Track Changes Key
*Strikethrough for deletion/Omitting = **
Additions = (***)

School-Based Medi-Cal Administrative Activities (SMAA)
Backcasting Methodology
April 1, 2015

The Department of Health Care Services (DHCS) is responsible for the implementation, oversight and monitoring of the School-Based Medi-Cal Administrative Activities (SMAA) program in California. On October 14, 2014, DHCS and the Centers for Medicare and Medicaid Services (CMS) agreed to a detailed SMAA cost settlement proposal that included an initial cash payment for deferred claims while subjecting a specific group of invoices to a backcasting methodology. DHCS agreed to process all deferred invoices and report all necessary adjustments on the March 31, 2015 CMS-64 submission. These adjustments included the elimination of all SMAA placeholders in order for the deferrals to be completely resolved.

The agreement with CMS directed DHCS to apply the following criteria to each unresolved deferred invoice:

A. Claims under $25,000 will be paid in whole and backcasting will not be required.
B. Claims between $25,001 and $50,000 will require claiming units to choose one of the following options:
    a. An interim payment of 75% and agree to backcasting or
    b. A settlement payment of 75% of the claimed amount or $25,000, whichever is higher with no backcasting.
C. Claims greater than $50,001 will receive an interim payment of 40% and backcasting will be required.

For claims submitted for state fiscal year (SFY) 2012/13 and SFY 2013/14, DHCS will issue reimbursement payments based on a percentage of the claimed amount and backcasting will be required for all of these payments unless the claiming units submitting the claims will no longer participate in the SMAA program after June 30, 2014. The percentages for these claims will be as follows:

- under $25,000   Interim payment of 90%
- $25,001 - $50,000   Interim payment of 75%
- greater than $50,001   Interim payment of 40%

(**)CLAIMING UNITS NOT PARTICIPATING AFTER JUNE 30, 2014(**)

*Attachment A lists all claiming units no longer participating in the SMAA program.

For any claiming units no longer participating in the SMAA program after June 30, 2014*, RMTS data will not be available and *as a result *backcasting will not *be possible* (**)be required for claims submitted for costs incurred prior to June 30, 2012(**). In these cases, a flat settlement percentage will be applied to these claimed amounts. These settlement percentages for (**)claims submitted for costs incurred prior to June 30, 2012 from(**) claiming units no longer participating in the SMAA program after June 30, 2014 will be as follows:

- under $25,000   Settlement payment of 100% of claim
- $25,001 and $50,000   Settlement payment of 70% of claim
- greater than $50,001   Settlement payment of 35% of claim

(**)Claims submitted for costs incurred after June 30, 2012, from claiming units no longer participating in the SMAA program after June 30, 2014, will be subject to backcasting. Interim payments for these claims will follow the same schedule as noted above for SFY 2012/13 and SFY 2013/14 claims. However, all claims will be subject to backcasting based on the RMTS data collected from the claiming units' last administrative unit under which the claiming unit participated in the SMAA program. (**)

*To clarify, if a claiming unit stopped participating in the SMAA program before June 30, 2014 and did not submit invoices for SFY 2012/13 or SFY 2013/14, all claims submitted for SFY 2011/12 and prior will not be subject to backcasting and will receive the flat settlement percentage according to the scale noted above. However, if a claiming unit stopped participating in the SMAA program before June 30, 2014 and did submit invoices for SFY 2012/13 and SFY 2013/14, those claims will be subject to backcasting and receive interim payments based on the following schedule: *

under $25,000   Interim payment of 90%
$25,001 - $50,000   Interim payment of 75%
*greater than $50,001   Interim payment of 40% *

CMS authorized interim claiming for any quarters in SFY 2014/2015 occurring prior to the approved implementation date of the revised claiming plan. CMS will allow California to claim interim payments for these quarters at 100% of the claiming unit's approved interim payment for the same quarter in the prior fiscal year and will not require DHCS to conduct an additional time study using the previously approved methodology. In other words, because implementation of the revised claiming plan will begin during SFY 2014/15 Quarter 3, claims submitted for SFY 2014/15 Quarters 1 & 2 will receive interim payments for the same dollar amount as claims paid in SFY 2013/14 Quarters 1 & 2.

DHCS agreed to all terms and conditions set forth by CMS to settle the SMAA deferrals including the submission of a backcasting methodology no later than *January 31, 2015* (**)April 1, 2015* to cover all school based administrative payments claimed for costs incurred prior to June 30, 2012, as well as, all claims for costs incurred for the period beginning July 1, 2012 up to the implementation of the RMTS methodology (**)on January 1, 2015(**).. DHCS will be required to collect four quarters of RMTS data statewide before the backcasting methodology can be implemented.

BACKCASTING METHODOLOGY

RMTS DATA COLLECTION

CMS requires DHCS to collect four quarters of RMTS statewide data before the backcasting methodology can be implemented. The backcasting proposal must include the following elements:

- A detailed schedule of all deferred invoices subject to backcasting for costs incurred prior to June 30, 2012*, that also documents the interim payments made for each deferred invoice (Attachment B);
- A clear timeline for the completion of the reconciliations for the deferred invoices and all quarters subject to backcasting; and
- (**)A backcasting methodology for the deferred invoices which must include the application of the approved job classification lists (unless exceptions have been granted under the RMTS process), and the application of the 15% cap on allowable vendor fees.

*All claims for costs incurred after June 30, 2012, through January 1, 2015, are subject to backcasting.

RMTS DATA COLLECTION TIME PERIOD

Beginning January 1, 2015, Local Government Agencies (LGAs) and Local Educational Consortia (LECs) and their associated Local Education Agencies (LEAs) participating in the SMAA program will implement RMTS data collection pursuant to the CMS approved June, 2014 SMAA Manual. The RMTS data collected during SFY 2014/15 Q(**)uarter(**) 3 and Q(**)uarter(**) 4 (January 1, 2015 to June 30, 2015) and SFY 2015/16 *Q2*-(**)Quarter 1(**) and *Q3*-(**)Quarter 2(**) (*October 1, 2015 to Mar. 31, 2016* (**)July 1, 2015 to December 31, 2015(**)) will be used to determine the SMAA final federal reimbursement for all deferred claims. (**)The RMTS data collected in the three, non-summer quarters (SFY 2014/2015 Quarter 3 and Quarter 4 and SFY 2015/2016 Quarter 2) will be averaged and used to compute the reimbursement for SFY 2015/2016 Quarter 1.(**) *In(**)In(**) the event that DHCS' determines the SFY 2014/15 Q(**)uarter(**) 3 data is not comparable to the *following 3*-(**)three(**) quarters mentioned above then *Q4 of*-SFY 2015/16 (**)Quarter 3(**) may be used in its place.

RMTS data collected for four quarters, as required by CMS, will be averaged based on Administrative Unit (LEC/LGA region or consortium) and will be used to reconcile all claims >$25,000 submitted for the LEAs within the particular region or consortia for SFY 09/10, SFY10/11, SFY 11/12, SFY 12/13, SFY 13/14 and the first two quarters of SFY 14/15. The averaged RMTS data will be based on RMTS results per LEC/LGA region or consortia collected per quarter starting with SFY 2014/15 Quarter 3.

There are currently eight Administrative Units that will generate random moments in California. These include three regional consortia (2 LEC, 1 LGA) and five stand-alone regional administrative units (4 LEC, 1 LGA). The consortia include:
- Consortia #1 - LEC Regions 1, 2, and 7
- Consortia #2 - LEC Regions 3, 4, 5, and 6
- Consortia #3 - LGA Regions Alameda, Riverside, Sacramento, San Francisco, Tulare, San Luis Obispo, and City of Pasadena.

The stand-alone regions/counties include:
- LEC Region 8
- LEC Region 9
- LEC Region 10
- LEC Region 11
- San Diego LGA

DEFERRED INVOICE CLAIM ADJUSTMENT

RMTS Time Study Percentages

For each quarter identified in the RMTS Data Collection Time Period identified above, each participant pool within their respective Administrative Units (LEC/LGA Region or Consortium) will generate a specific set of time study percentages based on the RMTS methodology for each SMAA activity code. A summary percentage for each activity code will be calculated to produce a set of overall time survey summary percentages for each participant pool within that LEC/LGA region or Consortium. The result of each participant pool's RMTS time study summary percentages for each activity code will be combined and averaged (**)(using a non-weighted average calculation – the sum of Q1-Q4 divided by 4)(**) to establish a single set of RMTS time study summary percentages for each Administrative Unit for each quarter. The four quarters of data will be added together and an overall average will be calculated for each administrative unit. This will be the final set of summary percentages that will replace the worker log summary percentages in all claims subject to backcasting.

For each quarterly invoice claim subject to backcasting, the final set of RMTS time survey summary percentages noted above will replace the original worker log time survey summary percentages submitted with the original claim on Tab 1: Activities and Medi-Cal Percentage Worksheet of the SMAA invoice. Using the RMTS activity code results, a new RMTS weighted average will be calculated and applied to the same salary and benefit cost pools as the original claim minus the salary and benefits costs for all non-authorized job classifications.

Authorized Job Classification List (Participant Pools 1 & 2)

As per the SMAA Manual, each LEC and LGA will maintain a job classification equivalency list that will catalogue an inventory of specific job classifications that have been determined to be substantially similar to those job classifications listed in Participant Pools 1 & 2. This includes classifications that are identified as an exception to Participant Pools 1 & 2 that have been approved by DHCS.

The time survey participant universe (TSPU) for each deferred claim subject to backcasting will be compared to Participant Pools 1 & 2 in the SMAA Manual and the job classification equivalency lists for all claiming units within each LEC and/or LGA. All job classifications that do not correspond to the list of approved job classifications in Participant Pools 1 & 2 in the June, 2014 SMAA Manual, with the exception of DHCS approved classifications, must be removed from the participant universe, and the cost pools must be recalculated prior to the application of the RMTS time study percentages.

Fifteen Percent Vendor Fee Limit

All deferred invoice claims must limit all vendor fees being claimed for reimbursement to no more than 15% of the total MAA claimed amount for each quarter. Vendor fees being claimed for reimbursement in excess of 15% must be removed *for* (**)from(**) the invoice prior to recalculation.

 Deferred Invoice Claim Recalculation

Once the salary and benefit costs for all non-authorized job classifications have been removed from the invoice claim, the worker log time survey percentages for each MAA activity code must be removed and replaced with the averaged RMTS time survey summary percentages calculated for the specific LEC/LGA region or consortium identified for the particular claiming unit. With the RMTS time survey percentages in place and the salary and benefit costs for all non-authorized job classifications having been removed from the cost pool, the deferred invoice claim shall be recalculated (**)using the Medi-Cal Eligibility Rate (MER) that was in place during the period of service for the original claim(**) to determine an RMTS revised MAA claimable amount. Once the new MAA claimable amount is determined, the vendor fees being claimed must be reduced to no more than 15% of the total MAA claimable amount per quarter. At this point, the federal financial participation rate can be applied to the new MAA claimable amount to determine the new MAA reimbursable amount for that specific MAA invoice.

The RMTS revised MAA reimbursement amount will be compared to the interim payments made for the original claim and a final claim amount will be determined. If the comparison results in a balance due to the claiming unit, DHCS will issue payment for the balance due. If the comparison results in a balance due to DHCS, the claiming unit will issue payment through their LEC/LGA to DHCS.

(**)DHCS OVERSIGHT AND MONITORING(**)

(**)*Verify RMTS Percentages*(**)

(**)DHCS has real-time access to the RMTS software for each administrative unit. DHCS will independently compile the final percentages for each quarter for each administrative unit and independently perform the necessary calculations to verify the regional or county based averages to be applied to all backcasted claims. (**)

(**)*Verify Participant List and Cost Pool Adjustments*(**)

(**)DHCS will review the participant list for each backcasting invoice submitted and compare it with the participant pool included in the original invoice submission in order to verify: 1) that no additional participants have been added to the cost pool that were not included with the original invoice submission; and 2) that all non-authorized positions have been removed from the cost pool prior to recalculation of the invoice. (**)

RMTS BACKCASTING TIMELINE

(**)*LEC/LGA Submission Deadlines*(**)
*Reconciliation of all deferred invoice claims must be completed no later than December 31, 2018. Any deferred invoice claims not received by DHCS by December 31, 2018 will be forfeited. *

April 1, 2016 – June 30, 2016
(**)October 1, 2016 – December 31, 2016(**)Each LEC/LGA region or consortium will calculate an average of each quarter's RMTS Time Survey Summary Percentage results for Participant Pool 1 and Participant Pool 2 for each MAA activity code.

July 1, 2016 – December 31, 2016
(**)Backcasting Group 1: (**)
(**)January 1, 2017 – June 30, 2017(**) Deferred invoice claims >$25,000 from SFY 09/10 – SFY 10/11 are recalculated and submitted for payment or recoupment.

January 1, 2017 – June 30, 2017
(**)Backcasting Group 2:(**)
(**)July 1, 201 7– December 31, 2017(**) Deferred invoice claims >$25,000 from SFY 11/12 – (**)All deferred claims from(**) SFY 12/13 are recalculated and submitted for payment or recoupment.

July 1, 2017 – December 31, 2017
(**)Backcasting Group 3: (**)
(**)January 1, 2018 – June 30, 2018(**) (**)All(**) deferred invoice claims* >$25,000*
                                          from
                                          SFY 13/14 – SFY 14/15 are recalculated and
                                          submitted for payment or recoupment.

(**)*DHCS CMS 64 Adjustment Timeline*(**)

(**)Final reconciliation of all deferred invoice claims must be submitted to DHCS
Accounting no later than the following schedule. (**)

(**)Backcasting Group 1 Claims: April 1, 2018
Backcasting Group 2 Claims   October 1, 2018
Backcasting Group 3 Claims   April 1, 2019(**)

(**)Final adjustments must be made to the CMS 64 no later than one year from the final
submission date. Any deferred invoice claims not finalized by DHCS within one year of
the final submission date will be forfeited. (**)

(**)Final Adjustment Group 1 Claims: CMS 64 June, 2018
Final Adjustment Group 2 Claims   CMS 64 December, 2018
Final Adjustment Group 3 Claims   CMS 64 June, 2019(**)