

Arizona Department of Education

School Based Health Services and Cost Based Rates

February 25, 2011



Agenda

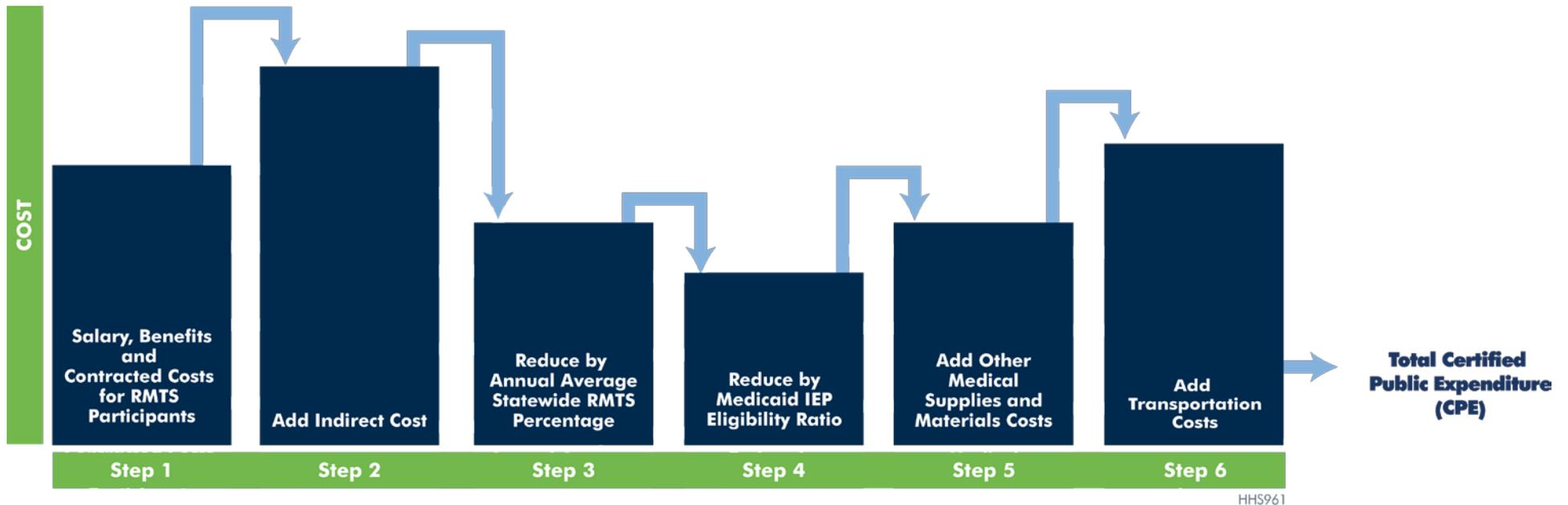
- Current School-Based Medicaid Program Overview
- New School-Based Services Methodology Requirements
- Key Factors in a Cost-Based Rates Methodology
- Method of Reconciliation / Cost Settlement
- Key Changes
- Relevant Timelines & Next Steps
- Health Aide Pre-Payment Review

Current School-Based Medicaid Program Overview

- Local Education Agencies (LEAs) may opt to participate in the school-based Medicaid Program and seek reimbursement for direct services through the DSC Program and administrative and outreach activities through the Medicaid Administrative Claiming Program (MAC)
- DSC Program – LEAs submit claims based on actual health related service encounters and are reimbursed based on duration of service or event using rates set by AHCCCS through a fee schedule
 - LEAs must maintain documentation and can only seek reimbursement for services that meet all claim and compliance requirements
- MAC Program – LEAs participate in a quarterly statewide Random Moment Time Study (RMTS) and provide quarterly salary and benefit cost data based on the district staff that are included in the time study
 - Reimbursement is based on LEA costs, eligibility rate, ICR and statewide RMTS results

New School-Based Services Methodology Requirements

Federal Medicaid (CMS) requires that States demonstrate that rates paid for school-based services are no higher than the actual cost of providing medical services.



Key Factors in a Cost Based Rates Methodology

- DSC and MAC programs now work together
- Integrated single time study for MAC claiming and DSC reimbursement
- LEAs continue the DSC billing process
- Implements a centralized cost settlement process (*electronic cost reports*)
- LEA reimbursement now reflects actual costs for treating Medicaid eligible students and leverages a LEA-specific CPE process
- Improves compliance with CMS rules / regulations and their national efforts to standardize school based reimbursement methodologies (*risk management in terms of audit*)
 - State Plan must be updated to reflect new methodology. Changes to coverage and provider types may occur

Method of Reconciliation / Cost Settlement

- Process remains consistent as current practice, but adds an annual cost report at the close of the fiscal year
 - Heightened importance of accurate staff pool lists for Random Moment Time Study (RMTS)
 - May require an additional cost pool for health aides
 - DSC claiming process continues as usual
 - Annual cost report completed at the close of the fiscal year through current web-based cost reporting system
 - Total funds received through DSC claiming for year are compared to cost of providing the services as determined through cost report
 - LEA receives settlement check if owed funds, or pays back funds if overpaid through DSC claiming
- Process requires a Special Education specific Medicaid eligibility ratio for DSC cost settlement

Method of Reconciliation / Cost Settlement

- Verify cost reports through existing Audit and Oversight functions
 - Validate that staff are included on RMTS rosters and cost report submissions
 - Compare district billing by employee with cost report submission to ensure reasonableness
 - Service documentation is still required; services must be medically necessary
 - Desk reviews of cost reports to determine compliance with OMB A-87 and Arizona specific cost principles
- Utilize completed cost settlements and audits to update provider rates
 - Update payment rates to more closely reflect audited expenditures and service utilization of LEAs

Method of Reconciliation / Cost Settlement – Other

- LEAs may claim Medicaid eligible transportation
 - Broad base of special education transportation-related costs can be included
 - Documentation of transportation trips required
 - Transportation staff do not participate in time study

- LEAs may claim eligible medical supply cost
 - Must be directly related to the delivery of direct medical services, not general supplies
 - Certain medical supplies must be specifically included in the student's IEP
 - LEAs can direct cost supplies to Medicaid eligible students or, in accordance with the State Plan, use Medicaid eligibility ratios to apportion Medicaid eligible cost

Key Changes

- Converting to a cost-based / cost settled reimbursement methodology will result in the following changes for LEAs:
 - All LEAs that participate in the DSC program will be required to have staff participate in the time study process and submit an annual cost report in order to receive / retain reimbursement for services rendered
 - LEAs will need to do a comprehensive review of RMTS staff pools
 - Additional staff may be required to participate in RMTS (*health aides*)
 - LEAs that are reimbursed in excess of their cost of delivering services will be required to refund AHCCCS / CMS
 - AHCCCS will restrict cost settlement process to settle only service categories where LEAs billed and received payment
 - AHCCCS will adjust interim claim reimbursement rates based on cost reporting / settlement experience

Relevant Timelines & Next Steps

- Target implementation dates for the conversion to cost based / cost settled reimbursement methodology:
 - Tribal Council Meeting: 3/31/11
 - Public Notice: prior to 6/30/11
 - State Plan effective date: 7/1/11
 - New methodology training for LEAs would occur in July /August 2011
 - Annual cost report training for LEAs would occur in Fall 2012
- Initial communication with LEAs on new process will be during Spring 2011 Regional Information Sessions

Health Aide Pre-Payment Review

- Effective March 1, 2011 all health aide services submitted for reimbursement are subject to a review and must have an approved Health Aide Prepayment Review Form (HA Form)
 - All claims submitted on March 1 forward, regardless of date of service, without an approved HA Form will be denied
- HA Forms sent to PCG by the February 11 deadline will be reviewed and processed by March 1
 - All forms received after the February 11th deadline will be reviewed in the order there are received
- As of February 18, LEAs have submitted over 3,200 HA Forms and supporting IEPs to PCG for review