligibility; and
 - b. Bringing Medi-Cal eligible people into Medi-Cal services.

Outreach may consist of discrete campaigns or may be an ongoing activity, such as: sending teams of employees into the community to contact homeless alcoholics or drug abusers; establishing a telephone or walk-in service for referring persons to Medi-Cal services or eligibility offices; operating a drop-in community center for underserved populations, such as minority teenagers, where Medi-Cal eligibility and service information is disseminated. LEAs may only conduct outreach to the populations served by their school districts, i.e., students and their parents or guardians. The State will document to HCFA's satisfaction that the public health outreach conducted by LGAs does not duplicate the requirements on Medi-Cal managed care providers to pursue the enrollment of Medi-Cal eligibles in their service areas.

NOT ALLOWABLE: Some activities are not considered Medi-Cal outreach under any circumstances, as follows:

- General preventive health education programs or campaigns addressed to lifestyle changes in the general population (e.g., SANE, DARE, dental prevention, antismoking, alcohol reduction, etc.) are not allowable MAA.
- Outreach campaigns directed toward encouraging persons to access social, educational, legal or other services not covered by Medi-Cal are not allowable.

ALLOWABLE: Allowable outreach activities may be discounted by the Medi-Cal percentage or not discounted as follows:

NOT DISCOUNTED: Outreach campaigns directed to the entire population to encourage potential Medi-Cal eligibles to apply for Medi-Cal are allowable, and the costs do not have to be discounted by the Medi-Cal percentage. These campaigns are essentially Medi-Cal only eligibility outreach campaigns. Outreach campaigns directed toward bringing Medi-Cal eligibles into Medi-Cal covered services are allowable and the costs also do not have to be discounted by the Medi-Cal percentage. These campaigns are service campaigns, targeted on specific Medi-Cal services, such as Early and Periodic Screening, Diagnosis and Treatment (EPSDT) (known in California as Child Health and Disability Prevention Program (CHDP)).

A health education program or campaign may be allowable as a Medi-Cal administrative cost if it is targeted specifically to Medi-Cal services and for Medi-Cal eligible individuals, such as an educational campaign on immunization addressed to parents of CHDP children. If the entire campaign is focused on Medi-Cal, the costs need not be discounted.

DISCOUNTED: Outreach campaigns directed toward bringing specific high risk populations (including both Medi-Cal and non-Medi-Cal persons), for example, low income pregnant women or substance abusers, into health care services, are only allowable to the extent they bring Medi-Cal eligibles into Medi-Cal services. The costs of these activities are claimable as Medi-Cal administration, but discounted by the Medi-Cal percentage.

If a specific Medi-Cal health education program is included as part of a broader general health education program, the Medi-Cal portion may be allowable if the cost of the general health education program is discounted according to the Medi-Cal percentage.

Telephone, walk-in, or drop-in services for referring persons to Medi-Cal services, sometimes called "Information and Referral" are also allowable and discounted by the Medi-Cal percentage.

County-wide averages or other reasonable methods approved by HCFA for calculating the Medi-Cal percentage discount may be utilized.

The claiming plan must clearly state the nature of outreach programs or campaigns for which the provider will be claiming federal reimbursement. The claiming plan must describe the purpose of the outreach activity, the target population, the number of staff conducting the activity (by classification), and the estimated length (time) of the activity. The LGA must explain the method for calculating the Medi-Cal discount. In addition, the LGA must attach copies of announcements or fliers describing the outreach campaigns and a sample of materials which have been developed for the campaigns.

The LGA may contract with non-governmental agencies or programs to conduct outreach activities. In addition, TCM case managers, except in LEAs, may conduct outreach activities, as well as TCM, provided there is an accurate accounting and reporting of the time spent on each.

2. Facilitating Medi-Cal Application (Eligibility Intake): This activity is NON-ENHANCED (matched at the 50 percent rate.) This activity includes the following tasks separately or in combination: explaining Medi-Cal eligibility rules and the Medi-Cal eligibility process to prospective applicants; assisting an applicant to fill out a Medi-Cal eligibility application; gathering information related to the application and eligibility determination or redetermination from a client, including resource information and third party liability (TPL) information, as a prelude to submitting a formal Medi-Cal application to the county welfare department; providing necessary forms and packaging all forms in preparation for the Medi-Cal eligibility determination. This activity does not include the eligibility determination itself. These costs do not have to be discounted by the Medi-Cal percentage.

The LGA may contract with non-governmental agencies or programs to conduct eligibility intake activities. TCM case managers, except in LEAs, may conduct eligibility intake, so long as there is an accurate accounting and reporting of the time spent on each.

3. Medi-Cal Non-Emergency Transportation: This activity is NON-ENHANCED (matched at the 50 percent rate). The actual costs of arranging and providing non-emergency transportation, and accompaniment, when medically necessary, by an attendant, not a TCM case manager, of Medi-Cal eligibles to Medi-Cal services are allowable as a Medi-Cal administrative cost to the extent that such costs are actually borne by the county in accordance with 42 Code of Federal Regulations, Section 440.170. Examples of allowable non-emergency transportation costs include: taxi vouchers, bus tokens, mileage, etc. The cost of providing non-emergency transportation for which no actual cost is borne by the State or local jurisdiction is not an allowable Medi-Cal administrative cost.

SEPARATE TRANSPORTATION UNIT OR SERVICE: In situations where a local jurisdiction operates a separate transportation unit or contracts for the provision of transportation services, the costs of the unit or the contractor of actually providing the Medi-Cal non-emergency transportation services for Medi-Cal eligibles to Medi-Cal services is an allowable Medi-Cal administrative cost. Costs may be calculated on a per mile or per trip basis for each Medi-Cal client transported or by any other reasonable method.

TRANSPORTATION COSTS AND TCM: The costs of arranging for transportation of Medi-Cal eligibles to Medi-Cal services is part of the TCM rate. Therefore, the costs incurred by TCM case managers in arranging transportation for Medi-Cal eligibles to Medi-Cal services are not claimable as Medi-Cal administration. The TCM rate includes the travel costs incurred by the TCM

case manager in providing the TCM services. A TCM case manager may transport or accompany a Medi-Cal eligible to a Medi-Cal service appointment only if the case manager is performing case management functions while actually accompanying the client. In such situations, the costs of the accompanying and transportation will be in the TCM rate and should not be claimed separately as an administrative activity.

The detailed claiming plan should explain what staff, units, or contractors of the LGA are responsible for providing transportation of Medi-Cal eligibles to Medi-Cal services and how the costs of such transportation are being calculated and claimed.

4. Training: This activity is matched at the ENHANCED rate (75 percent) only when training is provided for or by Skilled Professional Medical Personnel (SPMP) and qualifies under the criteria below. The only SPMP administrative training activities that are allowable at the 75 percent Federal administrative matching rate are those SPMP administrative training activities that directly relate to the SPMP's performance of his or her specifically allowable SPMP administrative activities. Medical or health-related training that is provided to or conducted by an SPMP that is unrelated to that SPMP's performance of his or her administrative activities is not allowable at 75 percent as Medi-Cal administration.

The only training activities matchable under MAA at the enhanced rate are those related to program planning and policy development, and only when the training is provided by or for a SPMP in accordance with the above criteria.

Training by or for SPMPs and non-SPMPs is matched at the NON-ENHANCED rate (50 percent) when it directly relates to non-enhanced Medi-Cal administrative activities (such as, outreach, eligibility intake, and contracting).

5. Contracting for Medi-Cal Services: This activity is NON-ENHANCED (claimed at the 50 percent rate). This activity involves entering into contracts with community based organizations (CBO) or other provider agencies to provide Medi-Cal services, other than TCM. The costs of TCM subcontractor administration should be included in the TCM rate.

Contracting for Medi-Cal services is claimable as an administrative activity when the contract administration meets all of the following criteria:

- a. The contract administration is performed by an identifiable unit of one or more employees, whose tasks officially involve contract administration, according to position descriptions.
- b. The contract administration involves contractors which provide Medi-Cal services. The LGA's costs of managing a contract for allowable administrative activities, such as outreach, should be claimed under that

activity category, and not separately as contract administration. The costs of contracting for TCM services with non-LGA providers should be claimed as part of the TCM rate. These costs can not be separately claimed as MAA.

- c. TCM case managers and LGA subcontractors, except for school district staff, cannot perform contract management. It must be a LGA function. Schools may contract for Medi-Cal services in connection with the Local Educational Agency (LEA) billing option.
- d. The administrative costs of contracting by LGAs as service providers under managed care arrangements may not be claimed administratively and are considered to be in the capitation payment to the LGA.
- e. The contract administration must be directed to one or more of the following goals:
 - (1) Identifying, recruiting, and contracting with community agencies as Medi-Cal service contract providers;
 - (2) Providing technical assistance to Medi-Cal subcontractors regarding County, State and Federal regulations;
 - (3) Monitoring provider agency capacity and availability; and
 - (4) Ensuring compliance with the terms of the contract.

The contracts being administered may involve Medi-Cal patients only or may be general medical service contracts involving Medi-Cal and other indigent, non-Medi-Cal patients. When the contract involves a Medi-Cal and non-Medi-Cal population, the costs of contract administration will be discounted by the Medi-Cal percentage. In addition, a LGA/LEA may use a reasonable basis for apportioning the time of employees who administer contracts involving Medi-Cal and non-Medi-Cal activities and services, including the allocation of time based on the percentage of costs under the contract related to Medi-Cal.

The LGA must submit a detailed claiming plan which identifies the unit and employees who perform contract administration, the types of contracts administered, the populations being served, the Medi-Cal percentage served by the contractors or a methodology for determining that percentage, and the method for allocating time spent by employees between Medi-Cal and non-Medi-Cal contract functions. Also, the position descriptions/duty statements of the employees being claimed must be attached to the claiming plan, as well as copies of a sample of contracts being administered. If employees perform contract administration 100 percent of their time, the costs of this activity will not be time studied but may be claimed on the direct charge portion of the claim.

6. Program Planning and Policy Development: This activity may be ENHANCED (at 75 percent) if performed by a SPMP, or NON-ENHANCED (at 50 percent) if performed by a non-SPMP.

NOT ALLOWABLE: If staff performing this function are employed full time by LGA service providers, such as clinics, the full costs of the employee's salary are assumed to be included in the billable service rate and separate administrative claiming is not allowed.

The costs of employees who work part time performing program planning and policy development should be included in the general administration category which will be allocated on the claim form.

Program planning and policy development activities are not allowable administrative activities when performed by TCM case managers or LGA subcontractors, with the exception of LEA staff.

ALLOWABLE: This activity is directly claimable as Medi-Cal administration only when program planning and policy development is performed full time by a unit of one or more LGA/LEA employees whose tasks officially involve program planning and policy development, according to their position descriptions/duty statements. The costs of planning and development activities will be allocated according to the Medi-Cal percentages being served by the programs being coordinated, if the programs serve both Medi-Cal and non-Medi-Cal clients. Because employees perform this activity full time, their costs may be claimed on the direct charge portion of the claim.

In counties with county wide managed care arrangements, program planning and policy development activities are claimable as Medi-Cal administration only for those services which are excluded from the managed care contracts.

Under the conditions specified above, the following tasks are allowable as administrative activities under program planning and policy development:

- a. Developing strategies to increase Medi-Cal system capacity and close Medi-Cal service gaps; includes analyzing Medi-Cal data related to a specific program or specific group;
- b. Interagency coordination to improve delivery of Medi-Cal services;
- c. Developing resource directories of Medi-Cal services/providers.

The claiming plan must identify the units or employees who are being claimed, whether or not they are SPMP; the specific tasks they perform in relation to program planning and policy development; the health programs involved in the

planning and development; the location of the activities; how the Medi-Cal percentage will be developed; and present documentation that the costs of the employees being claimed are not included in LGA/LEA general administrative overhead. The time of employees engaged part-time in program planning and policy development should be claimed under general administration.

7. General administration: This includes activities that are eligible for cost distribution on an approved cost allocation basis. These costs are to be distributed proportionately to all of the activities performed:
 - a. Attend or conduct general, non-medical staff meetings;
 - b. Develop and monitor program budgets;
 - c. Provide instructional leadership, site management, supervise staff, or participate in employee performance reviews;
 - d. Review departmental or unit procedures and rules;
 - e. Present, or participate in, in-service orientations and programs;
 - f. Participate in health promotion activities for county employees; and
 - g. Earn compensatory time off.
8. Paid time off: This function is to be used by all staff involved in MAA activities to record usage of paid leave, including vacation, sick leave, holiday time and any other employee time off that is paid. This does not include lunch or meal breaks, off payroll time, or compensatory time off (CTO). This is also allocated on an approved cost allocation basis.
9. MAA/TCM Coordination and Claims Administration: LGA employees whose position description/duty statement includes the administration of the TCM and the ACP on a LGA-wide basis may claim directly for the costs of these activities on the claiming form as a direct charge. In addition, costs incurred in preparation and submission of MAA claims at any level, including staff time, supplies, and computer time, may be direct charged. If the MAA/TCM Coordinator and/or claims administration staff are performing this function part-time, along with other duties, the MAA/TCM Coordinator and/or claims administration staff must certify the percentage of time spent on each of the activities. The percentage certified for the MAA/TCM Coordinator/claims administration staff activities will be used as the basis for Federal claiming.

The MAA/TCM Coordinator and claims administration staff may claim the costs of the following activities, as well as any other reasonable activities directly related to the administration of TCM services and MAA. All of these activities must be detailed in the administrative claiming plan. The claiming plan should

identify the staff engaged in MAA/TCM coordination and claims administration, their location in the organizational structure, and include copies of their position descriptions/duty statements. The claiming plan must also describe the documentation, including time studies, used to support the percentage of time certified for MAA/TCM coordination/claims administration activities.

NOTE: The claiming plan description of MAA/TCM coordination and claims administration activities may be submitted separately for approval prior to submission of the complete comprehensive MAA claiming plan for the FIRST YEAR OF MAA claiming (beginning July 1, 1995) in order to allow Federal funds to flow to LGAs for administrative support as soon as possible.

- a. Drafting, revising, and submitting MAA claiming plans.
- b. Serving as liaison with claiming programs within the LGA and with the State and Federal governments on TCM and MAA.
- c. Administering LGA claiming, including overseeing, preparing, compiling, revising, and submitting TCM and MAA claims on LGA-wide basis to the State.
- d. Attending training sessions, meetings, and conferences involving TCM and/or MAA.
- e. Training LGA program and subcontractor staff on State, Federal, and local requirements for TCM and MAA claiming.
- f. Ensuring that TCM or MAA claims do not duplicate Medi-Cal claims for the same activities from other providers.

NOTE: The costs of the TCM/MAA Coordinators' time and claims administration staff time must not also be included in the TCM rate or in MAA claiming, since the time is to be direct charged. Charges for supervisors, clericals, and support staff for these employees may be allocated based upon the percentage of certified time of the TCM/MAA Coordinator and claims administration staff. The costs of TCM claiming activity at the TCM provider level are to be included in the TCM rate.

10. Mental Health Administrative Activities—The ACP for mental health claiming units in LGAs will be governed by the agreement between HCFA and the State contained in correspondence of June 12, 1995, July 19, 1995, and July 26, 1995 (**see Attachment 6**) with the exception below.

Mental health claiming units must submit a claiming plan detailing which functions will be claimed and how activities and personnel claimed at the enhanced SPMP matching rate of 75 percent meet the requirements of

42 CFR 432.50. This claiming plan will be reviewed by the State Department of Mental Health before being reviewed by the State Department of Health Services and submitted to HCFA. It will not be part of the LGA comprehensive claiming plan. However, in all other respects, it must meet the requirements outlined in this section for MAA claiming plans.