



9/6/13

Dear Example LEA,

Please verify that your Local Education Agency (LEA) has the supporting documentation outlined in the letter below, to support the transportation costs reported on the Fiscal Year (FY) 2012 Direct Service Claiming (DSC) Annual Cost Report.

As a reminder, all costs reported for transportation must adhere to the below AHCCCS requirements.

As stated in the AHCCCS Medical Policy Manual (AMPM) Chapter 700:

AHCCCS covers school-based transportation service provided to eligible members when clearly identified in the IEP and rendered by a registered AHCCCS transportation provider for medically necessary transportation to and from school when one of the criteria from number 1 and number 2 below are met.

- 1. The member requires transportation in an adapted vehicle (i.e., special needs school bus that is designed to transport disabled passengers and is constructed with a special service entrance) **or***

The member could otherwise be transported in a regular school bus, but due to behavioral problems must be transported separately from other non-Individuals with Disabilities Education Act (IDEA) eligible children

- 2. The member received a DSC reimbursable service at school that same day, **or***

The member receives a reimbursable service (as identified in the Individualized Education Plan) that is provided at an approved alternative setting the same day.

Transportation Services are not covered if the eligible member is transported on a school bus with other non-IDEA eligible students who are attending school.

- If the vehicle carries only non-IDEA students, the LEA should not be billing Medicaid for these transportation services, and subsequently these costs should not be reported on the DSC Annual Cost Report.
- In the event that an LEA utilizes a vehicle that serves multiple functions, the adapted vehicle must have **AT LEAST** one billable route that is exclusively ridden by special education students with specialized transportation in their IEP.
 - These costs would be reported under the “General Transportation” category.

The LEA must maintain on file a trip log, which contains:

- i. The student’s name (first and last)
- ii. Date the student was transported
- iii. Mileage transported from point of origin to destination, not to include additional mileage related to multiple pickups; and
- iv. Driver’s initials verifying that student was provided transportation.

For your review, please verify that your LEA has the supporting documentation for the following transportation ratio(s). This should include the following:



- ✓ Bus logs and attendance records for the denominator of the *Specialized Transportation Trip Ratio*
- ✓ A documented explanation of your LEA’s method for calculating the denominator of the *Specialized Transportation Trip Ratio*
- ✓ Sample of IEPs of students included in the denominator of the *Specialized Transportation Trip ratio*; Documentation should show the students had a valid IEP during the reporting period and that there was a need for specialized transportation

Specialized Transportation Trip Ratio

Total Number of One-Way Trips for SPED Students with Specialized Transportation Services Documented in the IEP	(Refer to amount reported in general and statistical information)
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For your review, in support of your **Transportation Payroll Information**, please verify your reported salary and benefits for all individuals reported under Transportation Payroll Information in MCRCS for FY12 (<https://costreporting.pcgus.com/az>), including:

- ✓ Staff expenditures consisting of the salary and benefit or contracted costs for each individual identified
- ✓ System financial ledger (Earnings Record List or Payroll System Check History) detail to support the Detailed Expenditure worksheets
- ✓ Account numbers and fund codes
- ✓ Documentation of formulas and percentages used to compute benefits (Health Insurance, Life Insurance, Dental Insurance, Disability Insurance, Pension (payments made to the State Teachers Retirement fund on behalf of time study participants are an allowable expense), Medicare Tax (FICA), Unemployment Insurance, and Workers’ Compensation)

Additionally, please review the documentation supporting **Transportation Other Costs**. This should include the following:

- ✓ System financial ledger detail to support the reported expenditures.
- ✓ Account numbers and fund codes should also be visible.
- ✓ Clear indication that the items were reported under the correct category: “specialized trans”
- ✓ Copies of contracts for any contracted transportation services.

Transportation Other Costs include all costs reported in the “Transportation Other Costs” section of the DSC Annual Cost Report.

Please verify that you have documentation supporting **Transportation Equipment Depreciation** for all vehicles reported in MCRCS at <https://costreporting.pcgus.com/az> . This should include the following:

- ✓ System financial ledger detail to support the reported expenditures.
- ✓ Account numbers and fund codes should also be visible.



- ✓ Clear indication that the items were reported under the correct category: “specialized transportation or generalized transportation”
- ✓ Fixed asset ledgers supporting years of useful life

Lastly, please ensure you have a documented methodology you followed in reporting costs as “generalized” and/or “specialized” transportation. As a reminder, “generalized” should only be used when you cannot discreetly identify costs as “specialized”.

If you have any questions, please contact PCG at azcostreport@pcgus.com.

Sincerely,

Public Consulting Group
AZCostReport@pcgus.com