

School-Based Medi-Cal Administrative Activity (SMAA) Program

Reasonableness Test Criteria (RTC) Invoice Review Process Technical Assistance

The Department of Health Care Services (DHCS) and the Centers for Medicare and Medicaid Services (CMS) have implemented a comprehensive approach to determining if a deferred invoice complies with the fundamental principles for claiming federal reimbursement found in Office of Management and Budget (OMB) Circular A-87 Attachment A (C)(1)(a) which states that “costs must be necessary and reasonable for proper and efficient performance and administration of Federal awards” and 42 Code of Federal Regulations (CFR) 433.15(b)(7) which specifies that claimable activities must be “necessary for proper and efficient administration of the State plan.”

Using these two federal regulations as a guide, DHCS and CMS developed an RTC policy, which is defined in Policy and Procedures Letter (PPL) 13-012. The policy establishes objective criteria by which to measure compliance with the principles of federal claiming and requires Local Education Agencies (LEAs) to apply the criteria to each deferred invoice and submit the invoices to DHCS for review and evaluation.

Because each LEA is unique and represents a unique set of circumstances, DHCS and CMS use the results of the RTC as a foundation for the evaluation of each invoice. The evaluation does not use a one-size-fits-all; “apply a specific checklist of criteria” approach. Instead, the evaluation uses a comprehensive, case-by-case approach that considers several factors, most importantly, the documentation provided to justify claiming outside of the RTC benchmarks and authorized position list.

A justification that demonstrates compliance with federal regulations may include information on the overall composition of the claiming unit including the geographic location, the total staffing resources at both the individual and the collective levels, the potential community resources available, and the historical claiming levels.

As part of our comprehensive review, DHCS and CMS are reviewing the entire invoice including MAA time in relation to overall work time for participants, even if overall benchmarks are met. As noted in the technical assistance published on the SMAA webpage, if there seems to be excessive time claimed as MAA time for some participants, and the documentation submitted with the invoice does not demonstrate that the amount of time or activities performed are **reasonable and necessary** for the proper and efficient administration of the Medi-Cal program, evaluators will question the LEA and/or issue a conditional denial. In this case, the LEA must provide a justification that addresses how and why this specific job classification performs these specific activities for this amount of time, how the activities relate to a specific Medi-Cal population, and why this specific job classification and no other available job

classification must perform these specific activities. A justification that includes these criteria has the potential to render specific benchmark percentages irrelevant.

For more information on how to write an acceptable justification, please visit the RTC Sample Justifications page on the SMAA web site at:

<http://www.dhcs.ca.gov/provgovpart/Pages/RTCSampleJust.aspx>