

# TIPS FOR IDENTIFYING ALLOWABLE COST AND AVOIDING COMMON PITFALLS IN THE LEA BOP

The Local Educational Agency Medi-Cal Billing Option Program (LEA BOP) provides partial reimbursement<sup>1</sup> to LEA BOP providers for approved health-related services provided by qualified health service practitioners to Medi-Cal eligible students under the age of 22. The purpose of this quick reference guide is to help local educational agencies (LEAs) identify the various cost centers within the LEA BOP and establish processes to include proper costs and avoid errors.<sup>2</sup>

## How to use the guide:

- » Refer to this guide at the beginning of each school year as you prepare to document costs for the program AND prior to completing the CRCS to avoid any common mistakes.
- » Understand the [Global Tips for LEA BOP Providers](#). These are universal tips, regardless of the type of cost, that will help you avoid common mistakes and run a successful program.
- » Find specific information on different types of allowable costs and best practices within each section to avoid common mistakes:
  - [Practitioner Staff: Salary and Benefits](#)
  - [Practitioner Staff: Other Costs](#)
  - [Contracted Practitioner Staff: Costs and Hours](#)
  - [Transportation: Specialized Medical Transportation Personnel Cost](#)
  - [Transportation: Other Specialized Medical Transportation Cost](#)
  - [Direct Medical Equipment Depreciation](#)
  - [Specialized Medical Transportation Depreciation](#)

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<sup>1</sup> The maximum allowable rate for reimbursement is calculated annually on the CRCS using Certified Public Expenditures (CPE). For detailed information on CPE requirements, [click here](#).

<sup>2</sup> This document is not intended to replace the Cost and Reimbursement Comparison Schedule (CRCS) instructions or training utilized around time of submission.

## Global Tips for LEA BOP Providers

The best time to get ready for the CRCS is when you are first building your program. Here are four key things to know about establishing the LEA BOP at your LEA:

### Involve the right staff

Maintaining an effective LEA BOP requires collaboration among internal and external program staff. Who the LEA BOP coordinator needs to share information with will vary depending on the cost center. A crosswalk of collaboration by cost center is available in [Appendix A](#).

### Use Standardized Account Code Structure (SACS) function codes to identify individual practitioner costs

While not required, function codes from SACS may be used to identify costs by practitioner type and can be used to assist you in accounting for costs on the CRCS accurately. However, because LEAs use function codes in different ways, they are not specifically identified in the CRCS worksheets. You will see object codes from the SACS referenced in the CRCS worksheets to identify allowable costs. It is recommended to work with your finance department to crosswalk SACS function and object codes for allowable practitioner costs on the CRCS. Function and object codes are described in the California School Accounting Manual, Part II SACS issued by the California Department of Education (CDE).

### Remember that federal funds are never allowable

You may not bill Medi-Cal for any costs paid for with federal funds. You should constantly monitor staff included on the Time Survey Participant (TSP) to confirm their funds come from non-federal resources. Check for journal entries/expenditure transfers of salaries and benefits done at the end of the year to ensure the funds remain non-federal. If you are unable to remove all federal resources, you can still include staff on the TSP as long as they are not paid 100% from federal resources or grants.

### Retain documentation for all costs

Costs without documentation are unallowable, even if the services are otherwise covered. Give your practitioners guidance for the documentation they need to keep and, if possible, document LEA BOP covered services in an electronic health record or equivalent system to support documentation requirements.

# Tips for Identifying Allowable Costs and Avoiding Common Pitfalls for Each LEA BOP Cost Center



## Practitioner Staff: Salary Expenditures and Benefit Expenditures

CRCS Worksheet B Salary and Benefit Data	
Common Allowable Costs	<ul style="list-style-type: none"> <li>» Salary (SACS codes 1000-2999) and benefit costs (SACS codes 3000-3999) for personnel employed by the LEA and paid for by the LEA not using federal revenues or grants. In addition to meeting program requirements, the practitioners must be listed on the LEA's certified TSP list and must keep proper documentation for the covered services they provide.</li> <li>» Expenditures classified under LEA BOP reimbursement in SACS are not considered to be restricted funds and may be included on the CRCS. LEAs commonly classify LEA BOP reimbursement under resource code 9010. Your LEA may use a different code so confirm with your business office.</li> </ul>
Ways to Avoid Common Pitfalls	<ul style="list-style-type: none"> <li>» Have your LEA BOP coordinator work with your RMTS coordinator and/or SMAA coordinator to ensure your practitioners meet the above requirements and can be included on the TSP list.</li> <li>» Ensure your TSP list is comprehensive. If the personnel are not included on your TSP list under the Random Moment Time Survey (RMTS) program, the costs of the services they provide are unallowable.</li> <li>» Contractor costs are reported in a different section on the CRCS. Don't include them in the salary and benefits section.</li> <li>» Some personnel at your LEA may have their salary and benefits paid for by other agencies (e.g., County, SELPA, another LEA). Make sure you confirm that your LEA pays for the personnel you are billing.</li> <li>» Practitioner costs must be supported with documentation for covered services. Give your practitioners guidance for the documentation they need to keep and, if possible,</li> </ul>

	<p>document LEA BOP covered services in an electronic health record or equivalent system to support documentation requirements.</p> <p>» Include extended school year (ESY) services, provided they meet all the same program requirements.</p>
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## Practitioner Staff: Other Cost

CRCS Worksheet C Other Costs	
Common Allowable Costs	<ul style="list-style-type: none"> <li>» ALL costs must be for the direct provision of health care services by qualified and employed practitioners.</li> <li>» Books and other reference materials (SACS 4200)</li> <li>» Consumable materials (SACS 4300), including materials used to conduct health assessments (e.g., psychological test materials).</li> <li>» Non-capitalized equipment (SACS 4400) such as specialized chairs and tables used by students with identified health needs.</li> <li>» Travel and conference expenditures (SACS 5200) such as rental cars used during travel to conferences or practitioner mileage to and from providing services to students.</li> <li>» Dues and membership expenditures (SACS 5300).</li> <li>» Communications expenditures (SACS 5900) such as employer-provided cell phones for school nurses.</li> </ul>
Ways to Avoid Common Pitfalls	<ul style="list-style-type: none"> <li>» Academic testing materials and expenditures for classroom instruction are unallowable even if they are included in object codes 4200 or 4300.</li> <li>» Administrative equipment and supplies, such as printers, are generally unallowable, including common supplies, such as binders or folders.</li> <li>» Costs shared among several practitioner types may be allocated using a proportion of salary and benefits, usually done using function codes as defined in the <a href="#">California School Accounting Manual</a> (CSAM).</li> <li>» A practitioner's supervisor may help clarify individual practitioner costs for function codes or department numbers that include costs for multiple practitioners.</li> <li>» Purchase orders may mix covered materials with non-covered materials. The cost of covered materials will need to be separated.</li> </ul>



## Contracted Practitioner Staff: Cost and hours

CRCS Worksheet D Contractor Cost	
Common Allowable Costs	<ul style="list-style-type: none"><li>» Costs paid for services contracted by the LEA for a qualified individual who delivered any LEA BOP covered school-based health care service to Medi-Cal and/or non-Medi-Cal students (SACS 5800 or 5100).</li></ul>
Ways to Avoid Common Pitfalls	<ul style="list-style-type: none"><li>» Do not include any contracted personnel that are funded 100% by federal dollars for the entire state fiscal year and/or contractors who do not perform Medi-Cal covered services.</li><li>» Only one Medi-Cal reimbursement is allowed per service so clarify in the contract that the contractor transfers the right to bill Medicaid to the LEA. If your contractor bills Medi-Cal for the services they provide on your site you cannot bill for those services.</li><li>» Contracts are auditable so ensure they meet billable services requirements.</li><li>» Each student with an individualized education program (IEP) receiving services from a contracted practitioner must have an individual services agreement (ISA). An ISA will help meet audit documentation requirements.</li><li>» Set yourself up for success by ensuring your contracts include an hourly cost for the service and outline the documentation requirements for the contractor.</li><li>» If you're having trouble getting your contractor to include the required information in their contract, ask your business office for help.</li><li>» Always ask for detailed invoices from your contractor to avoid going back to them later for clarification. Otherwise, you may receive invoices with total hours of service rather than services provided by each practitioner.</li><li>» Contractors should not be included in the TSP list, but services provided by a contractor still need to be documented.</li><li>» Sometimes a contracting agency will change providers throughout the year so double check that new practitioners meet the same license and/or credential requirements.</li></ul>



## Transportation: Specialized Medical Transportation Personnel Cost

### CRCS Worksheet E.1 Transportation Payroll Information

Common Allowable Costs	<ul style="list-style-type: none"><li>» Salary (SACS 1000-2999) and benefit costs (SACS 3000-3999) for specialized medical transportation personnel. This includes only bus drivers, substitute drivers, and mechanics who provide or support specialized medical transportation services and are employed and paid for by the school district using non-federal funds. The LEA must keep proper documentation for transportation personnel costs.</li><li>» Specialized medical transportation services requires all of the following conditions:<ul style="list-style-type: none"><li>○ Specialized medical transportation is specifically listed in the IEP/IFSP as a required service.</li><li>○ A Medicaid covered service that is authorized/documented in the IEP/IFSP (other than transportation) is provided on the day that specialized medical transportation is billed.</li><li>○ Specialized medical transportation is provided in a specially adapted vehicle.</li></ul></li></ul>
Avoiding Common Pitfalls	<ul style="list-style-type: none"><li>» Logistic transportation personnel such as a dispatcher or scheduler are unallowable.</li><li>» The costs for federal resources are unallowable; coordinate with your payroll business office to ensure the covered staff are paid out of non-federal resources for the entire year.</li><li>» Ensure transportation is provided in an approved mode of transportation (litter van, wheelchair van, or specially adapted vehicle).</li><li>» LEAs that contract out all specialized medical transportation will use Worksheet E.2 - Other Specialized Medical Transportation Costs.</li></ul>



## Transportation: Other Specialized Medical Transportation Cost

### CRCS Worksheet E.2 Other Transportation Costs

Common Allowable Costs	<ul style="list-style-type: none"><li>» Lease/rental, fuel, oil, and insurance costs are all included as are maintenance and repair costs purchased during the cost reporting period: non depreciable tune-ups, oil changes, cleaning, licenses, inspections, and replacement of parts due to normal wear and tear.</li><li>» Contracted Services, including specialized medical transportation equipment and services, are also allowable (SACS 5800 and 5100). See Contractor section above for tips on including other contracted costs.</li><li>» All costs must meet the conditions for specialized medical transportation described under the section above.</li></ul>
Ways to Avoid Common Pitfalls	<ul style="list-style-type: none"><li>» General transportation costs are unallowable.</li><li>» Ensure that the LEA's contract allows the LEA to bill Medical services.</li><li>» Documentation requirements are still required even if all specialized medical transportation services are contracted out.</li><li>» LEAs will need to allocate the ratio of specially adapted vehicles to the total number of vehicles to separate cost.</li><li>» The LEA may allocate insurance costs to specialized transportation services when the insurance policy covers both specially adapted vehicles and regular transportation vehicles.</li><li>» Insurance costs should be reported with amounts accrued for premiums, modifiers, and surcharges and net of any refunds and discounts received or settlements paid during the same cost-reporting period.</li></ul>





## Direct Medical Equipment Depreciation

CRCS Worksheet C.1 Equipment Depreciation	
Common Allowable Costs	<ul style="list-style-type: none"><li>» This is an uncommon cost center related to depreciation expenses for direct medical service equipment purchased for more than \$5000.</li><li>» If you think this cost applies to you, speak with your procurement office.</li></ul>
Ways to Avoid Common Pitfalls	<ul style="list-style-type: none"><li>» This cost center refers to equipment depreciation and is not intended to cover the cost of purchasing equipment. Purchasing costs may be included on Worksheet C (Other Costs).</li><li>» There are specific rules that affect equipment depreciation.</li></ul>



## Specialized Medical Transportation Depreciation

CRCS Worksheet E.3 Transportation Equip Depreciation	
Common Allowable Costs	<ul style="list-style-type: none"><li>» This is an uncommon cost center related to depreciation on allowable specialized transportation equipment purchased for more than \$5,000.</li><li>» The same rules apply for specialized medical transportation services and requires all the following conditions:<ul style="list-style-type: none"><li>○ Specialized medical transportation is specifically listed in the IEP/IFSP as a required service.</li><li>○ A Medicaid covered service that is authorized/documented in the IEP/IFSP (other than transportation) is provided on the day that specialized medical transportation is billed.</li><li>○ Specialized medical transportation is provided in a specially adapted vehicle.</li></ul></li></ul>
Ways to Avoid Common Pitfalls	<ul style="list-style-type: none"><li>» There are specific rules that affect specialized medical transportation depreciation. If this cost center applies to you, speak with your procurement office.</li></ul>

## Appendix A. Crosswalk of Cost Centers with Relevant Staff

To support the accurate documentation and accounting of allowable costs on the CRCS, the following table outlines the relevant staff who should be involved in certain cost centers. Use this table to help you identify what other LEA staff should support the accurate accounting of allowable costs.

	Practitioner Salary and Benefits	Practitioner Other Costs	Contractor Costs and Hours	Equipment Depreciation/ Specialized Medical Transportation
RMTS or SMAA coordinator	✓			
Business office and/or payroll	✓	✓		✓
Human Resources	✓			
Practitioner supervisor		✓		
Health-related Contracted Staff			✓	
Staff in charge of coordinating contractors			✓	
Non-Public-School coordinator			✓	
Staff in charge of maintaining equipment				✓
Transportation Office				✓