SEP 30 2015

Ms. Henrietta Sam-Louie
Acting Associate Regional Administrator
Centers for Medicare and Medicaid Services
Division of Medicaid and Children's Health
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

Dear Ms. Sam-Louie,

The Department of Health Care Services (DHCS) is submitting the enclosed State Plan Amendment (SPA) 15-021, in response to the requirement from the Centers for Medicare and Medicaid Services (CMS) to update the payment methodology for the Local Educational Agency (LEA) Medi-Cal Billing Option Program.

DHCS is submitting the SPA to add new assessment and treatment services; new practitioner types; and a Random Moment Time Survey (RMTS) methodology to the LEA Medi-Cal Billing Option Program. In addition, DHCS is implementing the guidelines in accordance with the letter to the State Medicaid Director (SMD-14-006), dated December 15, 2014.

Enclosed for your review and approval, the following SPA documents revise or add language to the provisions set forth in the following sections of the State Plan:

- HCFA Form 179- Transmittal and Notice of Approval
- Attachment 4.19-B, pages 1-11 (Redline Version)
- Attachment 4.19-B, pages 1-11 (Clean Version)

The proposed effective date for SPA 15-021 is July 1, 2015.
Please contact John Mendoza, Chief, Safety Net Financing Division, at (916) 552-9130 or by e-mail at john.mendoza@dhcs.ca.gov if you have any questions.

Mari Cantwell
Chief Deputy Director, Health Care Programs
State Medicaid Director

Enclosures
**TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL**

**FOR:** HEALTH CARE FINANCING ADMINISTRATION

**TO:** REGIONAL ADMINISTRATOR
HEALTH CARE FINANCING ADMINISTRATION
DEPARTMENT OF HEALTH AND HUMAN SERVICES

**1. TRANSMITTAL NUMBER:** 15-021

**2. STATE:** California

**3. PROGRAM IDENTIFICATION:** TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)

**4. PROPOSED EFFECTIVE DATE:** July 1, 2015

**5. TYPE OF PLAN MATERIAL** (Check One):
- NEW STATE PLAN
- AMENDMENT TO BE CONSIDERED AS NEW PLAN
- AMENDMENT

**6. FEDERAL STATUTE/REGULATION CITATION:**
Social Security Act 1915(g)

**7. FEDERAL BUDGET IMPACT:**
- FFY 2015: $57,397,085
- FFY 2016: $76,529,446

**8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:**
- Attachment 4.19-B, pages 1-11

**9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT** (If Applicable):

**10. SUBJECT OF AMENDMENT:**
New services and Random Moment Time Survey (RMTS) methodology in the Local Education Agency Medi-Cal Billing Option Program

**11. GOVERNOR’S REVIEW** (Check One):
- GOVERNOR’S OFFICE REPORTED NO COMMENT
- COMMENTS OF GOVERNOR’S OFFICE ENCLOSED
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

**12. OTHER, AS SPECIFIED:**
The Governor’s Office does not wish to review the State Plan Amendment.

**13. ORIGINAL SIGNED**

**Mari Cantwell**
Chief Deputy Director, Health Care Programs
State Medicaid Director

**14. DATE:** SEP 30 2015

**15. DATE SUBMITTED:**

**FOR REGIONAL OFFICE USE ONLY**

**16. RETURN TO:**
Department of Health Care Services
Attn: State Plan Coordinator
1501 Capitol Avenue, Suite 71.326
P.O. Box 997417
Sacramento, CA 95899-7417

**17. DATE RECEIVED:**

**18. DATE APPROVED:**

**19. EFFECTIVE DATE OF APPROVED MATERIAL:**

**20. SIGNATURE OF REGIONAL OFFICIAL:**

**21. TYPED NAME:**

**22. TITLE:**

**23. REMARKS:**

FORM HCFA-179 (07-92)
## STATE PLAN CHART

<table>
<thead>
<tr>
<th>Type of Service</th>
<th>Program Coverage**</th>
<th>Prior Authorization and Other Requirements*</th>
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</thead>
<tbody>
<tr>
<td>4b Early and periodic screening, diagnostic, and treatment (EPSDT) services</td>
<td>Covered for Medicaid eligible under 21 years of age. Includes rehabilitative mental health services: collateral, assessment, individual therapy, group therapy, medication service, crisis intervention, day treatment intensive, day rehabilitation offered in local and mental health clinics or in the community, as described in Attachment 3.1.-A, Item 13.</td>
<td>Prior authorization is not required. Medical necessity is the only limitation.</td>
</tr>
<tr>
<td>Services provided by Local Education Agency (LEA) providers</td>
<td>Includes Local Education Agency (LEA) Medi-Cal Billing Option Program services (LEA services). LEAs are the governing body of any school district or community college district, the county office of education, a state special school, a California State University campus, or a University of California campus. LEA services are defined as medically necessary when used to correct or ameliorate defects and physical and mental illness and conditions discovered during a regular (periodic) or inter-periodic screening. Services provided by LEA providers may be subject to on-site review and/or audit by the Centers for Medicare and Medicaid Services and/ or its agents or the Department of Education under an interagency agreement with the single state agency.</td>
<td>LEA Services Limitations: Medical necessity in the only limitation. Enrolled LEA providers may provide services to all eligible Medicaid beneficiaries.</td>
</tr>
</tbody>
</table>

*Prior authorization is not required for emergency services. **Coverage is limited to medically necessary services.


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TN No. 15-021  
Supercedes  
TN No. 11-040

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Effective Date July 1, 2015
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<tr>
<td>4b  EPSDT (cont.)</td>
<td>Freedom of Choice - Title 42 Code of Federal Regulations (CFR) 431.51. The State assures that the provision of services will not restrict an individual’s free choice of qualified providers in violation of section 1902(a) (23) of the Social Security Act. <strong>Assessments Services</strong></td>
<td>LEA eligible beneficiaries include individuals under age 22 who are Medicaid eligible beneficiaries, including Medicaid eligible individuals with an Individualized Education Plan (IEP) or Individualized Family Services Plan (IFSP) under the Individuals with Disabilities Education Act (IDEA). Provider Qualifications and Limitations: LEA assessments and treatment services must be performed by providers who meet the applicable qualification requirements as described in Title 42 of Code of Federal Regulations (CFR) Part 440, who render services within their scope of practice, as established in State law. Rendering providers of LEA services are:</td>
</tr>
</tbody>
</table>
| Services provided by Local Education Agency (LEA) providers (cont.) | Health and mental health evaluation and education (Early Periodic Screening Diagnostic Treatment (EPSDT), also covered in Subsection 4b and 13d). Health and mental health evaluation and education includes parts of the EPSDT assessment such as:  
  • Developmental Assessment  
  • Health Education and Anticipatory Guidance appropriate to age and health status which includes wellness counseling  
  • Hearing Assessment  
  • Nutritional Education Assessment  
  • Nutritional Status Assessment  
  • Psychosocial Status Assessment  
  • Vision Assessment | |
| *Prior authorization is not required for emergency services. **Coverage is limited to medically necessary services. | LEA covered services also include the following assessments services:  
  • Audiological Assessment  
  • Health Evaluations Assessment  
  • Occupational Therapy Assessment | |

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1. **Audiology Hearing Services (42 CFR 440.110(c))**  
Definition: Audiology is the application of principles, methods and procedures of measurement, testing, appraisal, prediction, consultation, counseling, instruction related to auditory, vestibular and related functions and the modification of communicative disorders involving speech, language, auditory behavior or other aberrant behavior resulting from auditory dysfunction.  
Qualified Provider Types:  
a) Credentialed Audiologists  
b) Credentialed Speech-Language Pathologists  
c) Licensed Audiologists  
d) Licensed Physicians  
e) Licensed Speech-Language Pathologists  
f) Registered School Audiometrists
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| 4b EPSDT (cont.)| • Orientation and Mobility Assessment  
• Physical Therapy Assessment  
• Psychological Assessment  
• Respiratory Assessment  
• Speech-Language Assessment | 2. Nursing Services (42 CFR 440.60(a), 440.166 and 440.167)  
Definition: Nursing services include functions such as basic health care associated with actual or potential health or illness problems or treatment thereof.  
Qualified Provider Types:  
a) Certified Nurse Practitioners  
b) Certified Public Health Nurses  
c) Licensed Registered Nurses  
d) Licensed Vocational Nurses  
e) Registered Credentialed School Nurses |
| Services provided by Local Education Agency (LEA) providers (cont.) | Treatment Services  
LEA covered services include the following treatment services:  
• Nursing Services (as covered in Items 4(b) and 13 (c)),  
a.) Personal Care Services (as covered in Item 26))  
• Occupational Therapy (as covered in Item 11(b)),  
a.) Orientation and Mobility Services,  
• Physical Therapy (as covered in Item 11(a)),  
• Physician Services (as covered in Item 5(a)),  
a.) Respiratory Therapy Treatment Services  
• Psychology (as covered in Items 6(d) and 13(d)),  
• School Health Aide Services (as covered in Items 13(d) and 24(a))  
• Speech/Audiology (as covered in Item 11(c)) | I) School Health Aide Services (42 CFR 440.167)  
Definition: School Health Aide Services include functions such as basic health care associated with actual or potential health or illness problems or the treatment thereof.  
Qualified Practitioner Types:  
a) Personal Care Assistants  
b) Trained Health Care Aides |

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<td>4b EPSDT (cont.)</td>
<td>Other LEA Covered Services</td>
<td>II) Personal Care Services (42 CFR 440.167)</td>
</tr>
<tr>
<td>Services provided by Local Education Agency (LEA) providers (cont.)</td>
<td>Other LEA covered services include the following services:</td>
<td>Definition: Personal care services are prescribed by a physician in accordance with a plan of treatment or otherwise authorized for the individual in accordance with a service plan approved by the State and provided on a one-to-one basis to treat physical or mental impairments or conditions.</td>
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<td></td>
<td>• LEA Targeted Case Management (TCM) services, as defined in Supplement 1c to Attachment 3.1-A. TCM services assist children with an IEP or IFSP, who are eligible for services under the IDEA to gain access to appropriate and needed services.</td>
<td>Qualified Provider Types: a) Certified Nurse Practitioners b) Certified Public Health Nurses c) Licensed Registered Nurses d) Licensed Vocational Nurses e) Personal Care Assistants f) Registered Credentialed School Nurses g) Trained Health Care Aides</td>
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<td>• Medical Transportation (as covered in Subsection 24(a))</td>
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### LIMITATIONS ON ATTACHMENT 3.1-B

#### STATE PLAN CHART

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<td>4b EPSDT (cont.)</td>
<td></td>
<td>4. <strong>Occupational Therapy Services (42 CFR 440.110(b))</strong>&lt;br&gt;<strong>Definition:</strong> Occupational therapy is the therapeutic use of goal-directed activities that maximize independence, prevent or minimize disability and maintain health. Occupational therapy are services prescribed by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under State law and provided to a beneficiary by or under the direction of a qualified occupational therapist. It includes any necessary supplies and equipment.&lt;br&gt;&lt;br&gt;<strong>Qualified Provider Type:</strong>&lt;br&gt; a) Licensed Occupational Therapy Assistants&lt;br&gt; b) Registered Occupational Therapists&lt;br&gt;&lt;br&gt;<strong>I) Orientation and Mobility Services (42 CFR 440.110(b))</strong>&lt;br&gt;<strong>Definition:</strong> Orientation and Mobility services are services provided to blind or visually impaired children by qualified personnel to attain systematic orientation to and safe movement within their environments in school, home, and community.&lt;br&gt;&lt;br&gt;<strong>Qualified Provider Types:</strong>&lt;br&gt; a) Orientation and Mobility Specialist certified by the Academy for Certification of Vision Rehabilitation and Education Professionals (ACVREP) who possess a California Department of Education teaching certification for the visually impaired.</td>
</tr>
<tr>
<td>Services provided by Local Education Agency (LEA) providers (cont.)</td>
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| 4b EPSDT (cont.)| Services provided by Local Education Agency (LEA) providers (cont.) | 5. **Physical Therapy Services (42 CFR 400.110(a))**  
Definition: Physical therapy is the physical or corrective rehabilitation or physical or corrective treatment of any bodily or mental condition of a person. Physical therapy includes evaluation, treatment planning, instruction, and consultative services. Physical therapy are services prescribed by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under State law and provided to a beneficiary by or under the direction of a qualified physical therapist. It includes any necessary supplies and equipment.  
Qualified Provider Types:  
a) Licensed Physical Therapists  
b) Licensed Physical Therapy Assistants |

6. **Physician Services (42 CFR 440.50(a))**  
Definition: Physician services are the diagnoses and treatments of diseases, injuries, deformities and other physical or mental conditions.  
Qualified Provider Types:  
a) Licensed Physician Assistants  
b) Licensed Physicians/Psychiatrists |

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<tr>
<td>4b EPSDT (cont.)</td>
<td>Services provided by Local Education Agency (LEA) providers (cont.)</td>
<td><strong>I) Optometry Services (B&amp;P Code, Section 3041.2(a))</strong>&lt;br&gt;Definition: Optometry includes the prevention and diagnosis of disorders and dysfunctions of the visual system.</td>
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<td><strong>II) Respiratory Services (B&amp;P Codes 3740-3742)</strong>&lt;br&gt;Definition: Respiratory care practitioner services means medically necessary services rendered within the scope of practice of a respiratory care practitioner under the supervision of a physician for the therapy, management, rehabilitation, diagnostic evaluation, and care of patients with deficiencies, and abnormalities, which affect the pulmonary system and associated aspects of cardiopulmonary and other systems functions.</td>
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| 4b EPSDT (cont.)| Services provided by Local Education Agency (LEA) providers (cont.) | 7. **Psychological Services (42 CFR 440.60(a))**  
Definition: Psychology and counseling involves the application of psychological principles, methods and procedures of understanding, predicting and influencing behavior, such as the principles pertaining to learning, perception, motivation, emotion and interpersonal relationships. It includes diagnosis, prevention, treatment and amelioration of psychological problems and emotional and mental disorders.  

Qualified Practitioner Types:  
a) Credentialed School Counselors  
b) Credentialed School Psychologists  
c) Credentialed School Social Workers  
d) Licensed Clinical Social Workers  
e) Licensed Educational Psychologists  
f) Licensed Marriage and Family Therapists  
g) Licensed Physicians/Psychiatrists  
h) Licensed Psychologists  
i) Registered Associate Clinical Social Workers  
j) Registered Credentialed School Nurses  
k) Registered Marriage and Family Therapist Interns  

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## Type of Service Program Coverage** Prior Authorization and Other Requirements*

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<td>4b EPSDT (cont.)</td>
<td>Services provided by Local Education Agency (LEA) providers (cont.)</td>
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### 8. Specialized Transportation Services

**(42 CFR 440.170(a)(1))**

**Definition:** Specialized transportation services are available to Medicaid eligible beneficiaries under the age of 22 for whom the transportation services are medically necessary and documented in an IEP/IFSP.

**Services:**
Services must be provided on the same date of service that a Medicaid covered service, required by the student’s IEP/IFSP, is received. Both the transportation and the covered service must be authorized in the student’s IEP/IFSP. Transportation must be provided on a specially adapted vehicle to and/or from the location where the Medicaid service is received.

**Qualified Modes of Transportation:**
Specialized transportation services are provided in a litter van, wheelchair van, or a school bus equipped with lifts, ramps, and/or restraints driven by employees or contracted by the LEA.

### 9. Speech-Language Therapy Services

**(42 CFR.110(c))**

**Definition:** Speech therapy is the application of principles, methods and instrumental and noninstrumental procedures for measurement, testing, screening, evaluation, identification, prediction and counseling related to the development and disorders of speech, voice, language or swallowing. Services also include preventing, planning, directing, conducting and supervising programs for habilitating, ameliorating, managing or modifying disorders of speech, voice, language or swallowing and conducting hearing screenings. Speech-Language Therapy

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<td>4b EPSDT (cont.)</td>
<td></td>
<td>are services referred by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under State law and provided to a beneficiary by or under the direction of a qualified speech-language pathologist.</td>
</tr>
<tr>
<td>Services provided by Local Education Agency (LEA) providers (cont.)</td>
<td></td>
<td>Qualified Practitioner Types:</td>
</tr>
<tr>
<td></td>
<td></td>
<td>a) Licensed Speech-Language Pathologists</td>
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<td></td>
<td></td>
<td>b) Credentialed Speech-Language Pathologists</td>
</tr>
<tr>
<td></td>
<td></td>
<td>c) Speech-Language Pathology Assistants</td>
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<td>d) Credentialed speech-language pathologists who have a preliminary or professional clear services credential in speech-language pathology may provide assessments and treatment services related to speech, voice, language, or swallowing disorders, for which a student has been referred by a physician, other licensed practitioner of the healing arts only to the extent authorized under State law to Medicaid eligible students. Credentialed speech-language pathologists who do not have a preliminary or professional clear services credential in speech-language pathology may provide services under the direction of a licensed speech-language pathologist or a credentialed speech-language pathologist who has a professional clear services credential in speech-language pathology. The State's Attorney General, in opinion #06-1011, dated November 30, 2006, concluded that the State's qualifications for the professional clear credential and the preliminary credential for speech-language pathologists were equivalent to the federal speech-pathologists qualifications in 42 CFR 440.110.</td>
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<tr>
<td>4b EPSDT (cont.)</td>
<td>Services provided by LEA providers (cont.)</td>
<td>The Infant Development Program (IDP) services offer a variety of medically necessary services identified in an Individualized Family Service Plan (IFSP). The Department of Developmental Services contracts with Regional Centers (RC) statewide to provide and coordinate services for infants with, and at risk for, developmental disabilities. Individuals are not limited to RC providers, and may receive state plan services through their health plan or fee for service providers. IDP services will not be provided to an infant at the same time as another service that is the same in nature and scope. IFSP Assessments: Infants and toddlers eligible for IDP services will have an IFSP developed by a RC multidisciplinary team, which includes a physician or licensed practitioner who authorizes specific medically necessary services, including frequency and duration, within their scope of their practice under state law. IFSPs are reviewed and updated at least every six months. Provider Qualifications: Providers must meet all applicable license, credential, registration, certificate, permit, or academic degree requirements to provide the service under state law. Unlicensed providers may also provide services under the direct supervision of a licensed member of the IFSP multidisciplinary team, as defined in this section, pursuant to their scope of practice under state law. Unlicensed providers may have a bachelor’s degree in education, psychology, child development or related field; or an AA degree in child development or related field.</td>
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<td>4b EPSDT (cont.)</td>
<td>Physical therapy services provided in accordance with Item 11a.</td>
<td>Services must be performed by providers who meet the applicable qualification requirements as defined in 42 CFR Section 440.110, licensed and within their scope of practice under state law.</td>
</tr>
<tr>
<td>IDP (cont.)</td>
<td>Occupational therapy services provided in accordance with Item 11b.</td>
<td>Service must be performed by providers who meet the applicable qualification requirements as defined in 42 CFR Section 440.50, licensed and within their scope of practice under state law.</td>
</tr>
<tr>
<td></td>
<td>Speech therapy services provided in accordance with Item 11c.</td>
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<tr>
<td></td>
<td>Vision services provided in accordance with Item 5a.</td>
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<tr>
<td></td>
<td>Psychology services provided in accordance with Item 6d.1.</td>
<td>Services must be performed by providers who meet the applicable qualification requirements as defined in 42 CFR Section 440.60, licensed and within their scope of practice under state law.</td>
</tr>
</tbody>
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<td>4b EPSDT (cont.)</td>
<td>Developmental Therapy is a service that includes activities that increase the parent’s/caregiver’s recognition and response to the child’s verbal and/or non-verbal communication; increase the parent’s/caregiver’s interpersonal relationship with the child through everyday activities; training and consultation with the parent/caregiver for the direct benefit of the child to demonstrate developmentally appropriate activities for the child’s special need to support the acquisition of new skills; and address the achievement of the objectives and outcomes in the child’s IFSP. Intervention activities promote development in all of the following areas; gross motor skills; fine motor skills; cognitive development; communication development; social-emotional development; and self-help/adaptive learning. Activities may include, but are not limited to, use of manipulative props and toys, and weights; play and music therapy; role play; responding to the infant/toddler; positive caregiving strategies; and development of routine and ritual. Developmental therapy is provided under the direction of the multidisciplinary IFSP team at the RC, including licensed personnel, to ensure the continuity of the medically necessary services to ameliorate the child’s delays and by guiding the therapeutic regimen related to the child’s progress.</td>
<td>Developmental therapy may be provided by unlicensed IDP providers, as described on page 9e. Developmental therapy services provided by unlicensed providers are provided in accordance with the preventive benefit (42 CFR 440.130 (c)).</td>
</tr>
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<td>4b EPSDT (cont.)</td>
<td>Treatments are recommended by a physician or other licensed practitioner of the healing arts, within their scope of practice under State law.</td>
<td>Prior authorization is not required, and informed consent must be obtained in compliance with applicable state law for all sterilizations. Sterilization of persons under 21 years of age is not covered.</td>
</tr>
<tr>
<td>4c Family planning services and supplies for individuals of child bearing age.</td>
<td>Covered as physician and pharmaceutical services.</td>
<td>Physician services do not require prior authorization except as noted below:</td>
</tr>
<tr>
<td>5a Physician’s Services</td>
<td>As medically necessary, subject to limitations; however, experimental services are not covered.</td>
<td><strong>Coverage is limited to medically necessary services.</strong></td>
</tr>
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| 24g Local Education Agency (LEA) Services | **LEAs** are the governing body of any school district or community college district, the county office of education, a state special school, a California State University campus, or a University of California campus.  

LEA eligible beneficiaries include individuals under age 22 who are Medicaid eligible beneficiaries, including Medicaid eligible individuals with an Individualized Education Plan (IEP) or Individualized Family Services Plan (IFSP) under the Individuals with Disabilities Education Act (IDEA).  

LEA services are defined as medically necessary when used to correct or ameliorate defects and physical and mental illness and conditions discovered during a regular (periodic) or inter-periodic screening.  

For Other Health Coverage (OHC), providers are required to bill legally liable third parties prior to billing Medicaid.  

Freedom of Choice - Title 42 Code of Federal Regulations (CFR) 431.51. The State assures that the provision of services will not restrict an individual’s free choice of qualified providers in violation of section 1902(a) (23) of the Social Security Act.  

LEAs providing LEA services may be subject to on-site review and/or audit by the Centers for Medicare and Medicaid Services and/or agents, the single state agency and/or its agents or the Department of Education under an interagency agreement with the single state agency. | LEA Service Limitations  

Medical necessity is the only limitation.  

Enrolled LEA providers may provide services to all eligible Medicaid beneficiaries.  

* Coverage is limited to medically necessary services.  

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<tr>
<td>24g Local Education Agency (LEA) Services (cont.)</td>
<td>For Medicaid eligible individuals, including Medicaid eligible individuals with an IEP/IFSP under the IDEA.</td>
<td>Provider Qualifications and Limitations: LEA assessments and treatment services must be performed by providers who meet the applicable qualification requirements as defined in Title 42 CFR Part 440, who renders services within their scope of practice, as established in State law. Rendering providers of LEA services are:</td>
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<tr>
<td><strong>Assessments Services</strong></td>
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<td>Health and mental health evaluation and education (Early Periodic Screening Diagnostic Treatment (EPSDT), also covered in Items 4b and 13d). Health and mental health evaluation and education includes parts of the EPSDT assessment such as:</td>
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<td>• Developmental Assessment</td>
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<td>• Health Education and Anticipatory Guidance appropriate to age and health status which includes wellness counseling</td>
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<td>• Nutritional Education Assessment</td>
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<td>• Nutritional Status Assessment</td>
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<td>• Psychosocial Status Assessment</td>
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<td>• Vision Assessment</td>
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<td>LEA covered services also include the following assessments services:</td>
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<td>• Audiological Assessment</td>
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<td>• Health Evaluations Assessment</td>
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<td>• Occupational Therapy Assessment</td>
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<td>• Orientation and Mobility Assessment</td>
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<td>• Physical Therapy Assessment</td>
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<td>• Respiratory Assessment</td>
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<td>• Speech-Language Assessment</td>
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| 24g Local Education Agency (LEA) | **Treatment Services**<br>LEA covered services include the following treatment services:  
- Nursing Services (as covered in Items 4(b) and 13(c));  
  a.) Personal Care Services (as covered in Item 26);  
- Occupational Therapy (as covered in Item 11(b));  
  a.) Orientation and Mobility Services;  
- Physical Therapy (as covered in Item 11(a));  
- Physician Services (as covered in Item 5(a));  
  a.) Respiratory Therapy Treatment Services;  
- Psychology (as covered in Items 6(d) and 13(d));  
- School Health Aide Services (as covered in Items 13(d) and 24(a));  
- Speech/Audiology (as covered in Item 11(c)) | 2. **Nursing Services (42 CFR 440.60(a), 440.166 and 440.167)**<br>Definition: Nursing services include functions such as basic health care associated with actual or potential health or illness problems or treatment thereof.  
Qualified Provider Types:<br>  a) Certified Nurse Practitioners  
  b) Certified Public Health Nurses  
  c) Licensed Registered Nurses  
  d) Licensed Vocational Nurses  
  e) Registered Credentialed School Nurses |
| Other LEA Covered Services | Other LEA covered services include the following services:  
- LEA Targeted Case Management (TCM) services, as defined in Supplement 1c to Attachment 3.1-A. TCM services assist children with an IEP or IFSP, who are eligible for services under the IDEA to gain access to appropriate and needed services.  
- Medical Transportation (as covered in Item 24(a)) | I) **School Health Aide Services (42 CFR 440.167)**<br>Definition: School Health Aide Services include functions such as basic health care associated with actual or potential health or illness problems or the treatment thereof.  
Qualified Practitioner Types:<br>  a) Personal Care Assistants  
  b) Trained Health Care Aides |

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<td>24g Local Education Agency (LEA) Services (cont.)</td>
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<td><strong>II) Personal Care Services (42 CFR 440.167)</strong>&lt;br&gt;Definition: Personal care services are prescribed by a physician in accordance with a plan of treatment or otherwise authorized for the individual in accordance with a service plan approved by the State and provided on a one-to-one basis to treat physical or mental impairments or conditions. Qualifier Proctor Types:&lt;br&gt;1. Certified Nurse Practitioners&lt;br&gt;2. Certified Public Health Nurses&lt;br&gt;3. Licensed Registered Nurses&lt;br&gt;4. Licensed Vocational Nurses&lt;br&gt;5. Personal Care Assistants&lt;br&gt;6. Registered Credentialed School Nurses&lt;br&gt;7. Trained Health Care Aides</td>
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**4. Occupational Therapy Services (42 CFR 440.110(b))**

**Definition:** Occupational therapy is the therapeutic use of goal-directed activities that maximize independence, prevent or minimize disability and maintain health. Occupational therapy are services prescribed by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under State law and provided to a beneficiary by or under the direction of a qualified occupational therapist. It includes any necessary supplies and equipment.

**Qualified Provider Type:**

a) Licensed Occupational Therapy Assistants  

b) Registered Occupational Therapists

**I) Orientation and Mobility Services (42 CFR 440.110(b))**

**Definition:** Orientation and Mobility services are services provided to blind or visually impaired children by qualified personnel to attain systematic orientation to and safe movement within their environments in school, home, and community.

**Qualified Provider Types:**

a) Orientation and Mobility Specialist certified by the Academy for Certification of Vision Rehabilitation and Education Professionals (ACVREP) who possess a California Department of Education teaching certification for the visually impaired.

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| 24g Local Education Agency (LEA) Services (cont.)   |                                                                                   | **5. Physical Therapy Services (42 CFR 400.110(a))**  
Definition: Physical therapy is the physical or corrective rehabilitation or physical or corrective treatment of any bodily or mental condition of a person. Physical therapy includes evaluation, treatment planning, instruction, and consultative services. Physical therapy are services prescribed by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under State law and provided to a beneficiary by or under the direction of a qualified physical therapist. It includes any necessary supplies and equipment.  
**Qualified Provider Types:**  
a) Licensed Physical Therapists  
b) Licensed Physical Therapy Assistants |
|                                                      |                                                                                   | **6. Physician Services (42 CFR 440.50(a))**  
Definition: Physician services are the diagnoses and treatments of diseases, injuries, deformities and other physical or mental conditions.  
**Qualified Provider Types:**  
a) Licensed Physician Assistants  
b) Licensed Physicians/Psychiatrists |
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<td>24g Local Education Agency (LEA) Services (cont.)</td>
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<tr>
<td>I) Optometry Services (B&amp;P Code, Section 3041.2(a))</td>
<td>Definition: Optometry includes the prevention and diagnosis of disorders and dysfunctions of the visual system.</td>
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<tr>
<td>Qualified Provider Types:</td>
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<tr>
<td>a) Licensed Optometrists</td>
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<tr>
<td>b) Licensed Physician Assistants</td>
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<td>c) Licensed Physicians</td>
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<tr>
<td>d) Registered Credentialed School Nurses</td>
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<tr>
<td>II) Respiratory Services (B&amp;P Codes 3740-3742)</td>
<td>Definition: Respiratory care practitioner services means medically necessary services rendered within the scope of practice of a respiratory care practitioner under the supervision of a physician for the therapy, management, rehabilitation, diagnostic evaluation, and care of patients with deficiencies, and abnormalities, which affect the pulmonary system and associated aspects of cardiopulmonary and other systems functions.</td>
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<tr>
<td>Qualified Provider Types:</td>
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<tr>
<td>a) Licensed Respiratory Therapists</td>
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**7. Psychological Services (42 CFR 440.60(a))**

Definition: Psychology and counseling involves the application of psychological principles, methods and procedures of understanding, predicting and influencing behavior, such as the principles pertaining to learning, perception, motivation, emotion and interpersonal relationships. It includes diagnosis, prevention, treatment and amelioration of psychological problems and emotional and mental disorders.

**Qualified Practitioner Types:**
- a) Credentialed School Counselors
- b) Credentialed School Psychologists
- c) Credentialed School Social Workers
- d) Licensed Clinical Social Workers
- e) Licensed Educational Psychologists
- f) Licensed Marriage and Family Therapists
- g) Licensed Physicians/Psychiatrists
- h) Licensed Psychologists
- i) Registered Associate Clinical Social Workers
- j) Registered Credentialed School Nurses
- k) Registered Marriage and Family Therapist Interns

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8. **Specialized Transportation Services**  
(42 CFR 440.170(a)(1))  
Definition: Specialized transportation services are available to Medicaid eligible beneficiaries under the age of 22 for whom the transportation services are medically necessary and documented in an IEP/IFSP.

**Services:**  
Services must be provided on the same date of service that a Medicaid covered service, required by the student’s IEP/IFSP, is received. Both the transportation and the covered service must be authorized in the student’s IEP/IFSP. Transportation must be provided on a specially adapted vehicle to and/or from the location where the Medicaid service is received.

**Qualified Modes of Transportation:**  
Specialized transportation services are provided in a litter van, wheelchair van, or a school bus equipped with lifts, ramps, and/or restraints driven by employees or contracted by the LEA.

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<td>24g Local Education Agency (LEA) Services (cont.)</td>
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**9. Speech-Language Therapy Services**

**(42 CFR 110(c))**

Definition: Speech therapy is the application of principles, methods and instrumental and noninstrumental procedures for measurement, testing, screening, evaluation, identification, prediction and counseling related to the development and disorders of speech, voice, language or swallowing. Services also include preventing, planning, directing, conducting and supervising programs for habilitating, ameliorating, managing or modifying disorders of speech, voice, language or swallowing and conducting hearing screenings. Speech-Language Therapy are services referred by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under State law and provided to a beneficiary by or under the direction of a qualified speech-language pathologist.

**Qualified Practitioner Types:**

a) Licensed Speech-Language Pathologists  
b) Credentialed Speech-Language Pathologists  
c) Speech-Language Pathology Assistants  
d) Credentialed speech-language pathologists who have a preliminary or professional clear services credential in speech-language pathology may provide assessments and treatment services related to speech, voice, language, or swallowing disorders, for which a student has been referred by a physician, other licensed practitioner of the healing arts only to the extent authorized under State law to Medicaid eligible students. Credentialed speech-language pathologists who do not have a preliminary or professional clear services credential in speech-language pathology.

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<td>24g Local Education Agency (LEA) Services (cont.)</td>
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<td>may provide services under the direction of a licensed speech-language pathologist or a credentialed speech-language pathologist who has a professional clear services credential in speech-language pathology. The State’s Attorney General, in opinion #06-1011, dated November 30, 2006, concluded that the State’s qualifications for the professional clear credential and the preliminary credential for speech-language pathologists were equivalent to the federal speech-pathologists qualifications in 42 CFR 440.110.</td>
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<tr>
<td>4b Early and periodic screening, diagnostic, and treatment (EPSDT) services</td>
<td>Covered for Medicaid eligible under 21 years of age.</td>
<td>Prior authorization is not required.</td>
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<td></td>
<td>Includes rehabilitative mental health services: collateral, assessment, individual therapy, group therapy, medication service, crisis intervention, day treatment intensive, day rehabilitation offered in local and mental health clinics or in the community, as described in Attachment 3.1.-A, Item 13.</td>
<td>Medical necessity is the only limitation.</td>
</tr>
<tr>
<td>Services provided by Local Education Agency (LEA) providers</td>
<td>Includes Local Education Agency (LEA) Medical Billing Option Program services (LEA services). LEAs are the governing body of any school district or community college district, the county office of education, a state special school, a California State University campus, or a University of California campus. LEA services are defined as medically necessary when used to correct or ameliorate defects and physical and mental illness and conditions discovered during a regular (periodic) or inter-periodic screening.</td>
<td>LEA Services Limitations:</td>
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<td>Services provided by LEA providers may be subject to on-site review and/or audit by the Centers for Medicare and Medicaid Services and/ or its agents or the Department of Education under an interagency agreement with the single state agency.</td>
<td>Medical necessity in the only limitation.</td>
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4b EPSDT (cont.) | Freedom of Choice - Title 42 Code of Federal Regulations (CFR) 431.51. The State assures that the provision of services will not restrict an individual’s free choice of qualified providers in violation of section 1902(a) (23) of the Social Security Act.

**Assessments Services**

Health and mental health evaluation and education (Early Periodic Screening Diagnostic Treatment (EPSDT), also covered in Subsection 4b and 13d). Health and mental health evaluation and education includes parts of the EPSDT assessment such as:

- Developmental Assessment
- Health Education and Anticipatory Guidance appropriate to age and health status which includes wellness counseling
- Hearing Assessment
- Nutritional Education Assessment
- Nutritional Status Assessment
- Psychosocial Status Assessment
- Vision Assessment

LEA covered services also include the following assessments services:

- Audiological Assessment
- Health Evaluations Assessment
- Occupational Therapy Assessment

LEA eligible beneficiaries include individuals under age 22 who are Medicaid eligible beneficiaries, including Medicaid eligible individuals with an Individualized Education Plan (IEP) or Individualized Family Services Plan (IFSP) under the Individuals with Disabilities Education Act (IDEA).

**Provider Qualifications and Limitations:**

LEA assessments and treatment services must be performed by providers who meet the applicable qualification requirements as described in Title 42 of Code of Federal Regulations (CFR) Part 440, who render services within their scope of practice, as established in State law. Rendering providers of LEA services are:

1. **Audiology Hearing Services (42 CFR 440.110(c))**

   **Definition:** Audiology is the application of principles, methods and procedures of measurement, testing, appraisal, prediction, consultation, counseling, instruction related to auditory, vestibular and related functions and the modification of communicative disorders involving speech, language, auditory behavior or other aberrant behavior resulting from auditory dysfunction.

   **Qualified Provider Types:**

   a) Credentialed Audiologists
   b) Credentialed Speech-Language Pathologists
   c) Licensed Audiologists
   d) Licensed Physicians
   e) Licensed Speech-Language Pathologists
   f) Registered School Audiometrists

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*Prior authorization is not required for emergency services.

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| 4b EPSDT (cont.)                 | • Orientation and Mobility Assessment  
  • Physical Therapy Assessment  
  • Psychological Assessment  
  • Respiratory Assessment  
  • Speech-Language Assessment  
  **Treatment Services**  
  LEA covered services include the following treatment services:  
  • Nursing Services (as covered in Items 4(b) and 13(c)),  
    a.) Personal Care Services (as covered in Item 26))  
  • Occupational Therapy (as covered in Item 11(b)),  
    a.) Orientation and Mobility Services,  
  • Physical Therapy (as covered in Item 11(a)),  
  • Physician Services (as covered in Item 5(a)),  
    a.) Respiratory Therapy Treatment Services  
  • Psychology (as covered in Items 6(d) and 13(d)),  
  • School Health Aide Services (as covered in Items 13(d) and 24(a))  
  • Speech/Audiology (as covered in Item 11(c))  
| Services provided by Local Education Agency (LEA) providers (cont.) | 2. **Nursing Services (42 CFR 440.60(a), 440.166 and 440.167)**  
Definition: Nursing services include functions such as basic health care associated with actual or potential health or illness problems or treatment thereof.  
Qualified Provider Types:  
  a) Certified Nurse Practitioners  
  b) Certified Public Health Nurses  
  c) Licensed Registered Nurses  
  d) Licensed Vocational Nurses  
  e) Registered Credentialed School Nurses  
|                                   | J) **School Health Aide Services (42 CFR 440.167)**  
Definition: School Health Aide Services include functions such as basic health care associated with actual or potential health or illness problems or the treatment thereof.  
Qualified Practitioner Types:  
  a) Personal Care Assistants  
  b) Trained Health Care Aides  |

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<td>Other LEA Covered Services</td>
<td>II) Personal Care Services (42 CFR 440.167)</td>
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<td>Services provided by Local Education Agency (LEA) providers (cont.)</td>
<td>Other LEA covered services include the following services:</td>
<td>Definition: Personal care services are prescribed by a physician in accordance with a plan of treatment or otherwise authorized for the individual in accordance with a service plan approved by the State and provided on a one-to-one basis to treat physical or mental impairments or conditions.</td>
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<td>• LEA Targeted Case Management (TCM) services, as defined in Supplement 1c to Attachment 3.1-A. TCM services assist children with an IEP or IFSP, who are eligible for services under the IDEA to gain access to appropriate and needed services.</td>
<td>Qualified Provider Types:</td>
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<td>• Medical Transportation (as covered in Subsection 24(a))</td>
<td>a) Certified Nurse Practitioners</td>
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<td>b) Certified Public Health Nurses</td>
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<td>c) Licensed Registered Nurses</td>
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<td>g) Trained Health Care Aides</td>
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<td>c) Licensed Physician Assistants</td>
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<td>d) Licensed Physicians/Psychiatrists</td>
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<td>e) Licensed Registered Nurses</td>
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<td>f) Registered Credentialed School Nurses</td>
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<td>g) Registered Dietitians</td>
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**Prior authorization is not required for emergency services.**

4. **Occupational Therapy Services (42 CFR 440.110(b))**

Definition: Occupational therapy is the therapeutic use of goal-directed activities that maximize independence, prevent or minimize disability and maintain health. Occupational therapy are services prescribed by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under State law and provided to a beneficiary by or under the direction of a qualified occupational therapist. It includes any necessary supplies and equipment.

**Qualified Provider Type:**
- a) Licensed Occupational Therapy Assistants
- b) Registered Occupational Therapists

1) **Orientation and Mobility Services (42 CFR 440.110(b))**

Definition: Orientation and Mobility services are services provided to blind or visually impaired children by qualified personnel to attain systematic orientation to and safe movement within their environments in school, home, and community.

**Qualified Provider Types:**
- a) Orientation and Mobility Specialist certified by the Academy for Certification of Vision Rehabilitation and Education Professionals (ACVREP) who possess a California Department of Education teaching certification for the visually impaired.

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### State Plan Chart

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<thead>
<tr>
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<th>Prior Authorization and Other Requirements*</th>
</tr>
</thead>
<tbody>
<tr>
<td>4b EPSDT (cont.)</td>
<td></td>
<td><strong>5. Physical Therapy Services (42 CFR 400.110(a))</strong>&lt;br&gt;Definition: Physical therapy is the physical or corrective rehabilitation or physical or corrective treatment of any bodily or mental condition of a person. Physical therapy includes evaluation, treatment planning, instruction, and consultative services. Physical therapy are services prescribed by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under State law and provided to a beneficiary by or under the direction of a qualified physical therapist. It includes any necessary supplies and equipment.</td>
</tr>
<tr>
<td>Services provided by Local Education Agency (LEA) providers (cont.)</td>
<td></td>
<td><strong>6. Physician Services (42 CFR 440.50(a))</strong>&lt;br&gt;Definition: Physician services are the diagnoses and treatments of diseases, injuries, deformities and other physical or mental conditions.</td>
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</table>
| 4b EPSDT (cont.)|                    | I) Optometry Services (B&P Code, Section 3041.2(a))  
Definition: Optometry includes the prevention and diagnosis of disorders and dysfunctions of the visual system.  
Qualified Provider Types:  
a) Licensed Optometrists  
b) Licensed Physician Assistant  
c) Licensed Physicians  
d) Registered Credentialed School Nurses  
II) Respiratory Services (B&P Codes 3740-3742)  
Definition: Respiratory care practitioner services means medically necessary services rendered within the scope of practice of a respiratory care practitioner under the supervision of a physician for the therapy, management, rehabilitation, diagnostic evaluation, and care of patients with deficiencies, and abnormalities, which affect the pulmonary system and associated aspects of cardiopulmonary and other systems functions.  
Qualified Provider Types:  
a) Licensed Respiratory Therapists  

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</table>
| 4b EPSDT (cont.)| Services provided by Local Education Agency (LEA) providers (cont.) | 7. **Psychological Services (42 CFR 440.60(a))**<br>Definition: Psychology and counseling involves the application of psychological principles, methods and procedures of understanding, predicting and influencing behavior, such as the principles pertaining to learning, perception, motivation, emotion and interpersonal relationships. It includes diagnosis, prevention, treatment and amelioration of psychological problems and emotional and mental disorders.<br><br>**Qualified Practitioner Types:**<br>a) Credentialed School Counselors<br>b) Credentialed School Psychologists<br>c) Credentialed School Social Workers<br>d) Licensed Clinical Social Workers<br>e) Licensed Educational Psychologists<br>f) Licensed Marriage and Family Therapists<br>g) Licensed Physicians/Psychiatrists<br>h) Licensed Psychologists<br>i) Registered Associate Clinical Social Workers<br>j) Registered Credentialed School Nurses<br>k) Registered Marriage and Family Therapist Interns |}

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<tr>
<td>Services provided by Local Education Agency (LEA) providers (cont.)</td>
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</table>

#### 8. Specialized Transportation Services

**Definition:** Specialized transportation services are available to Medicaid eligible beneficiaries under the age of 22 for whom the transportation services are medically necessary and documented in an IEP/IFSP.

**Services:**
Services must be provided on the same date of service that a Medicaid covered service, required by the student’s IEP/IFSP, is received. Both the transportation and the covered service must be authorized in the student’s IEP/IFSP. Transportation must be provided on a specially adapted vehicle to and/or from the location where the Medicaid service is received.

**Qualified Modes of Transportation:**
Specialized transportation services are provided in a litter van, wheelchair van, or a school bus equipped with lifts, ramps, and/or restraints driven by employees or contracted by the LEA.

#### 9. Speech-Language Therapy Services

**Definition:** Speech therapy is the application of principles, methods and instrumental and noninstrumental procedures for measurement, testing, screening, evaluation, identification, prediction and counseling related to the development and disorders of speech, voice, language or swallowing. Services also include preventing, planning, directing, conducting and supervising programs for habilitating, ameliorating, managing or modifying disorders of speech, voice, language or swallowing and conducting hearing screenings. Speech-Language Therapy

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<td>4b EPSDT (cont.)</td>
<td></td>
<td>are services referred by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under State law and provided to a beneficiary by or under the direction of a qualified speech-language pathologist.</td>
</tr>
</tbody>
</table>
| Services provided by Local Education Agency (LEA) providers (cont.) | | Qualified Practitioner Types:  
a) Licensed Speech-Language Pathologists  
b) Credentialed Speech-Language Pathologists  
c) Speech-Language Pathology Assistants  
d) Credentialed speech-language pathologists who have a preliminary or professional clear services credential in speech-language pathology may provide assessments and treatment services related to speech, voice, language, or swallowing disorders, for which a student has been referred by a physician, other licensed practitioner of the healing arts only to the extent authorized under State law to Medicaid eligible students.  
Credentialed speech-language pathologists who do not have a preliminary or professional clear services credential in speech-language pathology may provide services under the direction of a licensed speech-language pathologist or a credentialed speech-language pathologist who has a professional clear services credential in speech-language pathology.  
The State's Attorney General, in opinion #06-1011, dated November 30, 2006, concluded that the State's qualifications for the professional clear credential and the preliminary credential for speech-language pathologists were equivalent to the federal speech-pathologists qualifications in 42 CFR 440.110. |

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### Infant Development Program Services (IDP)

- **Type of Service**: EPSDT (cont.)
- **Program Coverage**
  - The Infant Development Program (IDP) services offer a variety of medically necessary services identified in an Individualized Family Service Plan (IFSP). The Department of Developmental Services contracts with Regional Centers (RC) statewide to provide and coordinate services for infants with, and at risk for, developmental disabilities. Individuals are not limited to RC providers, and may receive state plan services through their health plan or fee for service providers.
  - IDP services will not be provided to an infant at the same time as another service that is the same in nature and scope.
- **Prior Authorization and Other Requirements**
  - IFSP Assessments: Infants and toddlers eligible for IDP services will have an IFSP developed by a RC multidisciplinary team, which includes a physician or licensed practitioner who authorizes specific medically necessary services, including frequency and duration, within their scope of practice under state law. IFSPs are reviewed and updated at least every six months.
  - Provider Qualifications: Providers must meet all applicable license, credential, registration, certificate, permit, or academic degree requirements to provide the service under state law. Unlicensed providers may also provide services under the direct supervision of a licensed member of the IFSP multidisciplinary team, as defined in this section, pursuant to their scope of practice under state law. Unlicensed providers may have a bachelor’s degree in education, psychology, child development or related field; or an AA degree in child development or related field.

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<td>4b EPSDT (cont.)</td>
<td>Physical therapy services provided in accordance with Item 11a.</td>
<td>Services must be performed by providers who meet the applicable qualification requirements as defined in 42 CFR Section 440.110, licensed and within their scope of practice under state law.</td>
</tr>
<tr>
<td>IDP (cont.)</td>
<td>Occupational therapy services provided in accordance with Item 11b.</td>
<td>Service must be performed by providers who meet the applicable qualification requirements as defined in 42 CFR Section 440.50, licensed and within their scope of practice under state law.</td>
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<td></td>
<td>Speech therapy services provided in accordance with Item 11c.</td>
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<td></td>
<td>Vision services provided in accordance with Item 5a.</td>
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<tr>
<td></td>
<td>Psychology services provided in accordance with Item 6d.1.</td>
<td>Services must be performed by providers who meet the applicable qualification requirements as defined in 42 CFR Section 440.60, licensed and within their scope of practice under state law.</td>
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<td>4b EPSDT (cont.)</td>
<td>Developmental Therapy is a service that includes activities that increase the parent’s/caregiver’s recognition and response to the child’s verbal and/or non-verbal communication; increase the parent’s/caregiver’s interpersonal relationship with the child through everyday activities; training and consultation with the parent/caregiver for the direct benefit of the child to demonstrate developmentally appropriate activities for the child’s special need to support the acquisition of new skills; and address the achievement of the objectives and outcomes in the child’s IFSP. Intervention activities promote development in all of the following areas; gross motor skills; fine motor skills; cognitive development; communication development; social-emotional development; and self-help/adaptive learning. Activities may include, but are not limited to, use of manipulative props and toys, and weights; play and music therapy; role play; responding to the infant/toddler; positive caregiving strategies; and development of routine and ritual. Developmental therapy is provided under the direction of the multidisciplinary IFSP team at the RC, including licensed personnel, to ensure the continuity of the medically necessary services to ameliorate the child’s delays and by guiding the therapeutic regimen related to the child’s progress.</td>
<td>Developmental therapy may be provided by unlicensed IDP providers, as described on page 9e. Developmental therapy services provided by unlicensed providers are provided in accordance with the preventive benefit (42 CFR 440.130 (c)).</td>
</tr>
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<td>4b EPSDT (cont.)</td>
<td>Treatments are recommended by a physician or other licensed practitioner of the healing arts, within their scope of practice under State law.</td>
<td>Prior authorization is not required, and informed consent must be obtained in compliance with applicable state law for all sterilizations. Sterilization of persons under 21 years of age is not covered.</td>
</tr>
<tr>
<td>IDP (cont.)</td>
<td>Covered as physician and pharmaceutical services.</td>
<td>Physician services do not require prior authorization except as noted below:</td>
</tr>
<tr>
<td>4c Family planning services and supplies for individuals of child bearing age.</td>
<td>As medically necessary, subject to limitations; however, experimental services are not covered.</td>
<td></td>
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<tr>
<td>5a Physician’s Services</td>
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SPA Impact Form

State / Title / Plan Number:
California / New services and Random Moment Time Survey (RMTS) methodology in the LEA Medi-Cal Billing Option Program / SPA # 15-021

Federal Fiscal Impact:
Yes. Adding of new services, practitioner types and RMTS will increase claiming in the LEA Medi-Cal Billing Option Program.

Number of People Affected by Enhanced Coverage, Benefits or Retained Eligibility:
Due to new services and practitioners, and the Affordable Care Act requirements, there will be an increase in the number of eligibles receiving services under the LEA Medi-Cal Billing Option Program.

Number of Potential Newly Eligible People:  Cannot be determined at this time.
or
Eligibility Simplification:  No.

Number of People Losing Medicaid Eligibility:  None.

Reduces Benefits:  No.

Provider Payment Increase:  Yes.

Delivery System Innovation:  Yes.

Comments/Remarks:  None.

DHS Contact:  Rick Record, Chief, LEA Program Unit, Safety Net Financing Division, (916) 552-9222.

Date:  July 1, 2015
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<td>23g Local Education Agency (LEA) Services</td>
<td>LEAs are the governing body of any school district or community college district, the county office of education, a state special school, a California State University campus, or a University of California campus. LEA eligible beneficiaries include individuals under age 22 who are Medicaid eligible beneficiaries, including Medicaid eligible individuals with an Individualized Education Plan (IEP) or Individualized Family Services Plan (IFSP) under the Individuals with Disabilities Education Act (IDEA). LEA services are defined as medically necessary when used to correct or ameliorate defects and physical and mental illness and conditions discovered during a regular (periodic) or inter-periodic screening. For Other Health Coverage (OHC), providers are required to bill legally liable third parties prior to billing Medicaid. Freedom of Choice - Title 42 Code of Federal Regulations (CFR) 431.51. The State assures that the provision of services will not restrict an individual's free choice of qualified providers in violation of section 1902(a) (23) of the Social Security Act. LEAs providing LEA services may be subject to on-site review and/or audit by the Centers for Medicare and Medicaid Services and/or agents, the single state agency and/or its agents or the Department of Education under an interagency agreement with the single state agency.</td>
<td>LEA Service Limitations Medical necessity is the only limitation. Enrolled LEA providers may provide services to all eligible Medicaid beneficiaries.</td>
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<tr>
<td>23g Local Education Agency (LEA) Services (cont.)</td>
<td>For Medicaid eligible individuals, including Medicaid eligible individuals with an IEP/IFSP under the IDEA.</td>
<td>Provider Qualifications and Limitations:</td>
</tr>
<tr>
<td></td>
<td>Assessments Services</td>
<td>LEA assessments and treatment services must be performed by providers who meet the applicable qualification requirements as defined in Title 42 CFR Part 440, who renders services within their scope of practice, as established in State law. Rendering providers of LEA services are:</td>
</tr>
<tr>
<td></td>
<td>Health and mental health evaluation and education (Early Periodic Screening Diagnostic Treatment (EPSDT), also covered in Items 4b and 13d). Health and mental health evaluation and education includes parts of the EPSDT assessment such as:</td>
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<tr>
<td></td>
<td>• Developmental Assessment</td>
<td>1. Audiology Hearing Services (42 CFR 440.110(c))</td>
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<tr>
<td></td>
<td>• Health Education and Anticipatory Guidance appropriate to age and health status which includes wellness counseling</td>
<td>Definition: Audiology is the application of principles, methods and procedures of measurement, testing, appraisal, prediction, consultation, counseling, instruction related to auditory, vestibular and related functions and the modification of communicative disorders involving speech, language, auditory behavior or other aberrant behavior resulting from auditory dysfunction.</td>
</tr>
<tr>
<td></td>
<td>• Hearing Assessment</td>
<td>Qualified Provider Types:</td>
</tr>
<tr>
<td></td>
<td>• Nutritional Education Assessment</td>
<td>a) Credentialed Audiologists</td>
</tr>
<tr>
<td></td>
<td>• Nutritional Status Assessment</td>
<td>b) Credentialed Speech-Language Pathologists</td>
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<td></td>
<td>• Psychosocial Status Assessment</td>
<td>c) Licensed Audiologists</td>
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<td></td>
<td>• Vision Assessment</td>
<td>d) Licensed Physicians</td>
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<td></td>
<td>LEA covered services also include the following assessments services:</td>
<td>e) Licensed Speech-Language Pathologists</td>
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<tr>
<td></td>
<td>• Audiological Assessment</td>
<td>f) Registered School Audiometrists</td>
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<td>• Health Evaluations Assessment</td>
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<td>• Occupational Therapy Assessment</td>
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<td>• Orientation and Mobility Assessment</td>
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<td>• Psychological Assessment</td>
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<td>• Respiratory Assessment</td>
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<td>• Speech-Language Assessment</td>
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<td>23g Local Education Agency (LEA) Services (cont.)</td>
<td>Treatment Services</td>
<td>2. Nursing Services (42 CFR 440.60(a), 440.166 and 440.167)</td>
</tr>
<tr>
<td></td>
<td>LEA covered services include the following treatment services:</td>
<td>Definition: Nursing services include functions such as basic health care associated with actual or potential health or illness problems or treatment thereof.</td>
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<td>• Nursing Services (as covered in Items 4(b) and 13 (c)); a.) Personal Care Services (as covered in Item 26);</td>
<td>Qualified Provider Types:</td>
</tr>
<tr>
<td></td>
<td>• Occupational Therapy (as covered in Item 11(b)); a.) Orientation and Mobility Services,</td>
<td>a) Certified Nurse Practitioners</td>
</tr>
<tr>
<td></td>
<td>• Physical Therapy (as covered in Item 11(a));</td>
<td>b) Certified Public Health Nurses</td>
</tr>
<tr>
<td></td>
<td>• Physician Services (as covered in Item 5(a)); a.) Respiratory Therapy Treatment Services;</td>
<td>c) Licensed Registered Nurses</td>
</tr>
<tr>
<td></td>
<td>• Psychology (as covered in Items 6(d) and 13(d));</td>
<td>d) Licensed Vocational Nurses</td>
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<td>• School Health Aide Services (as covered in Items 13(d) and 24(a));</td>
<td>e) Registered Credentialed School Nurses</td>
</tr>
<tr>
<td></td>
<td>• Speech/Audiology (as covered in Item 11(c))</td>
<td><strong>I) School Health Aide Services (42 CFR 440.167)</strong></td>
</tr>
<tr>
<td>Other LEA Covered Services</td>
<td></td>
<td>Definition: School Health Aide Services include functions such as basic health care associated with actual or potential health or illness problems or the treatment thereof.</td>
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<td></td>
<td>Other LEA covered services include the following services:</td>
<td>Qualified Practitioner Types:</td>
</tr>
<tr>
<td></td>
<td>• LEA Targeted Case Management (TCM) services, as defined in Supplement 1c to Attachment 3.1-A. TCM services assist children with an IEP or IFSP, who are eligible for services under the IDEA to gain access to appropriate and needed services.</td>
<td>a) Personal Care Assistants</td>
</tr>
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<td></td>
<td>• Medical Transportation (as covered in Subsection 24(a))</td>
<td>b) Trained Health Care Aides</td>
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| 23g Local Education Agency (LEA) Services (cont.)    |                   | **II) Personal Care Services (42 CFR 440.167)**  
  Definition: Personal care services are prescribed by a physician in accordance with a plan of treatment or otherwise authorized for the individual in accordance with a service plan approved by the State and provided on a one-to-one basis to treat physical or mental impairments or conditions.  
  **Qualified Provider Types:**  
  a) Certified Nurse Practitioners  
  b) Certified Public Health Nurses  
  c) Licensed Registered Nurses  
  d) Licensed Vocational Nurses  
  e) Personal Care Assistants  
  f) Registered Credentialed School Nurses  
  g) Trained Health Care Aides |
|                                                      |                   | **3. Nutritional Services (B&P Code 2585)**  
  Definition: The assessment and treatment of nutritional status.  
  **Qualified Provider Types:**  
  a) Certified Nurse Practitioners  
  b) Certified Public Health Nurses  
  c) Licensed Physician Assistants  
  d) Licensed Physicians/Psychiatrists  
  e) Licensed Registered Nurses  
  f) Registered Credentialed School Nurses  
  g) Registered Dieticians |

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<td>4. Occupational Therapy Services (42 CFR 440.110(b))</td>
<td>Definition: Occupational therapy is the therapeutic use of goal-directed activities that maximize independence, prevent or minimize disability and maintain health. Occupational therapy are services prescribed by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under State law and provided to a beneficiary by or under the direction of a qualified occupational therapist. It includes any necessary supplies and equipment.</td>
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<td></td>
<td>Qualified Provider Type:</td>
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<tr>
<td></td>
<td>a) Licensed Occupational Therapy Assistants</td>
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<td>b) Registered Occupational Therapists</td>
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<td>1) Orientation and Mobility Services (42 CFR 440.110(b))</td>
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<td>6. Physician Services (42 CFR 440.50(a))</td>
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<td>Definition: Physician services are the diagnoses and treatments of diseases, injuries, deformities and other physical or mental conditions. Qualified Provider Types: a) Licensed Physician Assistants b) Licensed Physicians/Psychiatrists</td>
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## STATE PLAN CHART

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<tr>
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<th>Program Coverage*</th>
<th>Limitations and Other Requirements</th>
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</table>
| 23g Local Education Agency (LEA) Services (cont.) | | I) Optometry Services (42 CFR 440.50)  
Definition: Optometry includes the prevention and diagnosis of disorders and dysfunctions of the visual system.  
Qualified Provider Types:  
a) Licensed Optometrists  
b) Licensed Physician Assistants  
c) Licensed Physicians  
d) Registered Credentialed School Nurses  
II) Respiratory Services (42 CFR 440.50)  
Definition: Respiratory care practitioner services means medically necessary services rendered within the scope of practice of a respiratory care practitioner under the supervision of a physician for the therapy, management, rehabilitation, diagnostic evaluation, and care of patients with deficiencies, and abnormalities, which affect the pulmonary system and associated aspects of cardiopulmonary and other systems functions.  
Qualified Provider Types:  
a) Licensed Respiratory Therapists |

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| 23g Local Education Agency (LEA) Services (cont.) | | **7. Psychological Services (42 CFR 440.60(a))**  
Definition: Psychology and counseling involves the application of psychological principles, methods and procedures of understanding, predicting and influencing behavior, such as the principles pertaining to learning, perception, motivation, emotion and interpersonal relationships. It includes diagnosis, prevention, treatment and amelioration of psychological problems and emotional and mental disorders.  
**Qualified Practitioner Types:**  
a) Credentialed School Counselors  
b) Credentialed School Psychologists  
c) Credentialed School Social Workers  
d) Licensed Clinical Social Workers  
e) Licensed Educational Psychologists  
f) Licensed Marriage and Family Therapists  
g) Licensed Physicians/Psychiatrists  
h) Licensed Psychologists  
i) Registered Associate Clinical Social Workers  
j) Registered Credentialed School Nurses  
k) Registered Marriage and Family Therapist Interns |

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<td><strong>8. Specialized Transportation Services</strong>&lt;br&gt;<strong>(42 CFR 440.170(a)(1))</strong>&lt;br&gt;<strong>Definition:</strong> Specialized transportation services are available to Medicaid eligible beneficiaries under the age of 22 for whom the transportation services are medically necessary and documented in an IEP/IFSP.&lt;br&gt;<strong>Services:</strong>&lt;br&gt;Services must be provided on the same date of service that a Medicaid covered service, required by the student’s IEP/IFSP, is received. Both the transportation and the covered service must be authorized in the student’s IEP/IFSP. Transportation must be provided on a specially adapted vehicle to and/or from the location where the Medicaid service is received.&lt;br&gt;<strong>Qualified Modes of Transportation:</strong>&lt;br&gt;Specialized transportation services are provided in a litter van, wheelchair van, or a school bus equipped with lifts, ramps, and/or restraints driven by employees or contracted by the LEA.</td>
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**9. Speech-Language Therapy Services (42 CFR.110(c))**

Definition: Speech therapy is the application of principles, methods and instrumental and noninstrumental procedures for measurement, testing, screening, evaluation, identification, prediction and counseling related to the development and disorders of speech, voice, language or swallowing. Services also include preventing, planning, directing, conduction and supervising programs for habilitating, ameliorating, managing or modifying disorders of speech, voice, language or swallowing and conducting hearing screenings. Speech-Language Therapy are services referred by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under State law and provided to a beneficiary by or under the direction of a qualified speech-language pathologist.

**Qualified Practitioner Types:**

- a) Licensed Speech-Language Pathologists
- b) Credentialed Speech-Language Pathologists
- c) Speech-Language Pathology Assistants
- d) Credentialed speech-language pathologists who have a preliminary or professional clear services credential in speech-language pathology may provide assessments and treatment services related to speech, voice, language, or swallowing disorders, for which a student has been referred by a physician, other licensed practitioner of the healing arts only to the extent authorized under State law to Medicaid eligible students. Credentialed speech-language pathologists who do not have a preliminary or professional clear services credential in speech-language pathology

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<td>may provide services under the direction of a licensed speech-language pathologist or a credentialed speech-language pathologist who has a professional clear services credential in speech-language pathology. The State’s Attorney General, in opinion #06-1011, dated November 30, 2006, concluded that the State’s qualifications for the professional clear credential and the preliminary credential for speech-language pathologists were equivalent to the federal speech-pathologists qualifications in 42 CFR 440.110.</td>
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Payment for Local Education Agency (LEA) Services

School-based services provided by LEAs, including specialized transportation services, will be paid on a cost basis. Medicaid services that are medically necessary and provided by LEAs to Medicaid recipients, including Medicaid eligible students with an Individualized Education Plan (IEP) or Individualized Family Services Plan (IFSP), as defined in Attachment 3.1-A and Attachment 3.1-B, include:

1. Audiological Services
2. Nursing Services
3. Nutritional Services
4. Occupational Therapy Services
5. Optometry Services
6. Orientation and Mobility Services
7. Personal Care Services
8. Physical Therapy Services
9. Physician Services
10. Psychology and Counseling Services
11. Respiratory Therapy Services
12. School Health Aide Services
13. Specialized Transportation Services
14. Speech-Language Pathology Services
15. Targeted Case Management Services, as defined in Supplement 1-C to Attachment 3.1-A

Providers will be reimbursed interim rates for direct medical services per unit of service at the lesser of the provider’s billed charges or the interim rate. On an annual basis, a LEA-specific cost reconciliation for all over and under payments will be processed via a cost reconciliation process.

I. Interim Rates for Assessments and Treatment Services for Medicaid Eligible Beneficiaries, including Medicaid Eligible Students with an Individualized Education Plan (IEP) or Individualized Family Service Plan (IFSP)

A. Interim Payment Methodology Overview

1. Interim reimbursement rates for IEP/IFSP assessment and treatment services for the period April 1, 2003, through June 30, 2004, were developed from data reported in cost and time surveys from a sample of LEA providers. As described in paragraphs B.1 through B.3, median hourly costs for each type of qualified practitioner (e.g., psychologist, speech therapist, audiologist, etc.) were developed from data reported in the cost survey.
2. Median IEP/IFSP assessment and treatment times by service type (e.g., psychology and counseling, speech therapy, and audiology, etc.) were developed from data reported in a time survey consisting of two instruments, a Treatment Service Questionnaire and an IEP Time Survey. Median IEP/IFSP assessment and treatment times by service type were applied to the median hourly costs for the corresponding practitioners to develop the fee schedule.

3. Rates for assessments and treatment services will be annually adjusted in subsequent periods by applying the Implicit Price Deflator, which is published by the U.S. Department of Commerce. The interim rates will be based on the methodology similar to that described in Sections B-F and based on the Medi-Cal Fee Schedule Rates, when appropriate or necessary.

B. Hourly Costs

1. Health care-related costs were identified by type of practitioner from the cost survey and included salary, benefits and other personnel expenses for SFY 2000-01. Indirect costs were calculated by applying the LEA’s approved indirect cost rate to the health-care related costs. Education-related costs were excluded. The hourly basis for the costs was based on total annual hours required to work. Each cost survey received a desk or field review to evaluate the reasonableness of the data provided. All costs used in the calculation were in compliance with OMB Circular A-87.

2. Costs for SFY 2001-02 were determined by adjusting cost for SFY 2000-01 for inflation. The inflation adjustment was accomplished by applying the annual percentage increase in certificated salaries to the salary component of reported costs and the Implicit Price Deflator for State and Local Government Purchases of Goods and Services (Implicit Price Deflator) to the remaining cost components (i.e., benefits, other personnel expenses, facility costs, and administrative costs). The annual percentage increase in certificated salaries for each LEA is published by the California Department of Education. The Implicit Price Deflator, published by the U.S. Department of Commerce, is an inflation index that measures the change in the prices of goods and services that governments purchase. Median hourly costs for each type of practitioner were developed from these adjusted costs.

3. Median hourly costs for each type of practitioner were adjusted to the midpoint of the implementation period of April 1, 2003, through June 30, 2004, by applying the LEA Cost of Living Adjustment based on the Implicit Price Deflator. The Cost of Living Adjustment is an inflation percentage designated by the legislature to adjust state apportionments for K-12 Education on an annual basis.

C. Assessments

1. Median assessment times for IEP/IFSP assessments were developed using time reported in the IEP Time Survey and validated in interviews with health service practitioners.

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2. Service Categories

Assessment time from the IEP Time Survey was evaluated by service type (psychology, health, speech therapy, audiology, occupational therapy, and physical therapy) and IEP/IFSP type of review (initial, annual, triennial and amended). Two versions of IEP/IFSP assessment rates for each service type were developed:

(a) Assessment conducted for an initial or triennial IEP/IFSP review

The initial review is conducted for a student that has not yet been determined to be eligible for services under IDEA. The triennial review occurs every 36 months.

(b) Assessment conducted for an annual or amended IEP/IFSP review

The annual review occurs every year to determine whether the existing IEP/IFSP is appropriately meeting the needs of the child. The amended review occurs periodically when requested by a parent, guardian or professional working with the student or when a student transfers from one LEA to another.

3. Interim Rates for Assessments Services

(a) Rates for assessments provided by social workers and counselors will be based on the time incremental cost of these practitioners and billed in service units representing 15-minute increments.

(b) Rates for assessments provided by physicians will be based on the time incremental cost of school nurses (used as a proxy) and billed in service units representing 15-minute increments. The use of the school nurse cost as a proxy for physician cost is described in paragraph 3. (e).

(c) Rates for assessments provided by optometrists will be based on the time incremental cost of school nurses (used as a proxy) and billed in service units representing 15-minute increments. The use of the school nurse cost as a proxy for optometrist cost is described in paragraph 3. (e).

(d) Existing audiometry rates from the Medi-Cal Fee Schedule will be used for hearing assessments.

(e) School nurses are qualified to perform the same LEA assessments as physicians (vision, health, and health education/anticipatory guidance) and optometrists (vision). The school nurse hourly cost will be used as a proxy for physician and optometrist services interim rates.
(f) School nurse hourly costs will be used as an interim rate proxy for nutritional assessments, respiratory therapy assessments, and all assessments provided by Physician Assistants. Rates based on school nurse hourly costs will be billed in service units representing 15-minute increments.

(g) Occupational therapist hourly costs will be used as an interim rate proxy for orientation and mobility assessments. Rates based on occupational therapist hourly costs will be billed in service units representing 15-minute increments.

(h) Trained Health Care Aide hourly costs will be used as an interim rate proxy for psychological services provided by Registered Marriage and Family Therapist Interns and Registered Associate Clinical Social Workers. Rates based on trained health care aide hourly costs will be billed in service units representing 15-minute increments.

(i) Interim rates for physical therapists, speech therapists, psychologists, nurses, audiologists and occupational therapists will be billed on a flat rate basis, regardless of service time spent.

(j) Interim rates for hearing and vision assessments will be encounter-based, and billed regardless of assessment time spent. The flat rate for vision assessments will be calculated based on five minutes of the school nurse hourly cost. Rates for the remaining four assessments (health, psychosocial, developmental and health education/anticipatory guidance) will be billed in units representing 15-minute increments of assessment time.

D. Interim Rates for Treatment Services

1. Median treatment times for psychology and counseling, speech therapy, audiology, occupational therapy, and physical therapy were developed using time reported in the Treatment Service Questionnaire. Each Treatment Service Questionnaire was subjected to a desk review to evaluate the reasonableness of the data provided.

(a) Treatment service rates for psychology and counseling, speech therapy, audiology, occupational therapy and physical therapy were developed based on an initial service increment range of 15 to 45 minutes as well as additional rate increments of 15-minutes. Time spent by health service practitioners for preparation and completion activities and travel have been included in the development of initial interim service rates (but not the additional 15-minute increment rates) for these services. The initial service billed for these practitioners represents any amount of treatment time between 15 and 45 minutes. Additional treatment time beyond the initial 45-minutes will be billed as one unit for each 15-minute increment of treatment time.
(b) Individual interim treatment service rates were developed for psychology and counseling, speech therapy, audiology, occupational therapy, and physical therapy. Group treatment interim service rates were developed for psychology and counseling and speech therapy.

(c) Trained Health Care Aide hourly costs will be used as an interim rate proxy for the following services and practitioner types, and billed in service units representing 15-minute increments:

i. Personal Care Services provided by a Personal Care Assistant or Trained Health Care Aide;
ii. Speech Therapy Services provided by a Speech-Language Pathology Assistant;
iii. Occupational Therapy Services provided by an Occupational Therapy Assistant;
iv. Physical Therapy Services provided by a Physical Therapy Assistant;
v. Psychological Services provided by a Registered Marriage and Family Therapist Intern and a Registered Associate Clinical Social Worker.

(d) School nurse hourly costs will be used as an interim rate proxy for nutritional treatments, respiratory therapy treatments, and all services provided by Physician Assistants. Interim rates based on school nurse hourly costs will be billed in service units representing 15-minute increments.

(e) Occupational therapist hourly costs will be used as an interim rate proxy for orientation and mobility services provided by Certified Orientation and Mobility Specialists. Interim rates based on occupational therapist hourly costs will be billed in service units representing 15-minute increments.

2. An interim rate for hearing checks that do not meet the minimum treatment time of 15-minutes for the initial service increment (described in paragraph D.1.a.) was developed. This rate is based on 10-minutes of direct service time for audiologists plus the time spent by audiologists for preparation and completion activities and travel time. This treatment will be billed as one unit for each hearing check that requires less than 15-minutes of treatment time.

3. Individual interim treatment service rates for nursing or trained health care aides were based on 15-minute increments and do not include indirect service time. Indirect service time for nurses or trained health care aides will not be billed. Individual treatment service rates for nursing or trained health care aides will be billed as one unit representing up to 15-minutes of treatment time.
E. Interim Rates for Targeted Case Management Services

1. LEAs providing targeted case management (TCM) services, as defined in Supplement 1-c to Attachment 3.1-A, will be reimbursed according to a statewide prospective fee schedule. TCM services assist children with and IEP or IFSP who are eligible for services under the IDEA to gain access to appropriate and needed services.

2. School nurse hourly costs will be used as an interim rate proxy for TCM services provided by qualified practitioners. Interim rates based on school nurse hourly costs will be billed in service units representing 15-minute increments. The following practitioners are qualified to provide TCM services:

   (a) Certified nurse practitioner
   (b) Certified public health nurse
   (c) Credentialed school counselor
   (d) Credentialed school psychologist
   (e) Credentialed school social worker
   (f) Licensed clinical social worker
   (g) Licensed educational psychologist
   (h) Licensed psychologist
   (i) Licensed registered nurse
   (j) Licensed vocational nurse
   (k) Program specialist
   (l) Registered associate clinical social worker
   (m) Registered credentialed school nurse
   (n) Registered marriage and family therapist intern

F. Interim Rates for Specialized Medical Transportation Services

1. Existing rates from the Medi-Cal fee schedule will be used to reimburse per-trip specialized transportation services as described in II. C.

2. Existing rates from the Medi-Cal fee schedule will be used to reimburse mileage for specialized transportation services as described in II. C.

II. Payment Methodology

All LEA services will be reimbursed on a cost basis, consistent with a Certified Public Expenditure (CPE) reimbursement methodology as provided in 42 CFR 433.51. On an interim basis, LEAs will be reimbursed an amount equal to the rate contained in the Medi-Cal fee schedule for covered services, identified above in Section I, or the amount billed by the LEA, whichever is less. Interim reimbursement remitted to the LEA will be limited to the federal share of the interim rate. On an annual basis, a LEA-specific cost reconciliation for over and under payments will be processed via a CPE, cost report reconciliation and final settlement process, as provided in Section III.C and Section IV.
A. Data Capture for Cost of Providing Health-Related Services

Data capture for the cost of providing health-related services will be accomplished utilizing the following data sources:

1. Total direct and indirect costs, less any federal non-Medi-Cal payments or other revenue offsets for these costs, will be captured using the following sources:
   
   (a) Medi-Cal cost reports received from LEAs, defined in Section III. C;
   
   (b) California Department of Education Unrestricted Indirect Cost Rates; as provided in 34 CFR 76.564.
   
   (c) Random Moment Time Survey (RMTS) results related to direct services, including the Direct Medical Service Percentage; and
   
   (d) LEA-specific Medicaid Eligibility Ratios.

B. Data Sources and Cost Finding Steps

The following provides a description of the data sources and steps to complete the cost finding and reconciliation:

1. Direct Medical Service Costs: Direct costs for medical services include unallocated payroll costs and other unallocated costs that can be directly charged to medical services. Direct payroll costs include the total compensation (i.e., salaries and benefits) paid to the service personnel identified for the provision of health services listed in Attachment 3.1-A and Attachment 3.1-B.

   Other direct costs related to the approved service personnel for the delivery of medical services, such as materials and supplies, equipment and capital costs, must be identified and included in the approved Medi-Cal cost report.

   Total direct costs for medical services are reduced on the cost report by any credits, adjustments or revenue from other funding sources, resulting in direct costs net of federal funds.

2. RMTS Percentage: The net direct service costs for each service category are calculated by applying the Direct Medical Service Percentage from the approved time survey to the direct costs from Item B1 above.

   The CMS-approved time survey methodology is used to determine the percentage of time that medical service personnel spend on direct medical services, general and administrative time and all other activities to account for 100 percent of time and assure that there is no duplicate claiming. The time survey methodology will utilize the Direct Services cost pool, which includes staff that provides LEA covered services. The Direct Medical Services Percentage will include the applicable reallocated portion of General Administration time. The Direct Medical Service Costs and time survey results will be aligned to assure appropriate cost allocation.
The RMTS Direct Medical Service Percentage will be calculated using the average from the three quarterly time studies that occur during the quarters of October to December, January to March, and April to June.

3. **Contracted Service Costs**: Contracted Service Costs represent the costs incurred by the LEA for direct medical services rendered by a contracted service provider. Total contracted service costs are reduced for any federal fund or other reduction, including revenue offsets, and further reduced by the application of the LEA Medicaid Eligibility Ratio, in order to determine the Medi-Cal direct medical service contract costs. Contracted service costs are not eligible for the application of the unrestricted indirect cost rate. The RMTS Direct Medical Service Percentage will not be applied to contracted service costs.

4. **Indirect Costs**: Indirect costs are determined by applying the LEA's unrestricted indirect cost rate to the Net Direct Medical Service Costs, defined above in B.2. The California Department of Education is the administrative oversight agency for LEAs, and approves the unrestricted indirect cost rates for LEAs for the United States Department of Education.

5. **Total Service Cost**: Net Direct Costs from Items B2 and B3 above, and indirect costs from Item B4 above are combined.

6. **Medi-Cal Eligibility Ratio**: A district-specific ratio will be established for each participating LEA on an annual basis. When applied, this ratio will discount the Total Service Cost, defined above in B.5., by the percentage of Medi-Cal students. The numerator will be the number of Medicaid eligible students in the LEA. The denominator will be the total number of students in the LEA.

   (a) The numerator will be determined based on the Medi-Cal Data Tape Match, used to check Medi-Cal student eligibility.
   (b) The Medi-Cal percentage must be calculated twice per year, once in the 1st and 3rd quarters or once in the 2nd and 4th quarters.

7. **Total Medi-Cal Reimbursable Cost**: The application of the previous steps will result in a total Medi-Cal reimbursable cost for each LEA for Direct Medical Services.

   The total Medi-Cal reimbursable cost will be multiplied by the applicable federal medical assistance percentage (FMAP) and compared to total interim Medi-Cal reimbursement paid in accordance with Sections B1 through B6, above. Interim Medi-Cal reimbursement payments and units paid will be derived from Medi-Cal paid claims data.

**C. Specialized Medical Transportation Services Payment Methodology**

Specialized transportation services provided to Medicaid eligible students with an IEP or IFSP will be paid on a cost basis. Providers will be paid an interim rate based on the Medi-Cal fee schedule for specialized transportation services. Annually, provider specific cost reconciliation will occur to identify over and under payments.

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1. Specialized transportation is allowed to or from a Medicaid covered direct IEP/IFSP service which may be provided at school or other location, as specified in the IEP/IFSP. Transportation may be claimed as a Medicaid service when the following conditions are met:

   (a) Specialized transportation is specifically listed in the IEP/IFSP as a required service;
   (b) A Medicaid IEP/IFSP medical service (other than transportation) is provided on the day that specialized transportation is billed.
   (c) Transportation is provided in a specially adapted vehicle.

2. Transportation costs included on the cost report worksheet will only include those personnel and non-personnel costs associated with specialized transportation, reduced by any federal payments for these costs, resulting in adjusted costs for transportation. The costs identified on the cost report include the following:

   (a) Personnel Costs - Personnel costs include the salary and benefit costs for transportation providers employed by the school district. The definitions for allowable salary and benefit costs for transportation services are the same as for direct medical service providers. The personnel costs may be reported for the following staff:
       i. Bus Drivers
       ii. Attendants
       iii. Mechanics
       iv. Substitute Drivers

   (b) Transportation Other Costs - Transportation other costs include the non-personnel costs incurred in providing the transportation service. These costs include:
       i. Lease/Rental costs
       ii. Insurance costs
       iii. Maintenance and Repair costs
       iv. Fuel and Oil costs
       v. Contracted - Transportation Services and Transportation Equipment cost

   (c) Transportation Equipment Depreciation Costs - Transportation equipment depreciation costs are allowable for transportation equipment purchased for more than $5,000.

3. When LEAs are not able to identify the specialized transportation costs from general transportation costs, a cost discounting methodology will be applied.

   (a) All general transportation costs reported on the annual cost report will be apportioned using two transportation ratios: the Specialized Transportation Ratio and the Medicaid One Way Trip Ratio.

   (b) All specialized transportation costs reported on the annual cost report will only be subject to the Medicaid One Way Trip Ratio.
(c) **Specialized Transportation Ratio** - The Specialized Transportation Ratio is used to discount the general transportation costs by the percentage of Medicaid eligible IEP students receiving specialized transportation services. This ratio ensures that only the portion of transportation expenditures related to the specialized transportation services for Medicaid eligible students are included in the calculation of Medicaid allowable transportation costs.

The Specialized Transportation Ratio will be calculated based on the number of Medicaid eligible students receiving specialized transportation services in the school district. The numerator for the ratio will be the total number of Medicaid eligible IEP students receiving specialized transportation services. The denominator for this ratio will be the total number of all students receiving transportation services.

(d) **Medicaid One Way Trip Ratio** - An LEA-specific Medicaid One Way Trip Ratio will be established for each participating LEA. When applied, this Medicaid One Way Trip ratio will discount the transportation costs by the percentage of Medicaid IEP one way trips. This ratio ensures that only Medicaid allowable transportation costs are included in the cost reconciliation. The Medicaid One Way Trip Ratio will be calculated based on the ratio of Medicaid Eligible IEP/IFSP One Way Trips divided by the total number of IEP/IFSP One Way Trips.

### III. LEA Reporting Requirements

#### A. Certification of Expenditures Eligible for Federal Financial Participation

LEAs are required to provide certification annually to the State for the cost report submission process that the amount reported by them for LEA services represent total actual expenditures incurred (both state and federal share) eligible for federal participation pursuant to Title 42 CFR, Part 433.51, as CPEs. Expenditures certified by the LEA to the State will represent the amount eligible for federal financial participation (FFP). Such allowable CPEs will determine the amount of FFP claimed by the State during the cost report submission process.

#### B. Claims Submittal for Interim Payments

The LEAs will submit claims/billings in accordance with California Welfare and Institutions Code (WIC) Section 14115, effective July 1, 2015. If the LEA claimed amount exceeds the Medi-Cal fee schedule for the service claimed, the Department will adjust the affected LEA’s claim payment so that the claim payment does not exceed the Medi-Cal fee schedule for the service provided. However, in no case will the Medi-Cal interim payment exceed the claimed amount if the LEA claimed amount is less than the Medi-Cal fee schedule for the service claimed.
C. Annual Cost Report

1. LEAs are required to complete an annual cost report for all school-based services delivered during the previous state fiscal year covering July 1 through June 30. Title 42 CFR, Part 413.24 (i), requires that the annual cost report be due on or before the last day of the fifth month following the close of the period covered by the report. Therefore, the annual cost report is due on or before November 30 of each fiscal year.

2. LEAs are required to certify as a public expenditure, in conformity with the requirements of Title 42 CFR, Part 433.51, that the cost report’s claimed expenditures for LEA services are eligible for FFP. LEAs are required to certify that all expenditures are in compliance with Office of Management and Budget (OMB) Circular A-87 and by Generally Accepted Accounting Principles (GAAP). The expenditures certified in the cost report must be total expenditures (both State and federal share). The required annual cost report will be in accordance with instructions and forms issued by the Department.

3. LEAs are required to keep, maintain and have readily retrievable, such records to fully disclose its LEA costs eligible for FFP. Such documentation must be maintained for a minimum of three years from the date of submission of the annual cost report.

IV. Department’s Responsibilities

1. As part of its financial oversight responsibilities, for each LEA on an annual basis, the Department will complete the audit and cost settlement process. The audit plan will include a risk assessment of the LEAs using paid claim data available from the Department to determine the appropriate level of oversight. The financial oversight of LEAs may include reviewing the allowable costs in accordance with OMB Circular A-87 and GAAP in the form of a desk audit, limited review audit, or field audit. These activities will be performed within the timeframe in accordance with WIC Section 14170, as of July 1, 2015, that requires the Department to audit and perform final reconciliation and cost settlement no later than 3 years from the date the CRCS is submitted. LEAs may appeal audit findings in accordance with WIC Section 14171, as of July 1, 2015.

2. If the interim Medi-Cal payments exceed the actual, certified costs of an LEA’s Medi-Cal services, the Department will offset future claims from the affected LEA until the amount of the overpayment is recovered. If the cost report’s actual certified costs of an LEA’s Medi-Cal services exceed interim Medi-Cal payments, the Department will pay this difference to the LEA. By performing the cost report’s reconciliation and final settlement process, there will be no instances where total Medi-Cal payments for services exceed 100 percent of the cost report’s actual, certified expenditures for providing LEA services for each LEA.

3. If the Department becomes aware of potential instances of fraud, misuse, or abuse of LEA services and Medi-Cal funds, it will perform timely audits and investigations to identify and take the necessary actions to remedy and resolve the problems.

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