

Local Education Agency Medi-Cal Billing Option Program  
Ad Hoc Workgroup Meeting  
**December 1, 2010 Meeting Minutes**

**Location:** Natomas Unified School District (USD)

**ATTENDEES:**

	<b>Name</b>	<b>Organization/Title</b>
1.	Geri Baucom	DHCS, Safety Net Financing Division (SNFD)
2.	Rob Williams	DHCS, SNFD
3.	Evie Correa	DHCS, Audits and Investigations Financial Audits Branch (A&I FAB)
4.	Alan Eng	DHCS, A&I FAB
5.	Debbie Lee	DHCS, A&I FAB
6.	Stephen Fukasawa	DHCS, A&I FAB
7.	Steve Perez	California Department of Education (CDE), Special Education
8.	Linda Davis-Alldritt	CDE, Learning Support and Partnerships
9.	Anysia Drumheller	Butte County Office of Education (COE)
10.	Maureen Carl	Contra Costa COE
11.	Michelle Cowart	Contra Costa COE
12.	Lisa Chaney	Fresno COE
13.	Christine Mott	Fresno Unified School District
14.	Diane Torna	Fresno USD
15.	Roni Tunick	Los Angeles COE
16.	Margie Bobe	Los Angeles USD
17.	Sherry Purcell	Los Angeles USD
18.	Laura Baynham	Mendocino COE
19.	Tracy Cole	Natomas USD
20.	Jeremy Ford	Oakland USD
21.	Cathy Bennett	Sacramento City USD
22.	Cynthia White-Piper	San Bernardino USD
23.	Marlene Burruel	San Joaquin COE
24.	Greg Englar	Sonoma COE
25.	Janice Holden	Stanislaus COE
26.	Kevin Harris	Navigant Consulting, Inc.
27.	Gloria Eng	Navigant Consulting, Inc.
28.	Julia Hanke	Navigant Consulting, Inc.

**Handouts**

Each participant was e-mailed an electronic copy of the Workgroup Meeting Agenda, October 2010 Meeting Minutes and Speech-Language Equivalency SPA (05-010) summary.

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Ad Hoc Workgroup Meeting  
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**Purpose**

The meeting was convened by DHCS. The purpose of the Workgroup is to improve the Local Educational Agency (LEA) Program. The emphasis of the meeting is to strategize various goals and activities aimed at enhancing the Medi-Cal services provided on school sites and access by students to these services, while increasing federal reimbursement to LEAs for the cost of providing these services.

**Review of Meeting Minutes**

The Workgroup did not review the October Meeting Minutes during the meeting; however feedback may be e-mailed to DHCS. DHCS will post the minutes on the LEA website. For future Workgroup meetings, DHCS will continue to send the previous Meeting Minutes at least one week in advance for Workgroup review.

**DHCS SNFD Update**

***SB 231 Fees***

- LEAs are currently not charged the 2.5 percent SB 231 withhold
- DHCS will re-implement the 2.5 percent withhold in January 2011 to cover FY 2011-12 costs
  - SB 231 funds are tracked and expended by Fiscal Year calendar
- DHCS proposed a new policy to collect the SB 231 funding based on prior fiscal year LEA reimbursement, however DHCS SNFD Budgets determined that proportional withholds to fund SB 231 is unfeasible and ineffective
  - DHCS SNFD Budgets suggested that the 2.5 percent SB 231 withhold mirror the monitoring and reporting methodology that will be used for the new A&I one percent withhold
  - DHCS will be required to track the LEA Program reimbursement until the LEA Program total reimbursement is approximately \$60 million prior to implementing the withhold and subsequently turn off the withhold when the total withhold amount reaches \$1.5 million
  - DHCS may also implement a different withhold percentage based on forecasted future LEA Program reimbursement for the fiscal year in order to reach the \$1.5 million SB 231 amount
- The Workgroup discussed the implications and concerns of not initiating the 2.5 percent withhold until the program reaches approximately \$60 million in reimbursement and how that could impact the timing of LEA billing and proportional withhold for LEAs with a high volume of claims
- DHCS recommended amending the SB 231 language to remove the baseline requirement and to include more specific language to ensure funds are collected appropriately

Local Education Agency Medi-Cal Billing Option Program  
Ad Hoc Workgroup Meeting  
**December 1, 2010 Meeting Minutes**

***FY 2009-10 Annual Report Form Changes***

- DHCS converted the LEA Annual Report into Excel format to facilitate electronic submission and intake
- The Workgroup discussed the penalty for LEAs that do not submit their Annual Report by December 31, 2010
  - DHCS may terminate LEAs from the LEA Program that are not compliant, as stated in the LEA Provider Participation Agreement
  - DHCS intends to notify LEAs using the same method A&I currently utilizes for Medi-Cal cost reporting
    - Notifications may include a percentage withhold on paid claims and a 30, 60, 90-day follow-up letter distributed prior to termination from the LEA Program
- DHCS has submitted an LEA Provider Bulletin and e-mail regarding the Annual Report due date and non-submission penalty

***Remittance Advice Detail (RAD) Code 9909***

- LEA claims should no longer be denying for beneficiaries age 21 and older and receiving RAD code 9909
- HP implemented the System Design Notice (SDN) and corresponding claims processing system changes on October 25, 2010
  - Workgroup members stated that they are no longer receiving denials with RAD 9909
- An Erroneous Payment Correction (EPC) to retroactively pay claims erroneously denied with RAD code 9909 is forthcoming

***2-Year Claiming Limit***

- Some claims that were part of the previous rate adjustment EPC were sent to manual review at HP, causing them to be paid beyond the 2-year claiming limit
  - In order to remain in federal compliance, DHCS is implementing policy directive to deny payment for any LEA claim beyond two years of the date of service
  - The scope is very limited and should not impact many LEAs

***American Recovery and Reinvestment Act (ARRA) Adjustments***

- Increased Federal Medical Assistance Percentage (FMAP) was extended beyond December 2010
- The FMAP will decrease incrementally per quarter through June 2011 from 61.59 percent back to 50 percent
- CMS recently provided preliminary ARRA FMAP rates to DHCS; preliminary LEA rates will not be posted on the LEA website until the ARRA FMAP rates have been finalized by CMS

Local Education Agency Medi-Cal Billing Option Program  
Ad Hoc Workgroup Meeting  
**December 1, 2010 Meeting Minutes**

***SPA 05-010, Speech-Language Equivalency***

- DHCS provided the Workgroup a summary of SPA 05-010 and its history
- DHCS' intent is to resubmit SPA 05-010 once the LEA Program is in full compliance with SPA 03-024
  - The SPA is subject to CMS review and approval prior to LEA Program implementation
- CMS recently issued a State Medicaid Director letter regarding the SPA submission and review process
  - This is available on the NAME website  
([http://www.medicaidforeducation.org/index.php?option=com\\_content&view=article&id=227&Itemid=261](http://www.medicaidforeducation.org/index.php?option=com_content&view=article&id=227&Itemid=261))

**DHCS Audits and Investigations (A&I) Financial Audits Branch (FAB)**

***FY 2006-07 and 2007-08 CRCS Pilot Audit***

- A&I has currently completed two of three pilot audits at Sacramento City USD and Santa Barbara COE, a third LEA will be selected for pilot audit in January
- A&I has yet to finalize the data, work papers and write reports for Sacramento City USD and Santa Barbara COE audits
- After the pilot audits are completed, A&I plans to conduct a CRCS training specifically addressing audit process, findings and documentation information

***New LEA Program Auditors***

- Fourteen new auditor positions at A&I have been approved at various levels for the LEA Program
  - A&I is currently in process of interviewing for the positions (this may expedite the employment process when the statewide hiring freeze is lifted)
- The new A&I positions will be funded through a one percent withhold on LEA claims up to \$650,000 beginning retroactively for FY 2010-11
  - The Workgroup expressed concerns with the retroactive collection of the one percent withhold and discussed that it may be penalizing LEAs that submitted claims early in the fiscal year

***CRCS Overstated Units of Service***

- During the pilot audit, DHCS identified a global CRCS issue impacting the IRUS Reports generated for FY 2006-07, 2007-08 and 2008-09
  - The Interim Reimbursement and Units of Service (IRUS) Reports contain overstated "Units of Service" for initial treatment services: psychology counseling (group and individual), speech therapy (group and individual), audiology, physical therapy and occupational therapy

Local Education Agency Medi-Cal Billing Option Program  
Ad Hoc Workgroup Meeting  
**December 1, 2010 Meeting Minutes**

- The “Units of Service” information on the IRUS Report sums the total units billed (1, 2, or 3) instead of singularly reporting the total number of initial treatment service claims reimbursed
- DHCS is in the process of finalizing the corrections to the reported “Units of Service” values for initial treatment services
  - DHCS is currently determining a process to effectively communicate the results of the “Units of Service” corrections to the LEAs so they may reconcile their internal records and review updated information

***IRUS Reports***

- Since the 2006 SPA implementation resulted in the claims processing issues and EPCs that made it difficult for LEAs to track units and reimbursement information by procedure code and modifier combinations for FYs 2006-07, 2007-08 and 2008-09, DHCS provided the IRUS Reports to LEAs
- A&I indicated that the IRUS Reports generated from the paid claims data should eventually be phased out
- The Workgroup requested LEAs be provided specific information on the data they should be collecting to prepare for the elimination of the IRUS Report
  - The Workgroup discussed that this could be part of A&I’s future training after the pilot and initial audits have been completed
  - The IRUS Report may potentially be extended until training has been provided to the LEAs on what data should be collected
    - The Workgroup would be pivotal in the process of determining how to train LEAs on gathering their units and reimbursement data

**CMS 6028 Proposal**

- CMS 6028-P proposes that state Medicaid agencies require all ordering or referring physicians and “other professionals” providing Medicaid services to be enrolled as a Medicaid provider. If passed, this could eliminate the possibility for LEAs to receive reimbursement for services requiring prescriptions or referrals.
- The LEA Workgroup discussed whether proposed rule CMS 6028 regarding Medicaid providers would apply to LEAs and the potential impact

**LEA Contracted Practitioners Question**

- LEAs have requested clarification regarding whether it is necessary to have an employed practitioner in order to contract with that same practitioner type to supplement LEA services
- If a school district is part of an LEA collaborative that bills under one provider number and shares a practitioner type and other member school districts in the collaborative contracts for the practitioner types services, all collaborative members may bill for the practitioner types services under the single Medi-Cal provider number regardless of which school district in the collaborative employs the practitioner

Local Education Agency Medi-Cal Billing Option Program  
Ad Hoc Workgroup Meeting  
**December 1, 2010 Meeting Minutes**

- The Workgroup noted that this is why many smaller or rural LEAs bill as part of a collaborative because they do not employ specific practitioners but may utilize employed practitioners from the collaborative when needed and still bill Medi-Cal
- Clarification can also be found in the LEA Program FAQs on the LEA website

**Workgroup Subcommittee Reports**

***Communications Subcommittee***

- The Subcommittee continues to target three different groups to help increase LEA communications
  - Special Education Local Plan Area (SELPA) directors
    - There has been good response from the SELPA e-mail blasts
    - DHCS will inform the Subcommittee when a SELPA e-mail blast has been sent so that Subcommittee members may confirm receipt with their supervisors
  - County Office Finance Subcommittee (COFS)
    - The Subcommittee plans to write a summary of issues that are important to the financial officers that may be passed out during the COFS meetings
  - California County Superintendents Education Services Association (CCSESA)
- The Subcommittee also suggested that DHCS update the LEA Workgroup e-mail distribution list

***Training Subcommittee***

- The Subcommittee is willing to assist A&I in the development and/or review of the 2011 A&I training

***Services Subcommittee***

- The Subcommittee requested an update regarding the formal request to DHCS to begin reviewing and researching new potential services to expand the LEA Program
  - An update was provided to the Subcommittee at the October 2010 LEA Workgroup meeting
- The Subcommittee will review the services currently included in the SPA and will discuss as part of an agenda item at the February LEA Workgroup meeting

**Next Meeting**

Wednesday, February 2, 2011 10:30am – 3:00pm at Natomas USD