



State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

Date: August 4, 2020 **PPL No. 20-004R**

To: Local Educational Agencies (LEAs)

Subject: NOTIFICATION OF STATE PLAN AMENDMENT (SPA) 15-021
REQUIREMENTS COMMENCING IN STATE FISCAL YEAR (SFY) 2019-
20 FOR LOCAL EDUCATIONAL AGENCY PROVIDERS AND
NOTIFICATION OF REVISION TO LIST OF SPECIALIZED MEDICAL
TRANSPORTATION STAFF PERSONNEL COSTS

This Policy and Procedure Letter (PPL) notifies LEA providers participating in the LEA Medi-Cal Billing Option Program (BOP) of SPA 15-021 requirements effective as of SFY 2019-20. This PPL does not provide information on requirements for services rendered between the SPA effective date (July 1, 2015) through June 30, 2019. A separate PPL will be issued to address the retrospective SFY 2015-16 through SFY 2018-19 billing requirements.

On April 27, 2020, the Centers for Medicaid and Medicare Services (CMS) approved California SPA 15-021. LEAs should be aware of requirements in the following three areas:

1. FY 2019-20: Billing for New Services and Practitioners:

LEA providers will have the opportunity to bill for newly covered services and newly qualified practitioners once the California Medicaid Management Information System (the system that processes LEA claims) has been updated to accept new procedure codes and modifiers. Accordingly, LEA providers that expect to bill for new services and practitioners should begin documenting services if they plan to submit claims that meet LEA BOP requirements. DHCS will notify LEAs when the system updates have been made so that LEAs can begin submitting claims for new services and practitioners. Rates and procedure codes/modifiers for new services and new practitioners will be published in a forthcoming PPL. As noted above, guidance regarding billing for services rendered in the retrospective fiscal years (SFY 2015-16 through SFY 2018-19) will be forthcoming from DHCS.

2. SFY 2019-20: Specialized Medical Transportation (SMT) Services:

Beginning July 1, 2019, allowable SMT services will be cost settled using the Cost and Reimbursement Comparison Schedule (CRCS). **SMT reimbursed through the LEA BOP for dates of services between July 1, 2015 and June 30, 2019 will be considered final payment and will not be included on the CRCS for SFYs 2015-16 through SFY 2018-19.** If your LEA provider has billed (or plans to bill) SMT for Medicaid enrolled students with an Individualized Education Plan (IEP) or Individualized Family Service Plan (IFSP), your LEA provider will be required to report SMT costs, the Medicaid One-Way Trip Ratio, and interim reimbursement for SMT services on the SFY 2019-20 CRCS. If your LEA will not bill for SMT services in SFY 2019-20, you are not impacted by these requirements.

Detail on SMT costs and the Medicaid One-Way Trip Ratio follows:

- *Allowable SMT Costs*

The SFY 2019-20 CRCS will be modified to include worksheets to report SMT service costs. These SMT costs must be captured and maintained by your LEA within their accounting structure. As of SFY 2019-20, allowable SMT costs on the CRCS will include the following costs:

- 1) Personnel costs, limited to the following staff that provide or support SMT services:
 - Bus Drivers
 - Mechanics
 - Substitute Drivers

** Per CMS guidance, this revised PPL removes Attendants from the list of allowable staff personnel costs. SMT personnel costs on the CRCS will be limited to the three employed practitioners noted above.*
- 2) Other allowable SMT costs limited to:
 - Lease/Rental costs
 - Insurance costs
 - Maintenance and Repair costs
 - Fuel and Oil costs
 - Contracted Services - SMT Services and Specialized Transportation Equipment cost
- 3) Allowable depreciation expense for SMT equipment costs in excess of \$5,000 (depreciation must be calculated using straight-line depreciation).
Note: Does not include equipment applicable to general education.

- *Medicaid One-Way Trip Ratio*

The SFY 2019-20 CRCS will include an input of the LEA's Medicaid One-Way Trip Ratio for the SFY. The ratio must be calculated using actual student counts. Counts as of a snapshot date will not be accepted nor will estimated counts, such as an average. The Medicaid One-Way Trip Ratio is calculated as follows:

- 1) Total Number of Paid Medi-Cal IEP/IFSP One-Way Trips (numerator)

Report the total number of paid one-way trips for Medicaid eligible students with SMT Services Documented in the IEP/IFSP. This number may be obtained from a DHCS provided paid claims data report for the fiscal year.

- 2) Total Number of All IEP/IFSP One-Way Trips (denominator)

Report the total number of SMT one-way trips during the cost reporting period for all students (i.e., Medi-Cal and non-Medi-Cal) whose IEP/IFSP requires SMT services. To ensure proposer cost allocation, this trip count should include all trips for students riding specialized vehicles regardless if a medical service was provided on the same day. Special education students riding on buses transporting general education students must not be included in this denominator.

Effective for SFY 2019-20 and thereafter, the One-Way Trip Ratio will be applied to the SMT costs (identified above) to calculate the Medi-Cal allowable SMT costs on the CRCS.

Example for Calculating the SMT Costs:

Total Number of Paid Medi-Cal IEP/IFSP One-Way Trips	A	3,100
Total Number of All IEP/IFSP One-Way Trips	B	16,200
Medicaid One-Way Trip Ratio	$C = A/B$	19%
LEA SMT costs	D	\$100,000
Total Allowable SMT Costs	$E = D * C$	\$19,136

The total allowable SMT costs will be reported on the CRCS to apportion costs to LEA BOP for the applicable SFY.

- *Allocation of Shared Transportation Costs*

LEAs may allocate transportation costs in instances where costs are not direct-costed to SMT services. For example, a LEA may allocate employee salaries/benefits to SMT services when that employee's duties include driving and/or servicing both specially adapted vehicles and regular transportation vehicles. The required allocation methodology will be the LEA's ratio of specially adapted vehicles to the total number of vehicles. The following example of a

mechanic that works on both specialized and general transportation vehicles illustrates the required cost allocation methodology:

Total Mechanic Salary/Benefit Cost: \$40,000

Number of Specially-Adapted Vehicles: 5

Number of Total Vehicles: 25

Specially-Adapted Vehicle Ratio: 20% (5 vehicles divided by 25 vehicles)

Total Cost Allocated to SMT = \$8,000 (\$40,000 x 20%)

The total cost allocated to SMT (\$8,000, in this example) would be entered into the LEA's CRCS on Worksheet E.1 (Transportation – Employed Personnel Costs). This amount would be stepped down by the application of the One-Way Trip Ratio and the Federal Medicaid Assistance Percentage (FMAP), both of which are included on the CRCS.

Any costs allocated to SMT services and reported on CRCS Worksheets E.1 and E.2 (Transportation – Other Costs) will require documentation to support the allocated amount that is reported on the annual CRCS.

Costs reported on CRCS Worksheet E.3 (Transportation - Equipment Depreciation) are **not** eligible for allocation using the methodology outlined in this PPL; equipment costs reported on Worksheet E.3 **must** be solely related to SMT.

This PPL does not change the required criteria to bill SMT in the LEA BOP, which is described in PPL 18-027. For more information regarding SMT, please see the LEA BOP Transportation Claiming Guide and the *LEA Service: Transportation (Medical)* section of the LEA Provider Manual, available on the DHCS website at: <http://www.dhcs.ca.gov/provgovpart/Pages/LEA.aspx>.

3. SFY 2019-20: Medicaid Eligibility Rate:

SPA 15-021 requires that LEA providers apply a fiscal year-specific Medicaid Eligibility Ratio (MER) to apportion their costs to LEA BOP. The MER will be established for each participating LEA provider on an annual basis, using a date specified by DHCS, such as the annual California Basic Educational Data System (CBEDS) Information Day, known as the Census Day.

For SFY 2019-20, the Census Day was October 2, 2019. The SFY 2019-20 certified enrollment data collected on the Census Day will be used as the **denominator** in each LEA provider's MER calculation. The total Medi-Cal Eligible Student population is the **numerator** in the MER.

The SFY 2019-20 MER will be calculated as follows:

1) *Total Number of Medi-Cal Eligible Students in the LEA (numerator)*

Report the unduplicated count of Medi-Cal eligible and enrolled students as of any date in Quarter 4 of SFY 2019-20 (April to June 2020). The number of Medi-Cal eligible students will be determined based on the Medi-Cal Data Tape Match, used to check Medi-Cal student eligibility.

2) *Total Number of Students Enrolled in the LEA (denominator)*

Report the unduplicated count of all students enrolled in the LEA. The LEA provider's certified enrollment count collected on the Census Day will be used as the denominator.

Example for Calculating the Medicaid Eligibility Rate:

Total Number of Medi-Cal Eligible Students in the LEA	A	20,900
Total Number of Students Enrolled in the LEA	B	95,000
Medicaid Eligibility Rate	$C = A/B$	22%

The MER will be applied to the LEA's total direct medical services costs reported on the CRCS to apportion costs to LEA BOP for the SFY.

DHCS provided training on these new cost settlement requirements in June 2020. LEAs may reach out to LEA@dhcs.ca.gov for copies of past training sessions. DHCS will post the revised SFY 2018-19 CRCS form and instructional document on its website in early Fall 2020; the SFY 2018-19 CRCS will be due from all participating LEAs by November 30, 2020. DHCS will also publish a forthcoming PPL regarding the cost settlement process for SMT services in the coming weeks.

Nothing stated in this PPL shall supersede any state or federal regulations or statutes.

If you have any questions concerning this PPL, please contact LEA BOP by e-mail at LEA@dhcs.ca.gov.

Sincerely,

ORIGINAL SIGNED BY RICK RECORD

Rick Record, Chief
Local Educational Agency Medi-Cal Billing Option Program