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DATE: December 10, 2021 **PPL No. 21-042**

TO: Local Education Agency (LEA) Providers

SUBJECT: NOTIFICATION OF STATE FISCAL YEARS (SFYs) 2015-16 THROUGH 2019-20 COST SETTLEMENT REQUIREMENTS FOR THE LOCAL EDUCATIONAL AGENCY MEDI-CAL BILLING OPTION PROGRAM

This Policy and Procedure Letter (PPL) notifies LEAs participating in the LEA Medi-Cal Billing Option Program (LEA BOP) of the cost settlement requirements associated with State Plan Amendment (SPA) 15-021, which was approved by the Centers for Medicare and Medicaid Services (CMS) on April 27, 2020.

The State Plan expands access to federal Medicaid funds for LEAs through the following three primary changes:

- 1) Incorporates the Random Moment Time Survey (RMTS) into the cost settlement process.
- 2) Adds new service practitioners and services covered under the LEA BOP.
- 3) Expands the population covered under the LEA BOP to include Medicaid beneficiaries covered by an Individualized Health and Support Plan (IHSP) or other “Care Plan”.<sup>1</sup>

This PPL addresses these three changes and covers how LEAs will use a backcasting methodology to cost settle LEA covered services for the five fiscal years without RMTS data (SFYs 2015-16, 2016-17, 2017-18, 2018-19 and 2019-20).

### **Background**

LEAs must annually certify that the public funds expended for LEA BOP services provided are eligible for Federal Financial Participation pursuant to Code of Federal Regulations, Title 42, Section 433.51. The Department of Health Care Services (DHCS)

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<sup>1</sup> A “Care Plan” is a medical management tool for providing medically necessary healthcare services to a student in a school setting. Other common names for a “Care Plan” are a nursing plan, IHSP, Plan of Care, Individualized School Healthcare Plan or 504 Plan. See PPL 20-029, Notification of Expansion of Covered Service Population under the Local Educational Agency Medi-Cal Billing Option Program, for additional details.

must reconcile the interim Medi-Cal reimbursements to LEAs with the costs to provide the Medi-Cal services. The Cost and Reimbursement Comparison Schedule (CRCS) is used to compare each LEA's total actual costs for providing LEA BOP services to interim Medi-Cal reimbursement for the corresponding SFY.

### **Cost Settlement Requirements**

SPA 15-021 has an effective date of July 1, 2015, and outlines the cost settlement requirements for providers participating in the LEA BOP. These requirements differ based upon the date of service and the type of LEA covered service, as follows:

- LEA BOP Covered Services (excluding Specialized Medical Transportation):
  - All reimbursed LEA BOP services with dates of service on or after July 1, 2015, will be subject to cost settlement using the CRCS.
- Specialized Medical Transportation (SMT) Services:
  - SMT services rendered between July 1, 2015, and June 30, 2019, **will not** be subject to cost settlement using the CRCS. All SMT payments received by LEAs for services rendered between July 1, 2015, and June 30, 2019, will be considered final payments.
  - SMT services rendered to Medicaid eligible students with an IEP or IFSP on or after July 1, 2019, **will** be subject to cost settlement using the CRCS. LEA providers will report interim reimbursement received and the costs incurred for providing SMT services on the CRCS, beginning with the SFY 2019-20 cost report. See [PPL 20-004R](#) and [PPL 20-040](#), Notification of Cost Settlement Process for SMT in the LEA Medi-Cal Billing Option Program, for additional details.

### **Incorporating RMTS into the Cost Settlement Process**

Per SPA 15-021, as of July 1, 2020, a RMTS methodology was integrated into the LEA BOP cost reconciliation process. A revised CRCS, which will include the RMTS component, will facilitate the cost reconciliation process for all LEA services provided on or after July 1, 2015.

As noted above, SMT services will not require cost settlement until SFY 2019-20, at which time they will be added to the revised CRCS. More detail on the RMTS can be found in [PPL #20-022](#), as well as in the SMAA Manual, Sections 5 and 6, located here: <https://www.dhcs.ca.gov/provgovpart/Pages/SMAAManual.aspx>.

Effective SFY 2015-16, and thereafter, the CRCS will be amended to include an annual RMTS percentage related to direct medical services (Code 2A). Finalized RMTS percentages by service region will be made available on the LEA BOP website.

LEAs are required to include the RMTS percentage in their individual CRCS. DHCS will publish a separate percentage for LAUSD, which is a separate RMTS universe.

Due to SPA 15-021's retroactive effective date, the RMTS percentage generated for the SFY 2020-21 time period will be applied to five backcasted SFYs: 2015-16, 2016-17, 2017-18, 2018-19, and 2019-20. For these five backcasted periods, the practitioners included on the CRCS may differ from the practitioners listed on the LEA's SFY 2020-21 Participant Pool 1 quarterly Time Survey Participant (TSP) lists. However, after these five backcasted cost reports are completed, the RMTS percentage applied to the CRCS will be consistent with the cost reporting period. In addition, practitioner costs reported on the CRCS will be limited to practitioners that are included in the Participant Pool 1 quarterly TSP lists for a given SFY. For example;

- SFY 2021-22 annual RMTS percentage will be used to determine allowable costs in the SFY 2021-22 CRCS.
- Employed health service practitioners who are not included on the SFY 2021-22 Participant Pool 1 quarterly TSP lists will not be included as allowable costs on the SFY 2021-22 CRCS.

The policy of matching employees on the Participant Pool 1 quarterly TSP lists to the LEA-employed practitioner quarterly costs on the CRCS is applicable as of SFY 2020-21 and each subsequent SFY thereafter.

In order to incorporate the final RMTS percentage and settle the historical cost reports using the new SPA 15-021 payment methodology, LEAs must amend previously submitted historical cost reports and re-submit on the new CRCS template. Since the RMTS percentage will not be available until early 2022, LEAs will begin the process of re-submitting historical cost reports in mid-2022. In April 2022, LEAs will submit SFY 2019-20 costs for the first time on the new CRCS template and will populate the CRCS with the finalized RMTS percentage before submission to DHCS. The following table illustrates CRCS due dates by SFY including CRCS resubmission due dates for SFYs 2015-16 through and including SFY 2018-19.

**Table 1: Timeline for CRCS Submission**

SFY	Original CRCS Due Date	SFY RMTS %	CRCS Resubmission Date	Interim Settlement Date	36-month Audit Statute Deadline
2015-16	11/30/17 (old form)	SFY 20-21 Code 2A % (estimated to be available by early 2022)	06/30/22	N/A	06/30/25
2016-17	11/30/18 (old form)		08/31/22	N/A	08/31/25
2017-18	11/30/19 (old form)		10/31/22	N/A	10/31/25
2018-19	11/30/20 (new form)		01/31/23	N/A	01/31/26
2019-20	04/30/22 (new form)		N/A	N/A	04/30/25
2020-21	03/01/22		N/A	03/01/23	03/01/25
2021-22	03/01/23	SFY 21-22	N/A	03/01/24	03/01/26
2022-23	03/01/24	SFY 22-23	N/A	03/01/25	03/01/27

**Newly Covered Services and/or Practitioners**

The following table illustrates the new qualified service practitioners and covered services allowable under SPA 15-021:

**Table 2: SPA 15-021 New Practitioners and Covered Services**

<p><b><u>New Service Practitioners:</u></b></p> <ul style="list-style-type: none"> <li>• Occupational therapy assistants</li> <li>• Physical therapist assistants</li> <li>• Speech-language pathology assistants</li> <li>• Orientation and mobility specialists</li> <li>• Physician assistants</li> <li>• Registered dietitians</li> <li>• Registered associate clinical social workers</li> <li>• Associate marriage and family therapists</li> <li>• Respiratory care practitioners</li> </ul>	<p><b><u>New Covered Services:</u></b></p> <ul style="list-style-type: none"> <li>• Activities of Daily Living (ADL) assistance treatment services</li> <li>• Nutritional assessment and treatment services</li> <li>• Group occupational therapy treatment services</li> <li>• Group physical therapy treatment service</li> <li>• Orientation and mobility assessment and treatment services</li> <li>• Respiratory therapy assessment and treatment services</li> </ul>
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**LEAs will not submit interim claims for any of the above new services or practitioner types for services rendered between July 1, 2015 and June 30, 2020.**

For this time period, LEAs will receive LEA BOP reimbursement via the cost settlement process using the CRCS. For SFYs 2015-16 through 2019-20, LEAs may include costs on the CRCS for any of the **new practitioner types** listed above when those practitioners provided LEA BOP covered services (including the new services listed above) to students during the SFY. Similarly, LEAs may include costs on the CRCS for **additional practitioners** that were allowable prior to SPA 15-021 approval, assuming those practitioner provided **new covered services** to students during the SFY.<sup>2</sup>

LEAs may choose **not** to claim additional costs for any new services or practitioner types rendered between July 1, 2015, and June 30, 2020. All participating LEAs are required to submit an amended CRCS for services that were previously billed to Medi-Cal between SFYs 2015-16 and 2018-19. For SFY 2019-20, cost reports will be submitted once, using the new template, and will be due to DHCS once the RMTS percentage for SFY 2020-21 is finalized. All CRCS forms and instructions for these SFYs will be posted on the LEA BOP website, and will be due in calendar years 2022 and 2023 by the mandated due date as per the above “*Timeline for CRCS Submission*”.

**Requirements to Include New Practitioner Costs on the CRCS (SFYs 2015-16 through 2019-20)**

As part of its backcasting methodology, LEAs may include certain practitioners’ costs on the amended cost reports for the five backcasted SFYs. The only allowable practitioners that can be included on the amended cost reports are those practitioners that provided covered LEA BOP services during the respective SFYs and met the LEA BOP requirements associated with the new covered services included in SPA 15-021. This would include all practitioners for which LEAs received interim reimbursement and were included on the original cost reports in the prior periods, as well as any new practitioners that the LEA can validate met the LEA BOP billing requirements.

For services included on the SFY 2015-16 through 2019-20 CRCS forms, the LEA must be able to demonstrate that the practitioner rendered LEA BOP covered services that met the billing requirements, in order for the **new practitioner costs** to be eligible for LEA BOP reimbursement through the CRCS. The following Table 3 criteria must be met to include costs on the amended CRCS:

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<sup>2</sup> For SFYs 2015-16, 2016-17, 2017-18 and 2018-19, only costs related to **additional** practitioners providing covered LEA BOP services may be added when the LEA submits the amended CRCS. If a practitioner was already providing covered services during a SFY and the State Plan expanded scope of their billable services, no additional costs need to be reported on the amended CRCS because the practitioner would already have been included in the initial cost report. However, if a practitioner was not included on the initial CRCS for a SFY, but rendered newly approved LEA BOP covered services (identified in Table 2 above), that practitioner may be included on the amended cost report if the criteria in Table 3 are met.

**Table 3: Criteria for Including Costs in the Amended CRCS Related to SPA 15-021 New Practitioners or New Covered Services**

Service Type	Criteria
All Services	Services were provided by a qualified practitioner that met the licensing and/or certification requirements, as identified in the <i>Local Educational Agency (LEA) Rendering Practitioner Qualifications</i> section of the LEA Provider Manual
All Services	For practitioners requiring supervision, the supervision requirements were met and documented (e.g., supervisor signature is documented on the treatment log, notes in the practitioner records, etc.)
All Services	Medical necessity requirements were met
All Services	Other health coverage (OHC) requirements were met, when applicable, as identified in the <i>Local Educational Agency (LEA) Billing and Reimbursement Overview</i> section of the LEA provider manual
Assessments	Assessments were authorized by a parent, teacher, school nurse or qualified practitioner acting within their scope of practice, as identified in the LEA Provider Manual for each service type
Screenings	Screenings aligned with the Recommendations for Preventive Pediatric Health Care (known as the periodicity schedule)
Treatments	Services were supported by a prescription, referral or recommendation, as identified in the LEA Provider Manual for each service type
Treatments	Rendered services must have been delivered in accordance with a student’s IEP, IFSP, Individualized Health and Support Plan (IHSP) or other care plan
Targeted Case Management (TCM) Services	Practitioners providing TCM services must meet the requirements set forth in the LEA provider manual and the TCM services must have been included in a formal care plan. Note that for dates of service between July 1, 2015 and January 1, 2016, the TCM must be documented in an IEP/IFSP. For dates of service after January 1, 2016, the TCM must be documented in an IEP/IFSP <u>or</u> IHSP (e.g., a health plan, nursing plan, 504 plan, or other care plan).

Practitioner costs meeting the above criteria are allowable to include on the amended CRCS, even without any related interim reimbursement during the SFY. For example, if an LEA can meet and substantiate the above criteria for their speech language pathology assistants (SLPA), a new practitioner under SPA 15-021, they could include SLPA costs on the CRCS for all of the SLPAs that met the LEA BOP requirements during the respective fiscal year, even though they received no interim reimbursement

for SLPAs during that fiscal year. LEAs that include new practitioner costs on the CRCS will be expected to produce documentation that support a practitioner rendered LEA BOP covered services to students during the audit/review process.

### **Billing for the LEA BOP Expanded Population of Medi-Cal Covered Students**

SPA 15-021 expands the population covered under the LEA BOP to include Medi-Cal beneficiaries covered by an IHSP or a "Care Plan." As of July 1, 2020, LEAs may bill interim claims for Medi-Cal enrolled students receiving LEA BOP covered treatment services under an IHSP or Care Plan. The prior claiming limit of 24 non-IEP/IFSP services in a 12-month period is no longer applicable to Medi-Cal beneficiaries, as referenced in [PPL 20-029](#).

If your LEA provided non-IEP/IFSP services to Medi-Cal enrolled students in SFYs 2015-16 through 2019-20, and can meet documentation requirements noted in the bullet points above, your LEA can submit new costs on the CRCS associated with the LEA BOP covered practitioners that provided LEA BOP covered services to the expanded population. **LEAs will not submit interim claims related to non-IEP/IFSP services rendered prior to SFY 2020-21.** Reimbursement for these services will be accomplished using the CRCS. Please note that many practitioners that provided services to non-IEP/IFSP students are likely already included as qualified rendering practitioners on prior cost reports already submitted to DHCS. LEAs may not need to add any additional costs to their CRCS to receive reimbursement for this population of students.<sup>3</sup> The RMTS percentage will be the mechanism on the CRCS that is used to account for the expanded population served by all qualified practitioners.

### **Determination and Use of the Medi-Cal Eligibility Ratio**

The amended CRCS includes a Medi-Cal Eligibility Ratio (MER), which is applied to total costs on CRCS Worksheet A: Summary Costs of Providing LEA Services. This percentage will be used to determine the total computable Medi-Cal costs, which are then applied to the Federal Medicaid Assistance Percentage (FMAP), to arrive at the LEA's Medi-Cal maximum reimbursable costs. The maximum reimbursable costs are compared to interim payments that the LEA received in each respective SFY to determine the final cost settlement. SPA 15-021 indicates that the MER will be established for each participating LEA on an annual basis, using a methodology specified by DHCS. DHCS will publish the methodology for identifying the LEA's MER in the annual cost report instructions that are applicable to each SFY. These instructions will be posted on the [LEA BOP CRCS webpage](#) and sent to [LEA listserv subscribers](#) via email, when available.

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<sup>3</sup> The need to add any additional costs to the amended CRCS will be dependent upon whether the LEA has already included a practitioner's costs on the initial CRCS submission for the respective SFY.

For SFYs 2015-16 through 2020-21, the MER will be discounted on the CRCS by an Unsatisfactory Immigration Status (UIS) adjustment factor. The UIS adjustment will discount the MER to account for the fact that undocumented students may have been included in the numerator figure of the MER for prior periods. The UIS Adjustment Factor, included in the following Table 4, has been calculated by DHCS by determining the average percentage of Medi-Cal children under age 22 that were identified as having unsatisfactory immigration status SFY.

**Table 4: Unsatisfactory Immigration Status Adjustment Factor by SFY**

State Fiscal Year	UIS Adjustment Factor
2015-16	2.90%
2016-17	3.22%
2017-18	3.26%
2018-19	3.35%
2019-20	3.32%
2020-21	3.18%

For **SFY 2021-22**, DHCS will instruct LEAs regarding the date on which providers will determine the MER calculation once system changes have been implemented to identify the UIS population as ineligible for federal financial participation. Once the data match eligibility process reflects this change, DHCS will notify LEAs of the date on which providers will determine the numerator in the MER calculation. Assuming system changes are in place in SFY 2021-22, a UIS Adjustment Factor will not be applied to the MER for this period and onward because the data match eligibility process will exclude the UIS population.

**SFY 2015-16 through and including 2018-19 CRCS Resubmission Requirements**

Since Audits and Investigations has completed a majority of the CRCS audits related to the initial cost report submissions for this time period, amended CRCS templates for these four backcasted SFYs will use audited costs as the basis for the resubmitted cost reports. LEAs will be required to report “as audited” figures as the starting point on the CRCS resubmissions, and will include any additional costs related to backcasting under a column labeled for adjustments to audited costs. This process will allow LEAs to transfer audited costs to the new template, separately identify any new costs they are claiming on the amended CRCS, and will streamline the audit of the resubmitted cost reports. If LEAs do not have a copy of their audited CRCS for SFYs 2015-16 through 2018-19, they may contact Audits and Investigations for a copy at:

[LEA.CRCS.Questions@DHCS.CA.GOV](mailto:LEA.CRCS.Questions@DHCS.CA.GOV).

When submitting the amended cost reports, LEAs will be required to include two additional documents with their resubmissions. These two documents will provide Audits & Investigations with detail on additional costs being included on the resubmitted CRCS. **If no additional costs are included on the CRCS and the LEA is only including audited costs on their CRCS, these two documents are not required.**

For LEAs reporting adjustments to audited costs, the two additional supporting documents that are required in the CRCS submission package include:

- Grouping Schedule or Bridging Document used to prepare the CRCS, containing all new services/practitioner costs;
- Production Log that identifies the added practitioners, including the LEA BOP services (i.e. units and encounters) that were provided/performed.

If the LEA is including additional costs on the resubmitted cost reports, these two additional documents must be included in the submission email. If the LEA fails to include these documents, but additional costs are identified on the CRCS, the resubmitted CRCS will be rejected.

### **SFY 2020-21 and Forward Documents Required with CRCS Submission**

Effective for CRCS submissions for SFY 2020-21 and beyond, only costs for Participant Pool 1 practitioners that are certified on the Random Moment Time Survey (RMTS) quarterly Time Survey Participant (TSP) lists are allowable on the CRCS. LEAs may **not** include quarterly costs on the CRCS unless the practitioner is included in the certified TSP list for the applicable quarter. As of SFY 2020-21, quarterly certified TSP lists for Participant Pool 1 must be included in the CRCS submission package. The TSP list must identify the LEA name, National Provider Identifier (NPI), RMTS quarter, practitioner's name and the LEA BOP approved job classification. If the LEA reports quarterly salary and benefit costs, but fails to include the corresponding certified TSP lists for RMTS quarters two (October to December), three (January to March) and/or four (April to June) of the applicable SFY, the submitted CRCS will be rejected.

### **Failure to Comply with Cost Settlement**

LEAs that fail to submit a cost report by the mandated due date are subject to termination from the LEA BOP and must repay DHCS for all interim reimbursement received during the respective SFY(s) that they failed to submit a timely cost report.

If you have questions concerning this PPL, please contact the LEA BOP e-mail at [LEA@dhcs.ca.gov](mailto:LEA@dhcs.ca.gov).

Sincerely,

**ORIGINAL SIGNED BY JILLIAN MONGETTA**

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