



DEPARTMENT OF HEALTH & HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES
REGION IX

75 Hawthorne Street
Suite 408
San Francisco, CA 94105

Refer to: MCD-SCG-SMC

MAR 14 2005

Stan Rosenstein, Deputy Director
Medical Care Services
Department of Health Services
MS 4000
PO Box 942732
Sacramento, CA 94234-7320

Dear Mr. Rosenstein:

Enclosed is an approved copy of California State plan amendment (SPA) No. 03-024, effective April 1, 2003. This SPA amends Attachments 3.1A and 3.B to add IEP/IFSP assessments and to clarify the provider qualifications for the assessment and treatment services provided by Local Education Agencies (LEAs). It also amends Attachment 4.19B of the State plan to describe the reimbursement for these services. This approval includes the pages transmitted via email on March 2, 2005 and March 3, 2005 and the pen-and-ink changes to the HCFA 179 your staff approved in an email dated March 4, 2005.

Sincerely,

Pat Daley
for Linda Minamoto
Associate Regional Administrator
Division of Medicaid & Children's Health

Enclosure

cc: Cindy Potter, CMS Center for Medicaid and State Operations
Leah Myers, DHS, California State Plan Coordinator
Brian Burdullis, CMS Region IX Division of Medicaid & Children's Health
Mary Ann Guiney, CMS Region IX Division of Medicaid & Children's Health
Larry Cutler, CMS, CMSO DEHPG

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**
FOR: HEALTH CARE FINANCING ADMINISTRATION

1. TRANSMITTAL NUMBER: <u>03-024</u>	2. STATE: CA
3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	

TO: REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
April 1, 2003

5. TYPE OF PLAN MATERIAL (Check One):

- NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION:	7. FEDERAL BUDGET IMPACT: a. FFY <u>02/03</u> \$ <u>5,100,000.00</u> b. FFY <u>03/04</u> \$ <u>19,800,000.00</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: <i>FSB</i> Limitations on Attachment 3.1-A pages 26, 27, and 28. <i>FSB</i> Limitations on Attachment 3.1B pages 25, 26, and 27. <i>FSB</i> Attachment 4.19-B page 20. Supplement 8 to Attachment 4.19B pages 1, 2, and 3, 4, 5, 6, 7 + 8 <i>Limitations on Att. 3.1A pgs 9, 9a, 9b, 9c + 9d FSD</i> <i>Limitations on Att. 3.1B pgs 9, 9a, 9b, 9c + 9d FSD</i>	9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable): Limitations on Attachment 3.1-A pages 26, 27, and 28. Limitations on Attachment 3.1B pages 25, 26, and 27. Attachment 4.19-B page 20.

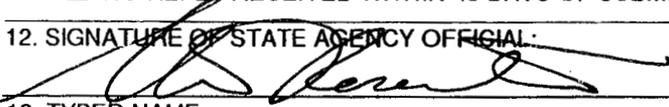
10. SUBJECT OF AMENDMENT:

Local Education Agency (LEA) Services and Rate Methodology

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:
Governor's Office does not wish to review State Plan Amendments.

12. SIGNATURE OF STATE AGENCY OFFICIAL:


13. TYPED NAME:
Stan Rosenstein

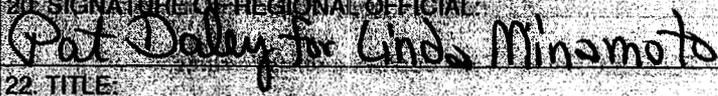
14. TITLE:
Deputy Director

15. DATE SUBMITTED:

16. RETURN TO:
Department of Health Services
Medi-Cal Benefits Branch
714 P Street, Room 1640
P.O. Box 942732
Sacramento, CA 94234-7320

Attn: Denise Thomas, State Plan Coordinator

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: June 30, 2003	18. DATE APPROVED: March 14, 2004
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: April 1, 2003	20. SIGNATURE OF REGIONAL OFFICIAL: 
21. TYPED NAME: Linda Minamoto	22. TITLE: Associate Regional Administrator

23. REMARKS:

Pen-and-ink changes to #8 agreed to by DHS in email dated March 4, 2005.

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
4b Early and periodic screening, diagnosis, and treatment services, and treatment of conditions found.	<p>Covered for Medi-Cal eligibles under 21 years of age.</p> <p>Includes rehabilitative mental health services for seriously emotionally disturbed children: collateral, assessment, individual therapy, group therapy, medication service, crisis intervention, day care intensive, day care habilitation offered in local and mental health clinics or in the community.</p> <p>Includes Local Education Agency (LEA) Medi-Cal Billing Option Program services (LEA services). LEAs are the governing body of any school district or community college district, the county office of education, a state special school, a California State University campus, or a University of California campus.</p>	<p>Prior authorization is not required.</p> <p>Medical necessity is the only limitation.</p> <p><u>Service Limitations</u></p> <p>LEA services are limited to a maximum of 24 services per 12-month period for a beneficiary without prior authorization, provided that medical necessity criteria are met. LEAs may obtain authorization for LEA services beyond 24 services per 12-month period from the beneficiary's:</p> <ul style="list-style-type: none">• Individualized Education Plan (IEP) and Individualized Family Service Plan (IFSP) developed for the special education student,• California Children Services Program,• Short-Doyle Program,• Medi-Cal field office authorization (TAR),• Prepaid health plan authorization (including Primary Care Case Management).

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

TN No. 03-024
Supercedes
TN No. 00-026

MAR 14 2005

Approval Date _____

APR 01 2003

Effective Date _____

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
4b Early and periodic screening, diagnosis, and treatment services, and treatment of conditions found. Local Education Agency (LEA) Services (cont.)	LEA services are defined as: <u>Non-IEP/IFSP Assessments</u> <ul style="list-style-type: none">• Health and mental health evaluation and education (EPSDT also covered in Subsection 13d). Health and mental health evaluation and education includes parts of the EPSDT assessment such as assessment of nutritional status and nutritional education, vision assessment, hearing assessment, developmental assessment, assessment of psychosocial status, health education and anticipatory guidance appropriate to age and health status which includes wellness counseling.	LEA services are covered when provided to, or directed exclusively toward the treatment of, a Medicaid eligible student under 21 years of age. <u>Provider Qualifications</u> Services must be performed by providers who meet the applicable qualification requirements as described in 42 C.F.R. Part 440 who render services, within their scope of practice, as established in state law. Rendering providers of LEA services are licensed physicians/psychiatrists, licensed physician's assistants, licensed optometrists, licensed registered nurses, licensed credentialed school nurses, certified public health nurses, certified nurse practitioners, licensed vocational nurses, trained health care aides, registered school audiometrists, licensed clinical social workers, licensed psychologists, licensed educational psychologists, licensed marriage and family therapists (formerly licensed marriage, family and child counselors), credentialed school psychologists, credentialed school social workers, credentialed pupil service workers, licensed speech pathologists, licensed audiologists, credentialed language, speech and hearing specialists, licensed physical therapists, registered occupational therapists, and registered dietitians.

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

STATE PLAN CHART

Type of Service

Program Coverage**

Authorization and Other Requirements*

4b Early and periodic screening, diagnosis, and treatment services, and treatment of conditions found.

Local Education Agency (LEA) Services (cont.)

IEP/IFSP Assessments

- Health and mental health evaluation and education (EPSDT also covered in Subsection 13d) includes psychosocial and developmental assessments to determine a student's eligibility for services under the Individuals with Disabilities Education Act (IDEA) or to obtain information on the student to identify and modify the health related services in the IEP/IFSP. These assessments, referred to as IEP/IFSP assessments, include psychological, speech language, occupational therapy, physical therapy, audiological and health evaluations.

In addition, the following limitations apply:

- Credentialed school psychologists may provide psychosocial assessments, health education and anticipatory guidance, and psychological treatment services recommended by a physician or other licensed practitioner of the healing arts only to the extent authorized under Business and Professions Code Section 2909 and Education Code Sections 49422 and 49424 to Medicaid eligible students.
- Credentialed school social workers may provide psychosocial assessments, health education and anticipatory guidance, and psychosocial treatment services recommended by a physician or other licensed practitioner of the healing arts only to the extent authorized under Business and Professions Code Sections 4996, 4996.9, 4996.14 and 4996.15 and Education Code Section 44874 to Medicaid eligible students.

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
4b Early and periodic screening, diagnosis, and treatment services, and treatment of conditions found. Local Education Agency (LEA) Services (cont.)	<u>Treatment Services</u> <ul style="list-style-type: none">• Physical therapy, (as covered in Subsection 11(a);• Occupational therapy (as covered in Subsection 11(b);• Speech/audiology (as covered in Subsection 11(c);• Physician services (as covered in Subsection 5(a);• Psychology (as covered in Subsections 6(d) and 13(d);• Nursing services (as covered in Subsection 13(c);• School health aide services (as covered in Subsections 13(d) and 24(a);• Medical transportation (as covered in Subsection 24(a).	<ul style="list-style-type: none">• Credentialed language, speech and hearing specialists may provide audiological and communication disorders assessments and treatment services, for which a student has been referred by a physician or other licensed practitioner of the healing arts, under the direction of licensed speech pathologists or licensed audiologists only to the extent authorized under Business and Professions Code Sections 2530.2, 2530.5 and 2532 and Education Code Sections 44225 and 44268 to Medicaid eligible students. <p>The definition of "under the direction of" a licensed practitioner is that the licensed practitioner is individually involved with the patient under his or her direction and accepts professional and legal responsibility for the actions of the credentialed language, speech and hearing specialists that he or she agrees to direct. The licensed practitioner must see each patient at least once, have some input into the type of care provided, and review the patient after treatment has begun.</p>

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
<p>4b Early and periodic screening, diagnosis, and treatment services, and treatment of conditions found.</p> <p>Local Education Agency (LEA) Services (cont.)</p>	<p>Covered as physician and pharmaceutical services.</p>	<ul style="list-style-type: none"> • Credentialed pupil service workers may provide psychosocial assessments only; • Registered dietitians and nutritionists may provide assessments of nutritional status and nutritional education only; • School health aides may provide trained health aide services only under the direct supervision of a physician, registered nurse or nurse practitioner or licensed vocational nurse and only to the extent authorized under federal law and the California Business and Professions Code. <p>LEAs providing LEA services may be subject to on-site review and/or audit by the Centers for Medicare and Medicaid Services and/or its agents, the single state agency and/or its agents or the Department of Education under an interagency agreement with the single state agency.</p>
<p>4c Family planning services and supplies for individuals of child bearing age.</p>	<p>As medically necessary, subject to limitations; however, experimental services are not covered.</p>	<p>Prior authorization is not required, and informed consent must be properly obtained for all sterilizations. Sterilization of persons under 21 years of age is not covered.</p> <p>Physician services do not require prior authorization except as noted below:</p>
<p>5a Physician's Services</p> <p>*Prior Authorization is not required for emergency service. **Coverage is limited to medically necessary services.</p>		

TN No. 03-024
Supercedes
TN No. 00-026

Approval Date MAR 14 2005

Effective Date APR 01 2003

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
4b Early and periodic screening, diagnosis, and treatment services, and treatment of conditions found.	<p>Covered for Medi-Cal eligibles under 21 years of age.</p> <p>Includes rehabilitative mental health services for seriously emotionally disturbed children: collateral, assessment, individual therapy, group therapy, medication service, crisis intervention, day care intensive, day care habilitation offered in local and mental health clinics or in the community.</p> <p>Includes Local Education Agency (LEA) Medi-Cal Billing Option Program services (LEA services). LEAs are the governing body of any school district or community college district, the county office of education, a state special school, a California State University campus, or a University of California campus.</p>	<p>Prior authorization is not required.</p> <p>Medical necessity is the only limitation.</p> <p><u>Service Limitations</u></p> <p>LEA services are limited to a maximum of 24 services per 12-month period for a beneficiary without prior authorization, provided that medical necessity criteria are met. LEAs may obtain authorization for LEA services beyond 24 services per 12-month period from the beneficiary's:</p> <ul style="list-style-type: none"> • Individualized Education Plan (IEP) and Individualized Family Service Plan (IFSP) developed for the special education student, • California Children Services Program, • Short-Doyle Program, • Medi-Cal field office authorization (TAR), • Prepaid health plan authorization (including Primary Care Case Management).

*Prior Authorization is not required for emergency service.
**Coverage is limited to medically necessary services.

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
4b Early and periodic screening, diagnosis, and treatment services, and treatment of conditions found. Local Education Agency (LEA) Services (cont.)	LEA services are defined as: <u>Non-IEP/IFSP Assessments</u> <ul style="list-style-type: none">• Health and mental health evaluation and education (EPSDT also covered in Subsection 13d). Health and mental health evaluation and education includes parts of the EPSDT assessment such as assessment of nutritional status and nutritional education, vision assessment, hearing assessment, developmental assessment, assessment of psychosocial status, health education and anticipatory guidance appropriate to age and health status which includes wellness counseling.	LEA services are covered when provided to, or directed exclusively toward the treatment of, a Medicaid eligible student under 21 years of age. <u>Provider Qualifications</u> Services must be performed by providers who meet the applicable qualification requirements as described in 42 C.F.R. Part 440 who render services, within their scope of practice, as established in state law. Rendering providers of LEA services are licensed physicians/psychiatrists, licensed physician's assistants, licensed optometrists, licensed registered nurses, licensed credentialed school nurses, certified public health nurses, certified nurse practitioners, licensed vocational nurses, trained health care aides, registered school audiometrists, licensed clinical social workers, licensed psychologists, licensed educational psychologists, licensed marriage and family therapists (formerly licensed marriage, family and child counselors), credentialed school psychologists, credentialed school social workers, credentialed pupil service workers, licensed speech pathologists, licensed audiologists, credentialed language, speech and hearing specialists, licensed physical therapists, registered occupational therapists, and registered dietitians.

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
4b Early and periodic screening, diagnosis, and treatment services, and treatment of conditions found. Local Education Agency (LEA) Services (cont.)	<u>IEP/IFSP Assessments</u> <ul style="list-style-type: none">Health and mental health evaluation and education (EPSDT also covered in Subsection 13d) includes psychosocial and developmental assessments to determine a student's eligibility for services under the Individuals with Disabilities Education Act (IDEA) or to obtain information on the student to identify and modify the health related services in the IEP/IFSP. These assessments, referred to as IEP/IFSP assessments, include psychological, speech language, occupational therapy, physical therapy, audiological and health evaluations.	In addition, the following limitations apply: <ul style="list-style-type: none">Credentialed school psychologists may provide psychosocial assessments, health education and anticipatory guidance, and psychological treatment services recommended by a physician or other licensed practitioner of the healing arts only to the extent authorized under Business and Professions Code Section 2909 and Education Code Sections 49422 and 49424 to Medicaid eligible students.Credentialed school social workers may provide psychosocial assessments, health education and anticipatory guidance, and psychosocial treatment services recommended by a physician or other licensed practitioner of the healing arts only to the extent authorized under Business and Professions Code Sections 4996, 4996.9, 4996.14 and 4996.15 and Education Code Section 44874 to Medicaid eligible students.

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

TN No. 03-024
Supercedes
TN No. 00-026

Approval Date MAR 14 2005

Effective Date APR 01 2003

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
<p>4b Early and periodic screening, diagnosis, and treatment services, and treatment of conditions found.</p> <p>Local Education Agency (LEA) Services (cont.)</p>	<p><u>Treatment Services</u></p> <ul style="list-style-type: none"> • Physical therapy, (as covered in Subsection 11(a); • Occupational therapy (as covered in Subsection 11(b); • Speech/audiology (as covered in Subsection 11(c); • Physician services (as covered in Subsection 5(a); • Psychology (as covered in Subsections 6(d) and 13(d); • Nursing services (as covered in Subsection 13(c); • School health aide services (as covered in Subsections 13(d) and 24(a); • Medical transportation (as covered in Subsection 24(a). 	<ul style="list-style-type: none"> • Credentialed language, speech and hearing specialists may provide audiological and communication disorders assessments and treatment services, for which a student has been referred by a physician or other licensed practitioner of the healing arts, under the direction of licensed speech pathologists or licensed audiologists only to the extent authorized under Business and Professions Code Sections 2530.2, 2530.5 and 2532 and Education Code Sections 44225 and 44268 to Medicaid eligible students. <p>The definition of "under the direction of" a licensed practitioner is that the licensed practitioner is individually involved with the patient under his or her direction and accepts professional and legal responsibility for the actions of the credentialed language, speech and hearing specialists that he or she agrees to direct. The licensed practitioner must see each patient at least once, have some input into the type of care provided, and review the patient after treatment has begun.</p>

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

TN No. 03-024
Supercedes
TN No. 00-026

Approval Date MAR 14 2005

Effective Date APR 01 2003

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
4b Early and periodic screening, diagnosis, and treatment services, and treatment of conditions found. Local Education Agency (LEA) Services (cont.)		<ul style="list-style-type: none">• Credentialed pupil service workers may provide psychosocial assessments only;• Registered dietitians and nutritionists may provide assessments of nutritional status and nutritional education only;• School health aides may provide trained health aide services only under the direct supervision of a physician, registered nurse or nurse practitioner or licensed vocational nurse and only to the extent authorized under federal law and the California Business and Professions Code. <p>LEAs providing LEA services may be subject to on-site review and/or audit by the Centers for Medicare and Medicaid Services and/or its agents, the single state agency and/or its agents or the Department of Education under an interagency agreement with the single state agency.</p>
4c Family planning services and supplies for individuals of child bearing age.	Covered as physician and pharmaceutical services.	Prior authorization is not required, and informed consent must be properly obtained for all sterilizations. Sterilization of persons under 21 years of age is not covered.
5a Physician's Services *Prior Authorization is not required for emergency service. **Coverage is limited to medically necessary services.	As medically necessary, subject to limitations; however, experimental services are not covered.	Physician services do not require prior authorization except as noted below:

STATE PLAN CHART

Type of Service

Program Coverage**

Authorization and Other Requirements*

24g Local Education Agency (LEA) Services

LEAs are the governing body of any school district or community college district, the county office of education, a state special school, a California State University campus, or a University of California campus.

LEA services are defined as:

Non-IEP/IFSP Assessments

- Health and mental health evaluation and education (EPSDT also covered in Subsection 4b and 13d). Health and mental health evaluation and education includes parts of the EPSDT assessment such as assessment of nutritional status and nutritional education, vision assessment, hearing assessment, developmental assessment, assessment of psychosocial status, health education and anticipatory guidance appropriate to age and health status which includes wellness counseling.

Service Limitations

LEA services are limited to a maximum of 24 services per 12-month period for a beneficiary without prior authorization, provided that medical necessity criteria are met. LEAs may obtain authorization for LEA services beyond 24 services 12-month period from the beneficiary's:

- Individualized Education Plan (IEP) and Individualized Family Service Plan (IFSP) developed for the special education student,
- California Children Services Program,
- Short-Doyle Program,
- Medi-Cal field office authorization (TAR),
- Prepaid health plan authorization (including Primary Care Case Management).

All Medi-Cal recipients have access to enrolled LEA providers for the services they provide.

*Prior Authorization is not required for emergency service.
**Coverage is limited to medically necessary services.

STATE PLAN CHART

Type of Service

Program Coverage**

Authorization and Other Requirements*

24g Local Education Agency (LEA) Services (cont.)

IEP/IFSP Assessments

- Health and mental health evaluation and education (EPSDT also covered in Subsection 4b and 13d) includes psychosocial and developmental assessments to determine a student's eligibility for services under the Individuals with Disabilities Education Act (IDEA) or to obtain information on the student to identify and modify the health related services in the IEP/IFSP. These assessments, referred to as IEP/IFSP assessments, include psychological, speech language, occupational therapy, physical therapy, audiological and health evaluations.

Provider Qualifications

Services must be performed by providers who meet the applicable qualification requirements as defined in 42 C.F.R. Part 440 who render services, within their scope of practice, as established in state law. Rendering providers of LEA services are licensed physicians/psychiatrists, licensed physician's assistants, licensed optometrists, licensed registered nurses, licensed credentialed school nurses, certified public health nurses, certified nurse practitioners, licensed vocational nurses, trained health care aides, registered school audiometrists, licensed clinical social workers, licensed psychologists, licensed educational psychologists, licensed marriage and family therapists (formerly licensed marriage, family and child counselors), credentialed school psychologists, credentialed school social workers, credentialed pupil service workers, licensed speech pathologists, licensed audiologists, credentialed language, speech and hearing specialists, licensed physical therapists, registered occupational therapists, and registered dieticians.

In addition, the following limitations apply:

- Credentialed school psychologists may provide psychosocial assessments, health education and anticipatory guidance, and psychological treatment services recommended by a physician or other licensed practitioner of the healing arts only to the extent authorized under Business and Professions Code Section 2909 and Education Code Sections 49422 and 49424 to Medicaid eligible students.

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

TN No. 03-024
Supercedes
TN No. 98-002

Approval Date MAR 14 2005

Effective Date APR 01 2003

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
24g Local Education Agency (LEA) Services (cont.)	<p><u>Treatment Services</u></p> <ul style="list-style-type: none"> • Physical therapy, (as covered in Subsection 11(a); • Occupational therapy (as covered in Subsection 11(b); • Speech/audiology (as covered in Subsection 11(c); • Physician services (as covered in Subsection 5(a); • Psychology (as covered in Subsections 6(d) and 13(d); • Nursing services (as covered in Subsection 4 (b) and 13(c); • School health aide services (as covered in Subsections 13(d) and 24(a); • Medical transportation (as covered in Subsection 24(a). 	<ul style="list-style-type: none"> • Credentialed school social workers may provide psychosocial assessments, health education and anticipatory guidance, and psychosocial treatment services recommended by a physician or other licensed practitioner of the healing arts only to the extent authorized under Business and Professions Code Sections 4996, 4996.9, 4996.14 and 4996.15 and Education Code Section 44874 to Medicaid eligible students. • Credentialed language, speech and hearing specialists may provide audiological and communication disorders assessments and treatment services, for which a student has been referred by a physician or other licensed practitioner of the healing arts, under the direction of licensed speech pathologists or licensed audiologists only to the extent authorized under Business and Professions Code Sections 2530.2, 2530.5 and 2532 and Education Code Sections 44225 and 44268 to Medicaid eligible students. <p>The definition of "under the direction of" a licensed practitioner is that the licensed practitioner is individually involved with the patient under his or her direction and accepts professional and legal responsibility for the actions of the credentialed language, speech and hearing specialists that he or she agrees to direct. The licensed practitioner must see each patient at least once, have some input into the type of care provided, and review the patient after treatment has begun.</p>

*Prior Authorization is not required for emergency service.
**Coverage is limited to medically necessary services.

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
24g Local Education Agency (LEA) Services (cont.)		<ul style="list-style-type: none">• Credentialed pupil service workers may provide psychosocial assessments only;• Registered dietitians and nutritionists may provide assessments of nutritional status and nutritional education only;• School health aides may provide trained health aide services only under the direct supervision of a physician, registered nurse or nurse practitioner or licensed vocational nurse and only to the extent authorized under federal law and the California Business and Professions Code. <p data-bbox="1138 813 1944 974">LEAs providing LEA services may be subject to on-site review and/or audit by the Centers for Medicare and Medicaid Services and/or its agents, the single state agency and/or its agents or the Department of Education under an interagency agreement with the single state agency.</p>

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

TN No. 03-024
Supercedes
TN No. 98-002

Approval Date MAR 14 2005

Effective Date APR 01 2003

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
23g Local Education Agency (LEA) Services	<p>LEAs are the governing body of any school district or community college district, the county office of education, a state special school, a California State University campus, or a University of California campus.</p> <p>LEA services are defined as:</p> <p><u>Non-IEP/IFSP Assessments</u></p> <ul style="list-style-type: none">• Health and mental health evaluation and education (EPSDT also covered in Subsection 4b and 13d). Health and mental health evaluation and education includes parts of the EPSDT assessment such as assessment of nutritional status and nutritional education, vision assessment, hearing assessment, developmental assessment, assessment of psychosocial status, health education and anticipatory guidance appropriate to age and health status which includes wellness counseling.	<p><u>Service Limitations</u></p> <p>LEA services are limited to a maximum of 24 services per 12-month period for a beneficiary without prior authorization, provided that medical necessity criteria are met. LEAs may obtain authorization for LEA services beyond 24 services per 12-month period from the beneficiary's:</p> <ul style="list-style-type: none">• Individualized Education Plan (IEP) and Individualized Family Service Plan (IFSP) developed for the special education student,• California Children Services Program,• Short-Doyle Program,• Medi-Cal field office authorization (TAR),• Prepaid health plan authorization (including Primary Care Case Management). <p>All Medi-Cal recipients have access to enrolled LEA providers for the services they provide.</p>

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

TN No. 03-024
Supercedes
TN No. 98-002

Approval Date MAR 14 2005

Effective Date APR 01 2003

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
23g Local Education Agency (LEA) Services (cont.)	<p><u>IEP/IFSP Assessments</u></p> <ul style="list-style-type: none">Health and mental health evaluation and education (EPSDT also covered in Subsection 4b and 13d) includes psychosocial and developmental assessments to determine a student's eligibility for services under the Individuals with Disabilities Education Act (IDEA) or to obtain information on the student to identify and modify the health related services in the IEP/IFSP. These assessments, referred to as IEP/IFSP assessments, include psychological, speech language, occupational therapy, physical therapy, audiological and health evaluations.	<p><u>Provider Qualifications</u></p> <p>Services must be performed by providers who meet the applicable qualification requirements as defined in 42 C.F.R. Part 440 who render services, within their scope of practice, as established in state law. Rendering providers of LEA services are licensed physicians/psychiatrists, licensed physician's assistants, licensed optometrists, licensed registered nurses, licensed credentialed school nurses, certified public health nurses, certified nurse practitioners, licensed vocational nurses, trained health care aides, registered school audiometrists, licensed clinical social workers, licensed psychologists, licensed educational psychologists, licensed marriage and family therapists (formerly licensed marriage, family and child counselors), credentialed school psychologists, credentialed school social workers, credentialed pupil service workers, licensed speech pathologists, licensed audiologists, credentialed language, speech and hearing specialists, licensed physical therapists, registered occupational therapists, and registered dieticians.</p> <p>In addition, the following limitations apply:</p> <ul style="list-style-type: none">Credentialed school psychologists may provide psychosocial assessments, health education and anticipatory guidance, and psychological treatment services recommended by a physician or other licensed practitioner of the healing arts only to the extent authorized under Business and Professions Code Section 2909 and Education Code Sections 49422 and 49424 to Medicaid eligible students.

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

TN No. 03-024
Supercedes
TN No. 98-002

Approval Date MAR 14 2005

Effective Date APR 01 2003

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
23g Local Education Agency (LEA) Services (cont.)	<p><u>Treatment Services</u></p> <ul style="list-style-type: none"> • Physical therapy, (as covered in Subsection 11(a); • Occupational therapy (as covered in Subsection 11(b); • Speech/audiology (as covered in Subsection 11(c); • Physician services (as covered in Subsection 5(a); • Psychology (as covered in Subsections 6(d) and 13(d); • Nursing services (as covered in Subsection 4(b) and 13(c); • School health aide services (as covered in Subsections 13(d) and 24(a); • Medical transportation (as covered in Subsection 24(a). 	<ul style="list-style-type: none"> • Credentialed school social workers may provide psychosocial assessments, health education and anticipatory guidance, and psychosocial treatment services recommended by a physician or other licensed practitioner of the healing arts only to the extent authorized under Business and Professions Code Sections 4996, 4996.9, 4996.14 and 4996.15 and Education Code Section 44874 to Medicaid eligible students. • Credentialed language, speech and hearing specialists may provide audiological and communication disorders assessments and treatment services, for which a student has been referred by a physician or other licensed practitioner of the healing arts, under the direction of licensed speech pathologists or licensed audiologists only to the extent authorized under Business and Professions Code Sections 2530.2, 2530.5 and 2532 and Education Code Sections 44225 and 44268 to Medicaid eligible students. <p>The definition of “under the direction of” a licensed practitioner is that the licensed practitioner is individually involved with the patient under his or her direction and accepts professional and legal responsibility for the actions of the credentialed language, speech and hearing specialists that he or she agrees to direct. The licensed practitioner must see each patient at least once, have some input into the type of care provided, and review the patient after treatment has begun.</p>

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

STATE PLAN CHART

Type of Service	Program Coverage**	Authorization and Other Requirements*
23g Local Education Agency (LEA) Services (cont.)		<ul style="list-style-type: none">• Credentialed pupil service workers may provide psychosocial assessments only;• Registered dietitians and nutritionists may provide assessments of nutritional status and nutritional education only;• School health aides may provide trained health aide services only under the direct supervision of a physician, registered nurse or nurse practitioner or licensed vocational nurse and only to the extent authorized under federal law and the California Business and Professions Code. <p>LEAs providing LEA services may be subject to on-site review and/or audit by the Centers for Medicare and Medicaid Services and/or its agents, the single state agency and/or its agents or the Department of Education under an interagency agreement with the single state agency.</p>

*Prior Authorization is not required for emergency service.

**Coverage is limited to medically necessary services.

TN No. 03-024
Supercedes
TN No. 98-002

Approval Date MAR 14 2005

Effective Date APR 01 2003

Payment for Local Education Agency (LEA) Services is found in Supplement 8 in Attachment 4.19-B

TN No. 03-024
Supercedes
TN No. 92-22

Approval Date ~~MAR 14 2005~~ Effective Date APR 01 2003

Overview

This supplement describes (1) the methodology for establishing the rates used for the interim reimbursement of Local Education Agency (LEA) assessment and treatment services, (2) the process used to certify that expenditures attributed to LEA services are eligible for federal financial participation, and (3) the process for reconciliation of the interim payments to the certified costs. Sections A-D include both the general methodology regarding costs and service times, along with specific considerations for IEP/IFSP assessments and treatment services. Sections E-G address specific considerations for Non-IEP/IFSP assessments. Sections H-K cover the certification process, including the process for reconciliation. The terms "IEP," and "IFSP" are defined under the federal Individuals with Disabilities Education Act (IDEA).

Payment for Local Education Agency (LEA) Services

LEAs providing assessment and treatment services as defined in Attachment 3.1-A and Attachment 3.1-B will be reimbursed on an interim basis according to a statewide prospective fee schedule that reflects the LEAs' cost of providing services, determined as specified in Sections A through G, below.

IEP/IFSP Assessments and Treatment Services

A. Interim Payment Methodology Overview

1. Interim reimbursement rates for treatment and IEP/IFSP assessment services for the period April 1, 2003, through June 30, 2004, were developed from data reported in cost and time surveys from a sample of LEA providers. As described in paragraphs B.1 through B.3, median hourly costs for each type of qualified practitioner (e.g., psychologist, speech therapist, audiologist, etc.) were developed from data reported in the cost survey.
2. Median treatment and IEP/IFSP assessment times by service type (e.g., psychology and counseling, speech therapy, and audiology, etc.) were developed from data reported in a time survey consisting of two instruments, a Treatment Service Questionnaire and an IEP Time Survey. Median treatment and IEP/IFSP assessment times by service type were applied to the median hourly costs for the corresponding practitioners to develop the fee schedule.
3. Rates for IEP/IFSP assessments and treatment services will be annually adjusted in subsequent periods by applying the Implicit Price Deflator, which is published by the U.S. Department of Commerce. The interim rates will be rebased at least once every three years using a methodology similar to that

described in Sections B-G. Rebasing will not occur until July 1, 2007, at the earliest.

B. Hourly Costs

1. Health care-related costs were identified by type of practitioner from the cost survey and included salary, benefits and other personnel expenses for SFY 2000-01. Indirect costs were calculated by applying the LEA's approved indirect cost rate to the health-care related costs. Education-related costs were excluded. The hourly basis for the costs was based on total annual hours required to work. Each cost survey received a desk or field review to evaluate the reasonableness of the data provided. All costs used in the calculation were in compliance with OMB Circular A-87.
2. Costs for SFY 2001-02 were determined by adjusting cost for SFY 2000-01 for inflation. The inflation adjustment was accomplished by applying the annual percentage increase in certificated salaries to the salary component of reported costs and the Implicit Price Deflator for State and Local Government Purchases of Goods and Services (Implicit Price Deflator) to the remaining cost components (i.e., benefits, other personnel expenses, facility costs, and administrative costs). The annual percentage increase in certificated salaries for each LEA is published by the California Department of Education. The Implicit Price Deflator, published by the U.S. Department of Commerce, is an inflation index that measures the change in the prices of goods and services that governments purchase. Median hourly costs for each type of practitioner were developed from these adjusted costs.
3. Median hourly costs for each type of practitioner were adjusted to the midpoint of the implementation period of April 1, 2003, through June 30, 2004, by applying the LEA Cost of Living Adjustment based on the Implicit Price Deflator. The Cost of Living Adjustment is an inflation percentage designated by the legislature to adjust state apportionments for K-12 Education on an annual basis.

C. IEP/IFSP Assessments

1. Median assessment times for IEP/IFSP assessments were developed using time reported in the IEP Time Survey and validated in interviews with health service practitioners.
2. Service Categories

Assessment time from the IEP Time Survey was evaluated by service type (psychology, health, speech therapy, audiology, occupational therapy, and physical therapy) and IEP/IFSP type of review (initial, annual, triennial, and

amended). Two versions of IEP/IFSP assessment rates for each service type were developed:

(a) Assessment conducted for an initial or triennial IEP/IFSP review

The initial review is conducted for a student that has not yet been determined to be eligible for services under IDEA. The triennial review occurs every 36 months.

(b) Assessment conducted for an annual or amended IEP/IFSP review

The annual review occurs every year to determine whether the existing IEP/IFSP is appropriately meeting the needs of the child. The amended review occurs periodically when requested by a parent, guardian or professional working with the student or when a student transfers from one LEA to another.

3. Rates for IEP/IFSP assessments provided by social workers and counselors will be based on the time incremental cost of these practitioners and billed in service units representing 15-minute increments. Rates for IEP/IFSP assessments provided by physicians will be based on the time incremental cost of school nurses (used as a proxy) and billed in service units representing 15-minute increments. The use of the school nurse cost as a proxy for physician cost is described in paragraph F.2. in "Non-IEP/IFSP Assessments" on page 5. Rates for physical therapists, speech therapists, psychologists, nurses, audiologists and occupational therapists will be billed on a flat rate basis, regardless of service time spent.

D. Treatment Services

1. Median treatment times for psychology and counseling, speech therapy, audiology, occupational therapy, and physical therapy were developed using time reported in the Treatment Service Questionnaire. Each Treatment Service Questionnaire was subjected to a desk review to evaluate the reasonableness of the data provided.

- (a) Treatment service rates for psychology and counseling, speech therapy, audiology, occupational therapy and physical therapy were developed based on an initial service increment range of 15 to 45 minutes as well as additional rate increments of 15 minutes. Time spent by health service practitioners for preparation and completion activities and travel have been included in the development of initial service rates (but not the additional 15-minute increment rates) for these services. The initial service billed for these practitioners represents any amount of treatment time between 15 and 45 minutes. Additional treatment time beyond the initial 45 minutes will be billed as one unit for each 15-minute increment of treatment time.

- (b) Individual treatment service rates were developed for psychology and counseling, speech therapy, audiology, occupational therapy, and physical therapy. Group treatment service rates were developed for psychology and counseling and speech therapy.
2. A rate for hearing checks that do not meet the minimum treatment time of 15 minutes for the initial service increment (described in paragraph D.1.a.) was developed. This rate is based on 10 minutes of direct service time for audiologists plus the time spent by audiologists for preparation and completion activities and travel time. This treatment will be billed as one unit for each hearing check that requires less than 15 minutes of treatment time.
 3. Individual treatment service rates for nursing or trained health care aides were based on 15 minute increments and do not include indirect service time. Indirect service time for nurses or trained health care aides will not be billed. Individual treatment service rates for nursing or trained health care aides will be billed as one unit representing up to 15 minutes of treatment time.

Non-IEP/IFSP Assessments

- E. Providers may bill for six assessment types: hearing, vision, health (including assessment of nutritional status), psychosocial, developmental, and health education/anticipatory guidance appropriate to age and health status. The cost survey described in "A. Methodology Overview" on page 1 was used to develop reimbursement rates for five of the six specific non-IEP/IFSP assessments, excluding the hearing assessment. These five non-IEP/IFSP assessment rates are based on the time incremental costs of the practitioners qualified to provide each assessment type.
- F. The cost survey resulted in the use of proxies for physician, optometrist or audiometrist services for the following non-IEP/IFSP assessments:
1. Specific audiometry rates from the Medi-Cal Fee Schedule will be used for hearing assessments.
 2. School nurses are qualified to perform the same LEA assessments as optometrists (vision) and physicians (vision, health, and health education/anticipatory guidance). The school nurse hourly cost will be used as a proxy for physician and optometrist services.

- G. Rates for hearing and vision assessments will be encounter-based, and billed regardless of assessment time spent. The flat rate for vision assessments will be calculated based on five minutes of the school nurse hourly cost. Rates for the remaining four non-IEP/IFSP assessments (health, psychosocial, developmental and health education/anticipatory guidance) will be billed in units representing 15-minute increments of assessment time. Rates for non-IEP/IFSP assessments will be adjusted in the same manner as are IEP/IFSP assessments as described in paragraph A.3.

Certification of Expenditures Eligible for Federal Financial Participation

- H. LEAs are required to provide certification to the State that the amount reported by them for LEA services represent total actual expenditures incurred (both state and federal share) eligible for federal participation. Expenditures certified by the LEA to the State will represent the amount eligible for federal financial participation. Such allowable certified public expenditures will determine the amount of federal financial participation claimed by the State.
- I. Each LEA will certify to the Department, on an annual basis, the amount of its eligible costs to provide LEA services pursuant to Section H, and will compare its total computable eligible costs to the interim Medi-Cal reimbursement ("Cost and Reimbursement Comparison Schedule" as specified by the Department and approved by the Centers for Medicare & Medicaid Services) using the following methodology:
1. Total personnel costs, consisting of salaries, benefits and other costs such as materials and supplies and contractor costs, necessary for the provision of health services will be reported for personnel providing health services by practitioner type (psychologist, speech therapist, etc.). The Department will specify allowable codes from the Standardized Account Code Structure (SACS), a comprehensive system of accounting and reporting school district revenues and expenditures. Personnel costs that are funded by federal revenues other than Medicaid will be excluded. All costs used to determine the certified actual costs must be in compliance with OMB Circular A-87, and, to the extent not governed by Circular A-87, by Generally Accepted Accounting Principles.

2. Total personnel costs by practitioner type (from paragraph I.1.) will be multiplied by the percent of hours worked by corresponding practitioners to provide LEA Medi-Cal services to calculate the Medi-Cal direct cost of providing LEA services by practitioner type. The percent of hours worked will be based on the number of units paid by Medi-Cal for each LEA service multiplied by the time worked by practitioners to provide one unit of service (numerator), divided by the total annual hours each practitioner type were required to work (denominator). The time worked by practitioners to provide one unit of service will include face-to-face as well as preparatory and follow-up time.
3. The Medi-Cal direct cost of providing LEA services for all practitioners (from paragraph I.2) will be multiplied by one plus the LEA's approved indirect cost rate to calculate the total Medi-Cal cost of (expenditures for) providing LEA services.
4. The total Medi-Cal cost of providing LEA services will be multiplied by the applicable federal medical assistance percentage (FMAP) and compared to total interim Medi-Cal reimbursement paid in accordance with Sections A through G, above. Interim Medi-Cal reimbursement and units paid will be determined from Medi-Cal paid claims data.
5. State-mandated screens are not billable by LEAs or reimbursable by Medi-Cal.
6. If the LEA bills for non-State-mandated, non-IEP/IFSP services, a separate Cost and Reimbursement Comparison Schedule will be similarly prepared that is distinct from the Medi-Cal IEP/IFSP schedule. This separate non-IEP/IFSP schedule will follow the same methodology outlined in paragraphs I.1 through I.5.

J. LEA Reporting Requirements

Each LEA will be required to do all of the following:

1. Certify, in conformity with the requirements of Section 433.51 of Title 42 of the Code of Federal Regulations, that the claimed expenditures for LEA services are eligible for federal financial participation. LEAs are required to certify that all expenditures are in compliance with OMB Circular A-87 (and, to the extent not governed by OMB Circular A-87, by Generally Accepted Accounting Principles). The expenditures certified must be total expenditures (both State and federal share). The required certifications will be in accordance with instructions and forms issued by the Department. The first certification, including the Cost and Reimbursement Comparison Schedule will be due by November 30 after the close of the fiscal year during which the cost-based rate methodology approved

in State Plan Amendment 03-024 was implemented. In subsequent years, the certification and schedule will be due by November 30 after the close of each fiscal year.

2. Keep, maintain and have readily retrievable, such records to fully disclose its LEA costs eligible for federal financial participation. Such documentation must be maintained for a period of no less than three years.

K. Department's Responsibilities

1. The Department will reconcile the total expenditures (both State and federal share) for LEA services to the interim Medi-Cal amounts paid for the fiscal year period. LEAs will complete the Cost and Reimbursement Comparison Schedule (CRCS) and submit the schedule no later than 5 months after the June 30 fiscal year period. The Department will initiate final reconciliation (settlement) of the Medi-Cal share of each LEA's cost for the period, no earlier than 12 months from the end of the June 30 fiscal year period. The CRCS reported expenditures will be compared against the Electronic Data Systems (EDS) payment claim data. Based on the interim payments received by the LEA during the fiscal year period, the Department will calculate the final settlement amount.
2. The LEAs will submit claims/billings in accordance with California Welfare and Institutions Code section 14115. The Department will adjust the affected LEA's payments no less than annually, when any reconciliation or final settlement results in significant underpayments or overpayments to any LEA. If the interim Medi-Cal payments exceed the actual, certified costs of an LEA's Medi-Cal services, the Department will offset future claims from the affected LEA until the amount of the overpayment is recovered. If the actual certified costs of an LEA's Medi-Cal services exceed interim Medi-Cal payments, the Department will pay this difference to the LEA. By performing the reconciliation and final settlement process, there will be no instances where total Medi-Cal payments for services exceed 100 percent of actual, certified expenditures for providing LEA services for each LEA.
3. As part of its financial oversight responsibilities, the Department will develop audit and review procedures to reconcile and process final settlements for each LEA. The audit plan will include a risk assessment of the LEAs using paid claim data available from the Department to determine the appropriate level of oversight. The financial oversight of all LEAs will include reviewing the allowable costs in accordance with OMB Circular A-87 (and to the extent not governed by Circular A-87, Generally Accepted Accounting Principles will be applied), performing desk audits, and conducting limited reviews. For example, field audits will be performed when the Department finds a substantial difference

between filed cost information and the Department's payment data for particular LEAs. These activities will be performed within the timeframe in accordance with Welfare and Institutions Code section 14170, that requires the Department to audit and perform final settlement no later than 3 years from the date the CRCS is submitted. LEAs may appeal audit findings in accordance with Welfare and Institutions Code section 14171.

4. If the Department becomes aware of potential instances of fraud, misuse, or abuse of LEA services and Medi-Cal funds, it will perform timely audits and investigations to identify and take the necessary actions to remedy and resolve the problems.

TN No. 03-024
Supercedes
TN No. 92-22

Approval Date MAR 14 2005 Effective Date APR 01 2003