

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
San Francisco Regional Office
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San Francisco, CA 94103-6706



Division of Medicaid & Children's Health Operations

Toby Douglas
Director
California Department of Health Care Services
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

JUN 27 2014

SUBJECT: Approval of SMAA Plan

Dear Mr. Douglas:

We have completed our review of the revised School Based Medi-Cal Administrative Activities Implementation Plan and New Time Survey Methodology originally submitted on October 4, 2012 and the additional information and revisions to the program submitted through June 25, 2014. Based upon our review, this program is prospectively approved for purposes of claiming allowable Medicaid school-based administrative expenditures, subject to the following conditions:

- (a) In accordance with 45 Code of Federal Regulation (CFR) 95.507 (b) (6), the State of California (the state) is to submit an amendment, to the Division of Cost Allocation (DCA), to its statewide public assistance cost allocation plan (CAP) referencing the methodology approved herein.
- (b) The claiming methodology will serve as the basis for submitting prospective claims for Federal financial participation (FFP) for the costs of Medicaid administrative activities incurred beginning with the implementation date of July 1, 2014.
- (c) The state must implement the claiming plan, including the time study, as approved by CMS. Any proposed changes to the plan, including time study specifications or methodologies, will be reviewed and approved by CMS before becoming effective and will be incorporated and implemented into its program on a prospective basis.
- (d) The state agrees that any regulations or national guidelines issued by CMS, relating to the use of time study codes, methodologies for conducting time studies or other elements of claims for school based medical services, will be promptly incorporated into its program on a prospective basis.

- (e) The state agrees to provide an opportunity for CMS to review any forms and/or training materials and documents that are developed or modified for use by this program, prior to modification or execution, once a contractor has been selected.
- (f) The state agrees to provide oversight and monitoring the overall implementation process of the approved time study, including the review of the work performed on behalf of the state by its vendor.
- (g) The state agrees to provide quarterly summary reports to the CMS Regional Office detailing the results and issues/concerns identified in the ongoing monitoring process of this program.
- (h) In accordance with 45 CFR 92.20(b) and 92.42, any costs claimed under the approved program must be supported by auditable source documentation.
- (i) CMS may review a sample of time study data that are in accordance with the methodology approved by CMS with this letter for the first two prospective full quarters following the implementation of the program, in order to evaluate the validity and reliability of the time study methodology. The review will be done in conjunction with CMS audit activities for quarterly claiming for those quarters.
- (j) CMS will review final executed Interagency Agreements (IAs) related to this program. Claims for FFP submitted under this program must be for periods covered by such agreements, in compliance with state law. The state will provide documentation to CMS demonstrating that claims under this program and the effective dates of the IAs are in accordance with state law.
- (k) The state agrees that any costs claimed under the approved program are subject to review or audit by CMS. The amounts reported on the Form CMS-64 and its attachments must be actual expenditures for which all supporting source documentation, in readily reviewable form, has been compiled and is available at the time the claim is filed.
- (l) The state must submit a new SBS SPA with an effective date of July 1, 2015. CMS agrees to work closely with the State in the planning, review and development of this SPA.
- (m) Please add new draft contract language in Section 9 Contracts how “*vendor costs claimed for reimbursement must be directly attributable to SMAA.*”
- (n) The state agrees to develop and add a real invoice example to the RMTS Invoice training materials using real numbers and describing how information flows through the invoice.

The state agrees to make the following changes to the invoice training materials and to the participant training reference materials prior to implementation:

- a. remove the language in slides 15-16 specifically “*costs that drive the indirect cost rate in the invoice training materials.*”
 - b. add to Slide 3 “*during the regular school year*” in place of “*every quarter after 10/1/14.*”
 - c. remove all references to FFP rates and TM/PM in the training materials even when referenced just as a definition as staff does not need to know which is TM or PM.
- (o) Modifications are required to the following slides listed below including the sections of the manual and please include page numbers on your training slide and manual for ease of referencing. Please ensure that the following examples are consistent in the training materials and in the manual.
- a. Code 2 Direct Medical Services (third bullet)- Administering of prescribed medication included in a student’s IEP. Please see page 5-2 of the manual. For example, during IEP meetings all referrals or decisions related to the IEP process are an educational requirement including ongoing assessments for medical services included in an IEP. This is inappropriately characterized in the manual as well as in the power point training slides.
 - b. Code 4 (Medicaid outreach)- School staff should ONLY be using and distributing existing materials available from the Medicaid agency (DHCS) and not be developing or compiling materials. The slide is inconsistent with the language in the Implementation manual.
 - c. Code 8- Please remove “*This code is used when making referrals for, coordinating and/or monitoring the delivery of Med-Cal covered services*” from the RMTS training slide. Please review each of the examples in this section for activities that are suggested for referral and coordination. Please provide Code 8 and parallel code examples as referring a student to the school psychologist or attending a meeting to review student’s speech therapy are educational requirements and IEP driven activities. Further delineation of what belongs in code 2 and code 8 are suggested for the PowerPoint presentation. Also please review page 5-7 and 5-8 of the manual.
 - d. Code 14- The example of a collaborative meeting is not program planning, or amending the IEP, etc. Please include examples of which these individuals whose job descriptions include program planning, etc.
 - e. Why RMTS?- Slide 5 in the participant training should include “it is the responsibility of school staff to accurately record what they are doing during their assigned moment whether it is MAA or non-MAA time.”

- (p) The state agrees to provide a crosswalk to CMS with each of the activity codes and their descriptions prior to implementation for the RMTS Implementation.
- (q) Please add language to the LEC/LGA Quality Assurance review process how “each LEC/LGA will submit the quarterly quality assurance sample reviews to DHCS no later than 30 days after the end of the quarter.”
- (r) Please provide copies of each of the contracts with PCG as the vendor selected by both the LGA/LECs.

As indicated above, with this letter we are approving the methodology for implementing your program prospectively beginning with the 2014-15 school year.

The state will need to submit to CMS for review a revised final plan in track changes as well as a clean copy to reflect the changes requested in this letter.

The state will need to submit to CMS for review and approval a proposed backcasting methodology for prior period claims. CMS’ previous approval of the interim claiming methodologies for both SFY 2012/2013 and SFY 2013/2014 required that the claims be reconciled using a backcasting methodology based upon the revised plan. In this regard, we agree to work with the state to develop a backcasting methodology to be submitted for review and approval by CMS under applicable requirements. In general, in order for a prior period claiming methodology to be approved, the state must have a prospective CMS approved administrative claiming program in place, and an administrative claiming program and interagency agreement in effect for the prior period.

We appreciate the hard work of all of your staff in the development of this new Plan.

If you have any questions about this approval letter or the additional source documents requested prior to implementation, please contact Albert Tadakuma at (415) 744-3564 or at his email address: Albert.Tadakuma@cms.hhs.gov.

Sincerely,



Gloria Nagle, Ph.D., MPA
Associate Regional Administrator
Division of Medicaid & Children’s Health Operations

cc: Michelle Kristoff, Chief, Administrative Claiming Local & School Services Branch, Safety Net Financing Division, P.O. Box 997436, Sacramento, CA 95899-7436