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DATE: May 9, 2018

PPL No. 18-014

TO: All Local Governmental Agency (LGA) Coordinators for the  
School-Based Medi-Cal Administrative Activities (SMAA) Program

**SUBJECT: Claiming LGA Direct Charge Staff Costs for SMAA**

The purpose of this Policy and Procedure Letter (PPL) is to provide guidance to Local Governmental Agencies (LGAs) on the procedures for claiming costs through the direct charge process for providing Medi-Cal Administrative Activities in the SMAA program.

Section 3-3 of the SMAA Manual defines Direct Charge as:

*Staff who perform Medi-Cal eligible activities who can certify 100 percent of their paid time [performing SMAA]. These staff have the option of doing direct invoicing for certain costs and must be able to provide documentation that supports this percentage. Direct charging is also permitted for non-salary and/or overhead costs associated with SMAA specific reimbursable activities (designated as 'non-salary costs'); such as, travel, training, printing, computer, or other equipment costs. Staff who direct charge may only report time to one SMAA activity. If they perform more than one SMAA activity they must Time Survey.*

LGA participation in the SMAA program is allowed pursuant to Welfare and Institutions Code section 14132.47, subdivision (f)(1):

*The department shall require that each participating local governmental agency or each local educational consortium certify to the department both of the following:*

*(A) The expenditure of 100 percent of the cost of performing Administrative Claiming process activities. The funds expended for this purpose shall be from the local governmental agency's general fund or the general funds of local educational agencies or from any other funds allowed under federal law and regulation.*

*(B) In each fiscal year that its expenditures represent costs that are eligible for federal financial participation for that fiscal year. The department shall deny the claim if it determines that the certification is not adequately supported for purposes of federal financial participation.*

According to the SMAA Manual Section 10-7:

*Allowable costs for time and resources related to SMAA are determined through either [Random Moment Time Survey] RMTS or separately identified and Direct-charged.*

*... Unlike the costs captured through RMTS, costs to be direct-charged must be tracked on an on-going basis throughout the fiscal year. These costs are separately itemized on the Direct Charge Worksheet and included in the audit file maintained by the claiming unit.*

Costs for staff that perform SMAA during their workday must be listed on the Direct Charge Worksheet for the time spent on SMAA. Instructions for entering direct-charge staff costs on the SMAA invoice are detailed in the SMAA Manual beginning with Section 10-7. Direct-charge staff must also complete PPL 18-014 Attachment A: Staff Certification of Direct Charge Time, and submit this form with the quarterly invoice.

If you have any questions or require further assistance regarding this PPL, please contact me at (916) 445-5215 or [Tony.Teresi@dhcs.ca.gov](mailto:Tony.Teresi@dhcs.ca.gov)

Sincerely,

**ORIGINAL SIGNED BY**

Tony Teresi, Chief  
School-Based Medi-Cal Administrative Activities Unit

Enclosure: