



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



GAVIN NEWSOM
GOVERNOR

Date: October 13, 2021

PPL No. 21-029

To: Local Educational Agency (LEA),
Local Educational Consortia (LEC), and
Local Governmental Agency (LGA) Coordinators for the Local Educational
Agency Medi-Cal Billing Option Program (LEA BOP) and School-Based
Medi-Cal Administrative Activities (SMAA) Program

Subject: CONTRACTOR PLACEMENT ON TIME SURVEY PARTICIPANT (TSP)
LISTS FOR THE RANDOM MOMENT TIME SURVEY (RMTS)

This Policy and Procedure Letter (PPL) notifies LEA, LEC, and LGA Coordinators for the LEA BOP and the SMAA Program of the policy for contractor placement on TSP lists for the RMTS. LEAs must determine whether contractors should be included on the TSP list based on whether they participate in one school-based program or both.

For the purpose of this PPL, a contractor is defined as an individual for which the LEA does not complete a Internal Revenue Service Form W-2. Contractor costs are reported in the Standardized Account Code Structure (SACS) using Object Code 5800, Professional/Consulting Services and Operating Expenditures (up to \$25,000), with the remainder of expenditures above \$25,000 charged to Object Code 5100. Conversely, W-2 employee salaries and benefits are reported using SACS Object Codes in the 1000 and 2000 series.

LEAs may hire contractors to provide direct health services to students (e.g., contracting with a speech-language pathologist to provide speech therapy services), or administrative services (e.g., providing essential administrative and programmatic services, including school-based Medi-Cal Administrative Activities). Some LEAs may hire contractors to assist with both of these functions.

For LEAs that **only** participate in the SMAA Program (and not the LEA BOP), contractors hired to provide direct health or administrative services may be included on the Participant Pool 2 TSP list, as long as the contractors will provide SMAA-related activities during the quarter. All contractors on the Participant Pool 2 TSP list will be included in the sample universe for RMTS and are required to respond to moments, if assigned. More specifically:

- Direct service contractors that provide SMAA-related activities during the quarter may be included in the Participant Pool 2 TSP list under job classifications that indicate “direct service practitioner” in the approved Participant Pool 2 job title

list. The LEA will include the costs associated with the direct service contractors in the quarterly SMAA invoice.

- Administrative service contractors may be included in the Participant Pool 2 TSP list under the appropriate job classification for each respective contractor. The LEA may include the costs associated with the administrative service contractors in the quarterly SMAA invoice.

For LEAs that **only** participate in the LEA BOP, direct service contractors that provide direct health services should not be included in any TSP list for the RMTS. The LEA BOP direct service contractors are not required to participate in RMTS and are not included in the quarterly random sample. Even though the direct service contractors will not participate in RMTS, the LEA is eligible to submit interim claims rendered by direct service contractors for any billable health services that meet the LEA BOP requirements. When an LEA receives interim reimbursement for a service provided by a direct health service contractor, the LEA will include the interim reimbursement received, as well as the contractor costs, in its Cost and Reimbursement Comparison Schedule (CRCS) for the relevant fiscal year.

For LEAs that participate in **both** the SMAA Program and the LEA BOP, the LEA must decide on a quarterly basis how they would like to handle direct service contractors that provide both direct service and administrative service functions. Direct service contractors may be handled in one of two ways by LEAs participating in both school-based programs:

If the LEA intends to submit claims for the contractor's services through the LEA BOP and receive interim reimbursement for their services, the contractor should not be included on any TSP list for the RMTS and thus are not included in the quarterly random sample. The LEA will bill for direct services rendered to Medi-Cal students through the LEA BOP and report the contractor costs on the CRCS (worksheet D). The LEA must not include these contractors in the Participant Pool 2 TSP list and their respective costs must not be included in the quarterly SMAA invoice. Instead, the LEA will report the total direct service contractor costs in the CRCS, and the LEA BOP reimbursement methodology for contractors will account for the fact that these practitioners will no longer be included in the quarterly SMAA invoice. If an LEA participates in both school-based programs and chooses to bill for contractor services through the LEA BOP, the LEA will receive all contractor reimbursement (both direct service and administrative) through the LEA BOP CRCS and thus will not receive *any* direct service contractor reimbursement through the SMAA Program.

- **If the LEA will not submit claims for the contractor's services through the LEA BOP**, direct service contractors may be included in Participant Pool 2, as long as these contractors are also routinely providing SMAA-related activities during the quarter. If included on the Participant Pool 2 TSP list, contractors will be included in the random sample and are required to respond to moments, if

assigned. If a direct service contractor is listed in the Participant Pool 2 TSP list, the LEA must not submit interim claims through the LEA BOP for any direct services rendered by the contractor during the respective quarter and must not include the contractor costs on the CRCS. If an LEA participates in both the LEA BOP and the SMAA Program and chooses to place direct service contractors on the Participant Pool 2 TSP list, the LEA will not receive any LEA BOP reimbursement related to these contractors' costs.

The LEA may also include administrative service contractors who do not provide direct health services in the Participant Pool 2 TSP list under the appropriate job classification for that contractor. LEAs may include contractor costs in the quarterly SMAA invoice for any contractors placed on the Participant Pool 2 TSP list in a given quarter. Contractors that only provide administrative services and are included in the sample universe for RMTS and are required to respond to moments, if assigned.

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

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

Sincerely,

ORIGINAL SIGNED BY BRIAN FITZGERALD

Brian Fitzgerald, Chief
Local Governmental Financing Division
Department of Health Care Services