



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



GAVIN NEWSOM
GOVERNOR

Date: November 19, 2021 **PPL No. 21-034**

To: Local Educational Agencies (LEAs)

Subject: NOTIFICATION OF OPPORTUNITIES FOR COVID-19 TESTING IN SCHOOLS AND THE IMPACT ON LOCAL EDUCATIONAL AGENCY MEDI-CAL BILLING OPTION PROGRAM (LEA BOP) REIMBURSEMENT

This Policy and Procedure Letter (PPL) notifies LEAs participating in the LEA BOP about opportunities related to COVID-19 testing in schools.

Under the American Rescue Plan Act of 2021 (ARP), state Medicaid programs must cover a broad array of COVID-19 testing, including all types of U.S. Food & Drug Administration authorized COVID-19 tests, without cost sharing obligations, to enrolled beneficiaries beginning March 11, 2021 and generally extending beyond the termination of the Public Health Emergency (PHE).¹ These tests include both diagnostic and screening tests provided in California's public schools. There are two models available to support schools in administering COVID-19 tests to the school community:

1. Testing Supplies Provided by the California Department of Public Health (CDPH) and Processed by Valencia Branch Laboratory (VBL)

Under this model, LEAs enroll with the CDPH to receive free testing kits through the [CDPH K-12 Schools Testing Program](#). LEA providers will supervise the sample collection and ship the samples to VBL for processing within 24-48 hours. LEA collection sites will not be responsible for the test processing costs, but will be responsible for setting up the test site, shipping of test results (unless using an approved VBL drop box location), staff time and necessary equipment for collection, including Personal Protective Equipment (PPE), chairs, etc.

When Medi-Cal enrolled students are tested, the cost of the test will be billed directly to the Medi-Cal Program by VBL. **For Medi-Cal students, there will be no charge directly to the LEA for the test kit or processing of results through the State lab, VBL.** Therefore, no expenditures will be reported on the LEA BOP Cost and Reimbursement Comparison Schedule (CRCS) related to COVID-19 testing kit supply costs. However, the costs associated with LEA BOP

¹ The ARP require states to cover testing for COVID-19 for the period beginning on March 11, 2021, and ending on the last day of the first calendar quarter that begins one year after the last day of the COVID-19 PHE.

qualified rendering personnel administering or supervising the collection of the tests (e.g., the salary of the nurse supervising the collection of samples) are eligible to be reported on the CRCS². Note that in most cases, the costs for personnel rendering/supervising the collection of tests would *already* be eligible to report on the CRCS, since these practitioners are generally qualified to render LEA BOP covered services.

For LEAs that choose to work with a commercial laboratory **other than VBL**, the LEA may be invoiced by the contracted entity for the cost of each test kit and processing of test results. However, LEAs that contract out COVID-19 testing to a lab other than VBL, may include the contractual rate negotiated between the LEA and the outside entity as contracted service costs on the provider's CRCS. However, LEAs must ensure that the contractor costs reported on the CRCS are net of any federal funds received by LEAs to cover COVID-19 testing.³

For more information on the K-12 Schools Testing Program, LEAs can [submit this form](#) and learn more about testing options.

2. **LEAs Fund COVID-19 Testing Outside of the CDPH K-12 School Testing Program**

If schools expend funds to obtain and administer COVID-19 tests for their school population, the cost of the test may be reported on the LEA BOP CRCS as a medical supply cost, and the costs associated with the personnel administering the test (e.g., the salary of the nurse that is administering or supervising the sample collection) are eligible to be reported on the LEA BOP CRCS⁴. Under this model, the LEA could also contract with an outside entity to conduct COVID-19 screening or diagnostic testing. If testing services are contracted, the contractual rate negotiated between the LEA and the outside entity would be reported as contracted service costs on the provider's CRCS.

When LEAs fund the purchasing, administration and processing of tests, **LEAs must consider any sources of federal funding** that are available to cover the cost of testing in schools when reporting costs on the LEA BOP CRCS. To ensure that potential duplicate Medicaid payments are not made, LEAs must report federal funds or revenue received to fund testing in schools on its CRCS. Under the LEA BOP, providers will **not** receive an interim payment associated with the purchase, administration or processing of COVID-19 tests. All allowable reimbursement (net of federal funding) will be realized in the final cost settlement process, once the LEA submits its CRCS for the applicable reporting period.

² For LEAs that participate in the Random Moment Time Survey (RMTS), the cost of the personnel administering the test would only be allowable on the CRCS if that employed practitioner was a Participant Pool 1 Time Survey Participant.

³ All third-party payer provisions continue to apply.

⁴ See footnote 2.

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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 Medi-Cal Billing Option Program by e-mail at LEA@dhcs.ca.gov.

Sincerely,

ORIGINALLY SIGNED BY BRIAN FITZGERALD

Brian Fitzgerald, Chief
Local Governmental Financing Division
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