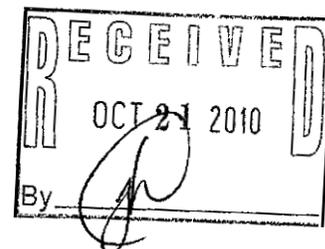




Region IX  
Division of Medicaid & Children's Health Operations  
90 Seventh Street, Suite 5-300 (5W)  
San Francisco, CA 94103-6706

OCT 18 2010

Toby Douglas  
Chief Deputy Director of Health Care Programs  
California Department of Health Care Services  
P.O. Box 997413, MS0000  
Sacramento, CA 95899-7413



Dear Mr. Douglas:

I am pleased to inform you that the Centers for Medicare & Medicaid Services (CMS) has completed its review of the plan submitted by the Department of Health Care Services (DHCS) entitled, "Los Angeles Unified School District (LAUSD) Random Moment Time Study (RMTS) Implementation Plan," as revised on October 6, 2010, and it is hereby approved for use in developing school-based Medicaid administrative claims submitted by DHCS on behalf of LAUSD, effective with the date of this letter, subject to the conditions stipulated below.

Please note that CMS is only approving LAUSD's time survey sampling methodology. Therefore, all other aspects of the LAUSD program, such as the allowable cost categories, will be governed by the existing school-based MAA plan approved by CMS in 2003.

The conditions of this approval are as follows:

- 1) In accordance with 45 Code of Federal Regulation (CFR) 95.507 (b) (6), the State of California (the State) will submit an amendment to the Division of Cost Allocation to its cost allocation plan (CAP) referencing the methodology approved herein.
- 2) The State agrees that any regulations or national guidelines issued by CMS, relating to the use of time study codes, methodologies for conducting time studies or other elements of claims for school based administrative activities, will be promptly incorporated into its program on a prospective basis.
- 3) The State agrees to provide an opportunity for CMS to review any forms and/or documents that are subsequently developed or modified for use by this program, prior to modification or execution.
- 4) The State agrees to monitor the overall implementation process including, but not limited to, review of training materials, observation of training, and the overall random moment time study process. The State will review and verify all claims submitted.
- 5) The State agrees to monitor the time study to assure proper use of the time study activity codes by the designated coder and proper application of the random moment methodology.

- 6) The State agrees to provide summary reports to the CMS Regional Office detailing the results and issues/concerns identified in the monitoring process on a quarterly basis.
- 7) LAUSD agrees to provide oversight of any outside entity contracted to operate or monitor the time study process.
- 8) The State agrees to submit any changes to the approved plan to CMS for review and approval prior to implementation.
- 9) The State agrees that any costs claimed under the approved program are subject to review or audit.

This approval letter does not relieve the State of its responsibility to comply with changes in federal laws and regulations, and to ensure that claims for federal funding are consistent with all applicable requirements.

We appreciate the work and time your staff devoted to developing the time study methodology.

If you have any questions, please contact me at 415-744-3552.

Sincerely,

Originally signed by,

Gloria Nagle, Ph.D., MPA  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

cc: Ms. Geraldine Baucom, Chief  
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