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Our first care is your health care
ARIZONA HEALTH CARE COST CONTAINMENT SYSTEM

DATE: September 6, 2013

TO: LEA Designees Responsible for Reporting Transportation Costs

FROM: Melinda Hollinshead, Ph.D., MSBC Manager, AHCCCS
Patricia Krotenberg, M.Ed., MBA, MSBC Manager, AHCCCS

SUBJECT: Transportation Comprehensive Review

Public Consulting Group (PCG), on behalf of Arizona Health Care Cost Containment System (AHCCCS), has conducted a preliminary review of initial Local Education Agencies (LEA) Direct Service Claiming (DSC) Annual Medicaid cost settlement amounts. Approximately one third of these settlement amounts stem from transportation costs reported. Based on these figures, as well as questions regarding the reasonableness of some of the reported costs, AHCCCS made the decision to review a subset of LEAs to ensure costs were reported correctly. These initial reviews revealed multiple errors in reported transportation costs and ratios.

As a result, PCG will be conducting additional reviews to further ensure program compliance. These reviews will serve as comprehensive audits to validate that transportation reporting was completed and reported correctly. This is critical to the integrity of the Medicaid School Based Claiming program. It is our expectation that the selected LEAs will adhere to specified timelines and provide the specific requested data to support transportation costs captured on your LEA's annual cost report. **Failure to adhere to deadlines or specific instructions may result in the complete removal of all reported transportation costs from the DSC Annual Medicaid cost settlement.**

In an effort to protect the integrity of the statewide cost settlement process, any reported costs or ratios that cannot be substantiated by documentation will have to be removed. As with all elements of the School Based Claiming Program, LEAs must have documentation for all costs and methodologies associated with identifying costs as either "specialized transportation" or "general transportation". Furthermore, all LEAs should be verifying transportation costs reported on the DSC Annual Cost Report to ensure accuracy.

A sample of LEAs have been chosen for a focused transportation review to be conducted by PCG, and those LEAs will be contacted in the upcoming days with further instructions. Additionally, due to the issues uncovered in the initial preliminary sample reviews, AHCCCS is requesting that every LEA use the attached review template to conduct a self-review of their data used to report costs and ratios for transportation. If you do not have the proper documentation available to support costs and ratios reported, please contact PCG immediately at AZCostReport@pcgus.com.

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For further information on allowable elements for transportation, please refer to the “AZ DSC Annual Cost Report Transportation Training” located on the dashboard of the Arizona Medicaid Cost Reporting and Claiming System website at <https://costreporting.pcgus.com/az> . Any questions or clarification regarding this matter should be addressed to PCG at 1-877-877-8011 or AZCostReport@pcgus.com.

Sincerely,

AHCCCS

CC: Alissa Trollinger, Director of Special Projects, Arizona Department of Education
Michelle Simmons, Public Consulting Group