

School Based Health Services: Annual Medicaid Cost Report and Cost Settlement Training

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Public Consulting Group LLC



Solutions that Matter

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School Based Health Services Overview

The School Based Health Services (SBHS) program allows for a recovery of a portion of the costs associated with providing health-related services to Medicaid eligible special education students.

Medicaid will reimburse a portion of the costs counties incur based on what is allowable and outlined in the Centers for Medicare and Medicaid Services (CMS) approved state plan amendment.

The SBHS program reimbursement is based on the county's actual cost of providing eligible direct medical services (DS), and specialized transportation services to students who are Medicaid-eligible and have an Individualized Education Program (IEP).



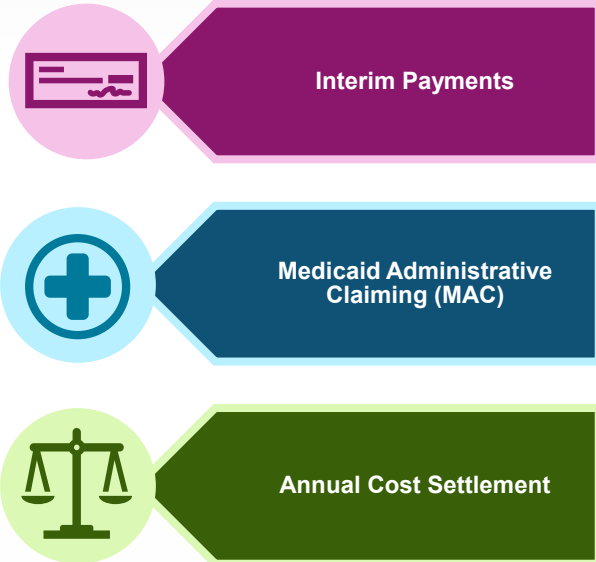
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Program Overview

The school-based Medicaid program is a joint federal and state program that funds allowable medical and transportation services for eligible students

- Counties incur costs for providing services to Medicaid-enrolled students
- Medicaid reimburses a portion of district costs based on what is allowable as outlined in the Centers for Medicare & Medicaid Services (CMS) approved State Plan Amendment (SPA)



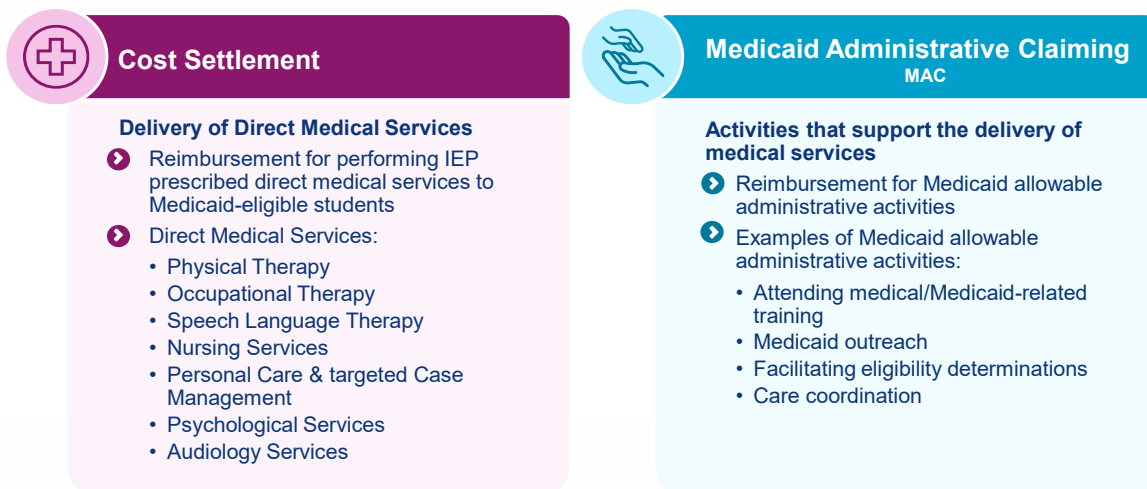
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MAC & Cost Settlement Differences



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What are Reimbursable Administrative Activities?

The MAC program offers Federal reimbursement for the costs of administrative activities that support the delivery of direct services

Remember:

- These examples represent general allowable activities



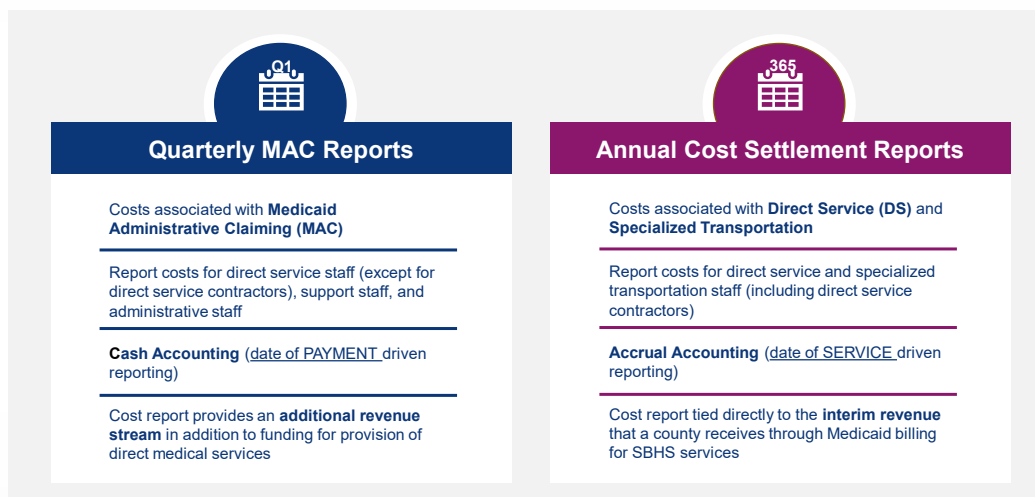
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MAC and Cost Settlement Reporting Differences



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Program Components



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All Hands-on Deck

Administrative Staff

Admin staff supporting Medicaid at your LEA.

Finance Staff

Responsible for reporting quarterly and annual financials and corresponding CPE forms.

Special Education Director

Program coordinator responsible for updating the SPL and maintaining RMTS compliance.

Human Resources

Provides staff change updates to program coordinator.

Direct Service Providers

Providers routinely rendering direct services to students with IEPs.

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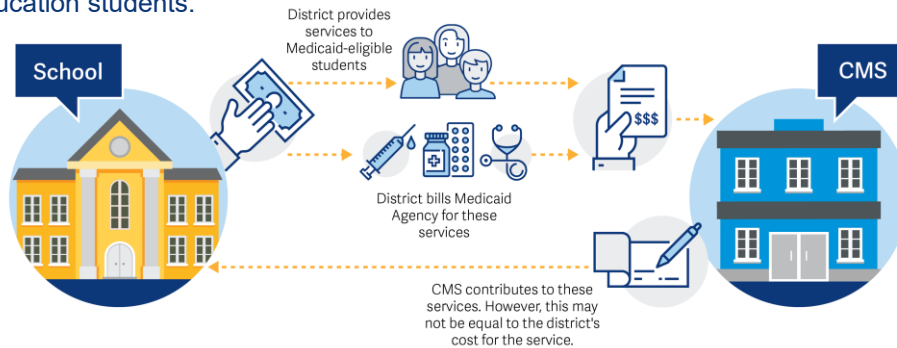


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Why is there a Cost Settlement Process?

Cost settlement ensures that counties are reimbursed appropriately with a cost-based reimbursement methodology to determine the actual cost of delivering SBHS related services to special education students.



Cost Settlement compares **ACTUAL COSTS** to **MEDICAID INTERIM PAYMENTS** (received through regular Fee-for-Service billing).

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School Based Services Cost Based Reimbursement Methodology

Cost settlement is a relationship between two variables:

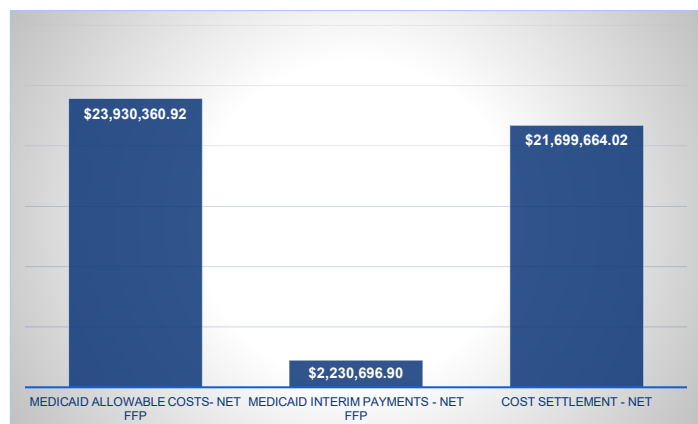
- Medicaid Allowable Costs
- Medicaid Interim Payments

Medicaid Allowable Cost minus Medicaid Interim Payments equals your Cost Settlement

Medicaid Allowable Cost is your reimbursement ceiling and represents what you receive for the delivery of direct services

In FY24, West Virginia received 90% of the Medicaid Allowable Costs through the Cost Settlement

Focus should be placed on understanding the variables which determine the Medicaid Allowable Costs rather than focusing on amounts distributed in Cost Settlement



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Cost Settlement Scenarios

The Annual Cost Report is a requirement for counties to report their **actual costs** for providing SBHS services to reconcile with the interim revenue received.

If the county's Medicaid Allowable Costs are less than the interim payments received, the county will pay back the difference , refunding the amount due.	Medicaid Allowable Costs	Interim Payments Received	Settlement Due
	\$100,000	\$110,000	(\$10,000)
	County owes back \$10,000		

If the county's Medicaid Allowable Costs exceed the interim payments received, the county will receive a payment for the amount due.	Medicaid Allowable Costs	Interim Payments Received	Settlement Due
	\$120,000	\$110,000	\$10,000
	County is owed \$10,000		

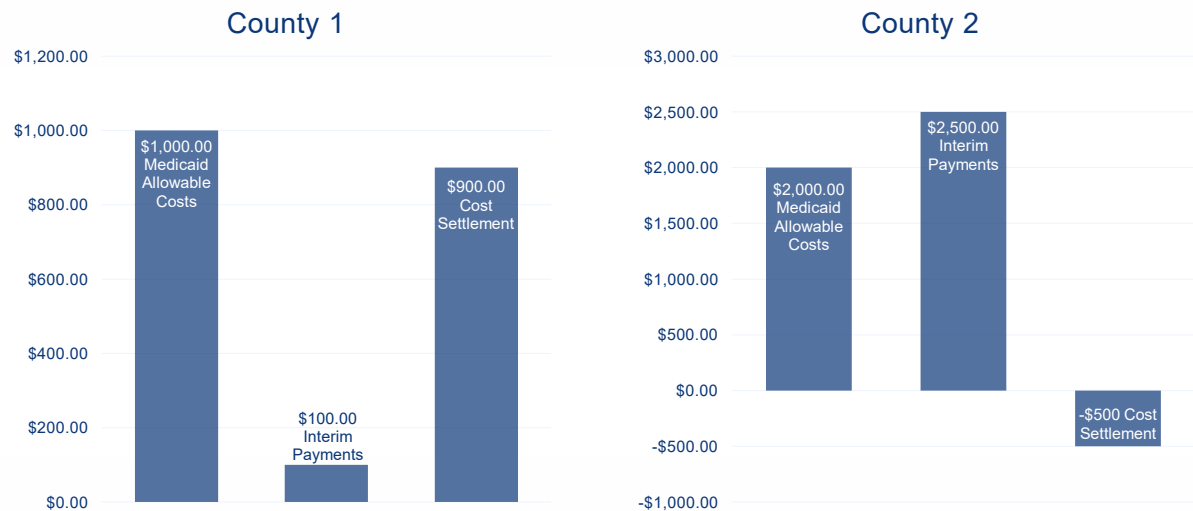
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Which County Received more Reimbursement?



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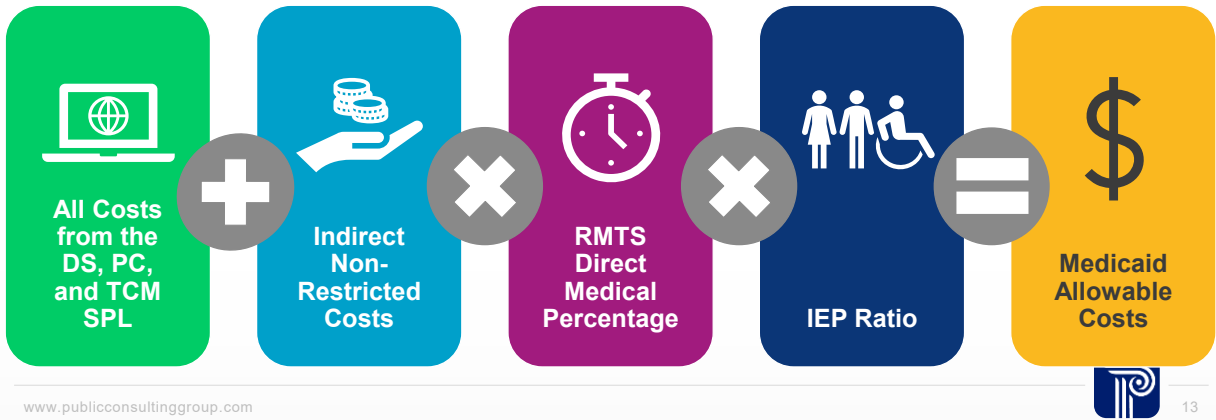


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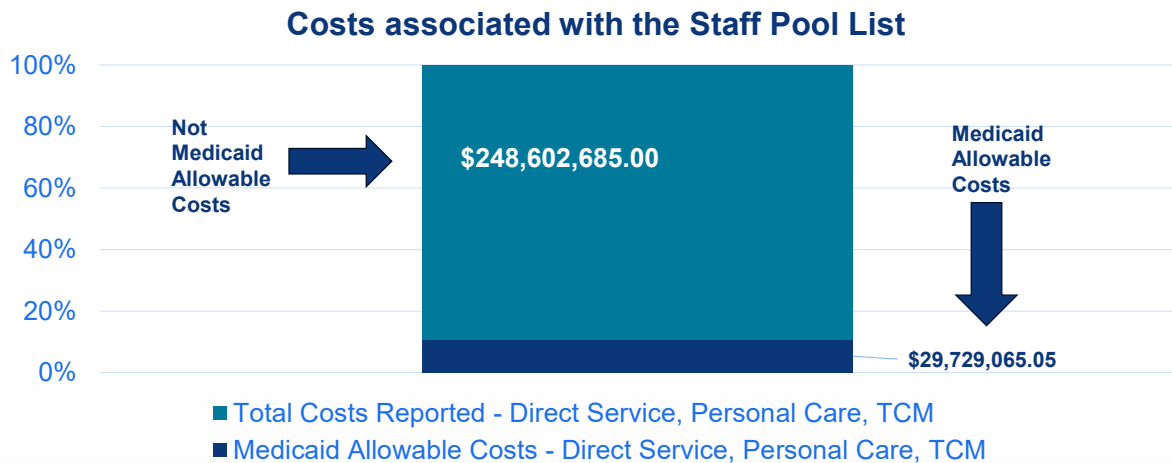
Understanding how the Variables Determine your Medicaid Allowable Costs – Direct Service, Personal Care, and TCM

Understanding the variables which determine the Medicaid Allowable Costs is critical



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In FY24 Medicaid Allowable Costs represented 12% of all costs reported





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What is the Staff Pool List and RMTS?

 Staff Pool List (SPL)	 Random Moment Time Studies (RMTS)
<p>The SPL is the foundation of both the MAC and Annual Cost Settlement process and is certified three times per year.</p> <p>The SPL indicates who at your county provides services on behalf of the MAC/SBHS program. ALL employees who perform Medicaid eligible services should be included in the appropriate cost pool, UNLESS:</p> <ul style="list-style-type: none"> • 100% Federally Funded • Direct Service Contracted Employee 	<p>The RMTS process is a federally approved technique of producing a statistically valid sampling of randomly selected moments (one moment = one minute) that are assigned to randomly selected participants.</p> <p>Each county's SPL or "list" of staff employees is eligible to RMTS moments and respond to the survey.</p> <p>This study determines the portion of time individuals spend doing reimbursable activities.</p>

This variable is extremely impactful in determining your final Medicaid Allowable Costs

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The Staff Pool is the Foundation of your Reimbursement

The SPL is the foundation of the Cost Settlement and MAC programs because it determines:

- Who will be part of the RMTS - a major part of the MAC and cost settlement calculations
- Who you can report costs for on quarterly financials
- Who you can report costs for during annual cost reporting

Moment responses then determine what percent of all the costs that you report are reimbursable

Responses capture a wide range of activity including:

- Medicaid Administrative activity
- Direct Service activity



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Random Moment Time Study

RMTS Fundamentals



Methodology

The RMTS is **Federally** approved statistically valid sampling method designed to determine the amount of effort a group of staff/contractors spends on all work activities.



Why RMTS?

The RMTS replaced the old practice of collecting provider time sheets which was a considerable administrative burden on school districts.



Survey Questions

The RMTS consists of individual moment observations of **one-minute** random intervals over a given time period.



Established Success

Based on the observations of the randomly selected moments, the total effort of the employees can be estimated with a high degree of confidence and should approximate the same results as having observed 100% of the employees' time.

What RMTS is NOT

- RMTS is not a management tool that is in any way used to evaluate employee activities or performance.
- Employees **should not** intentionally alter their activity at any particular time because of their participation in the RMTS.

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Direct Medical Percentage

%

The purpose of this percentage is to identify the percentage of time providers spend, on average, performing eligible direct medical services



Calculated from the results of the quarterly Random Moment Time Study (RMTS) - the average results of the three quarterly time study periods (Oct – Dec, Jan – Mar, and Apr – Jun) that occurred during the fiscal year



It is a state-wide percentage and is not county specific



This percentage is applied to the Direct Medical Service Costs and directly affects the cost settlement for every county



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What can we control?

 Staff Pool List (SPL)	 Random Moment Time Studies (RMTS)
<p>Are all eligible staff on the Staff Pool List?</p> <p>Make replacements on the Staff Pool List when staff turnover occurs</p> <p>Shift federal funds away from supporting positions on the Staff Pool List</p>	<p>Ensure calendar and shifts correctly identify when staff are working</p> <p>Participants should understand the purpose of the RMTS</p> <p>Participants respond to moments and clearly identify the activity they were engaged in at the time of the moment</p> <p>The staff pool consist of individuals who engage in direct services and Medicaid Administrative activities</p> <p>Coordinators are educating participants and following up when moments aren't completed</p>

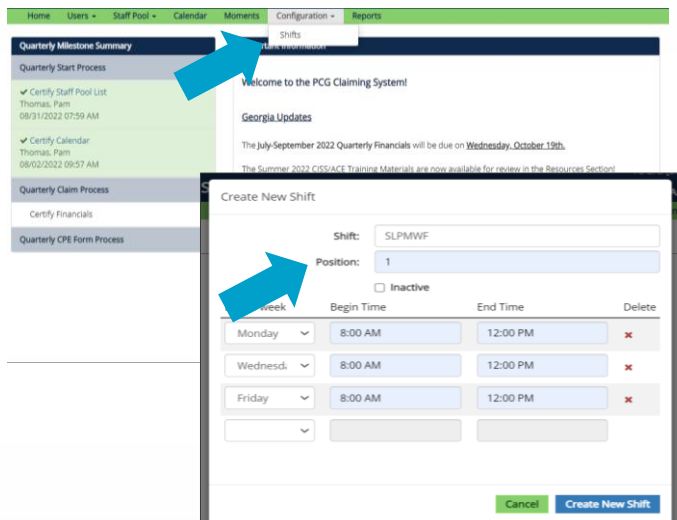
Provide educational resources to participants located in the PCG Claiming System



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Shifts identify when participants are working

- Every LEA must have at least one shift that specifies the **earliest start time** and the **latest end time** for the LEA.
- Assigning shifts to participants increases the chances of them being selected during their scheduled working time.
- Once SPLs are certified and moments are generated, shifts **cannot** be altered until the next quarter opens for updates.
- LEAs can create shifts for staff pool list participants to accommodate different schedules based on school type, building, part-time status, or other set weekly schedules.
- Consider shifts for part-time or contracted employees who have unique set schedules.




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Non-Allowable Costs: Federal Funds

Costs paid for by the county using federal funds (i.e. **IDEA**, **ESSER**, etc.) should not be represented in the cost settlement calculation.

To assure federal funds are properly removed, the county must report costs as a gross amount (State, Local & Federal Dollars) and then identify the federal funds amount (Federal Dollars).

- The system will subtract out the federal funds and calculate the net.



Staff members or costs that are 100% federally funded should not be reported and should not be included on the Staff Pool List.

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Positions to Include

Direct Service Providers	Targeted Case Management Providers
<ul style="list-style-type: none"> • Licensed Audiologist • Licensed Registered Nurse (RN) • Licensed Occupational Therapist • Licensed Physical Therapist • Certified Speech Language Pathologist • Licensed and State Certified Psychologist • Licensed School Psychologist • Licensed Psychologist Independent Practitioner 	<ul style="list-style-type: none"> • Special Education Teachers • Targeted Case Management Providers
Personal Care Providers	Administrative Service Providers
<ul style="list-style-type: none"> • Personal Care Provider 	<ul style="list-style-type: none"> • School Administrators – Principals and Assistant Principals. • State Certified Counselor • Non-certified Psychologist/Psychologist Interns • Non-certified Social Worker • Psychologist Intern • Special Education Administrator • School Bilingual Assistant • Speech Language Pathologist(Non-Masters Level and Non-Licensed) • Program Specialist • Other groups/individuals that may be identified by the LEA

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Staff Pool List (SPL) Decisions



Who from your district routinely performs Medicaid-related activities?

- These are the people that should be on your SPL!



Medicaid-related activities include:

- School health services prescribed in an IEP
- Administrative and outreach activities that support Medicaid school health services



Important notes:

- You **MAY** include staff that are partially federally funded
- You **MAY NOT** include staff that are 100% federally funded

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The Individualized Education Program (IEP) Ratio Variable is also a major driver of your Medicaid Allowable Costs

The **Individualized Education Program Ratio** identifies the portion of costs that pertain to the delivery of direct medical services specifically to Medicaid-eligible special education students



Total Number of **Medicaid Eligible Special Education Students** with an IEP Prescribed Direct Medical Service



Total Number of **ALL Special Education Students** with an IEP Prescribed Direct Medical Service



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Transportation Reimbursement

Specialized Transportation services include:

- Travel to and from a Medicaid covered direct IEP service to be rendered on school premises or another location
- Use of a specially adapted vehicle (such as a specially adapted bus or van)
- Specialized transportation included on the IEP as a separate service

County is reimbursed for Specialized Transportation if:

- Vehicle has modified specialized equipment
- Transport occurs on the same day student receives a direct medical service
- Written in IEP (retain copies)
- Keep bus logs of one-way trips
- Bill Medicaid & log service

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Medicaid Allowable Costs

Medicaid Allowable Costs – Transportation

Understanding the variables which determine the Medicaid Allowable Transportation Costs is critical



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Specialized Transportation Costs



DoHS has indicated that only a bus with a lift meets the criteria to provide specialized transportation



Only buses with a lift and their associated drivers would be considered specialized transportation



This vehicle must be used to transport a student who has specialized transportation listed in their IEP



An IEP alone is not enough to qualify transportation as specialized – Medicaid will not cover transportation costs for (as an example) a student with Speech Therapy in their IEP who is able to ride a regular school bus.

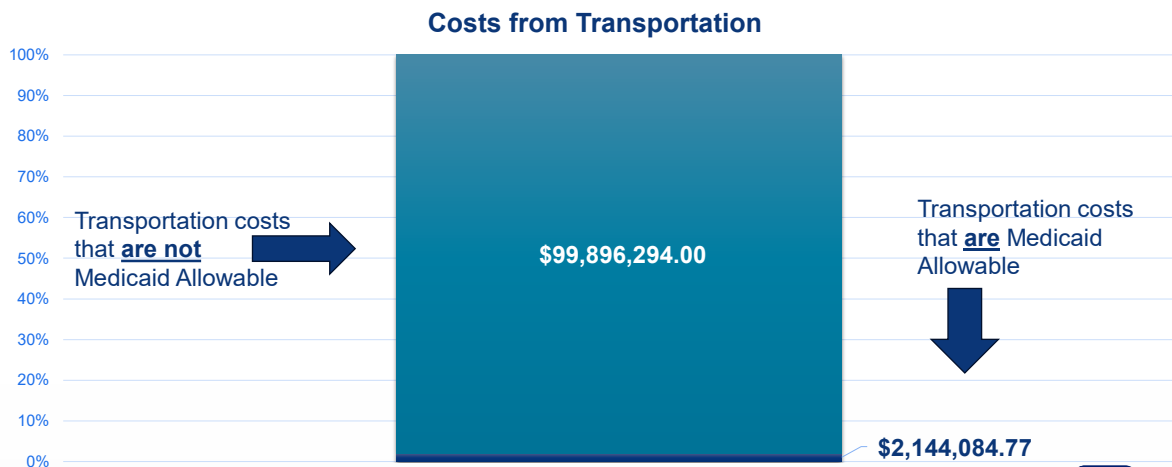
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Transportation Medicaid Allowable Costs are 2.15% of all Transportation costs reported



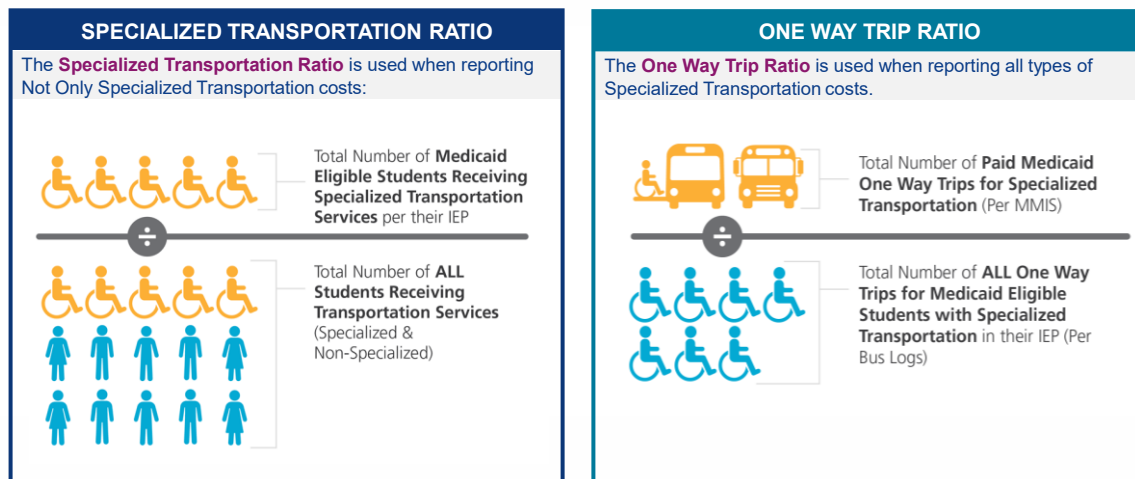
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Specialized Transportation Apportioning Ratios



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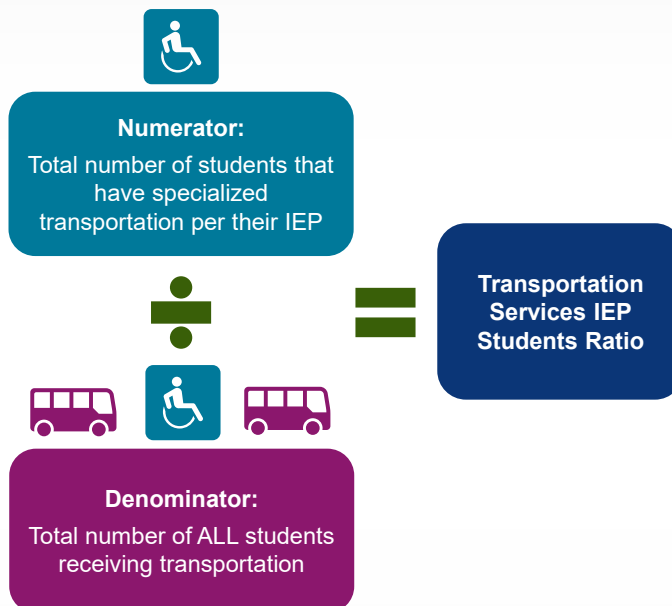
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Specialized Transportation Ratio

The Specialized Transportation ratio allocates costs reported in the "not only" specialized transportation category to the portion of transportation costs associated with special education transportation

- ✓ Numerator and denominator are both reported by school district
- ✓ If your school is unable to isolate costs by system-generated reports to the portion that is **EXCLUSIVE** to the transport of special education students, you are required to report this ratio
- ✓ If your school district solely reports 'only' specialized transportation costs, this ratio is not applicable
- ✓ The count of students that can be taken on a snapshot date or a rolling total throughout the year



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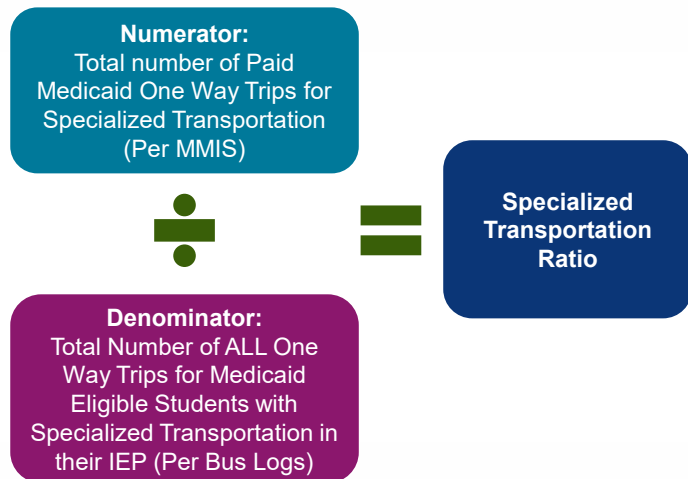
One Way Trip Ratio

Trip ratio apportions costs to the **population of students eligible for reimbursement**

- ✓ Numerator is populated by MMIS data
- ✓ Denominator is populated by the county with bus logs
- ✓ Bus logs must be kept to support the trip ratio
- ✓ Trip ratio is applied to ALL transportation costs

Documentation is **KEY**

- ✓ Bus logs and a tracking mechanism (i.e., spreadsheet) must be kept to support the denominator



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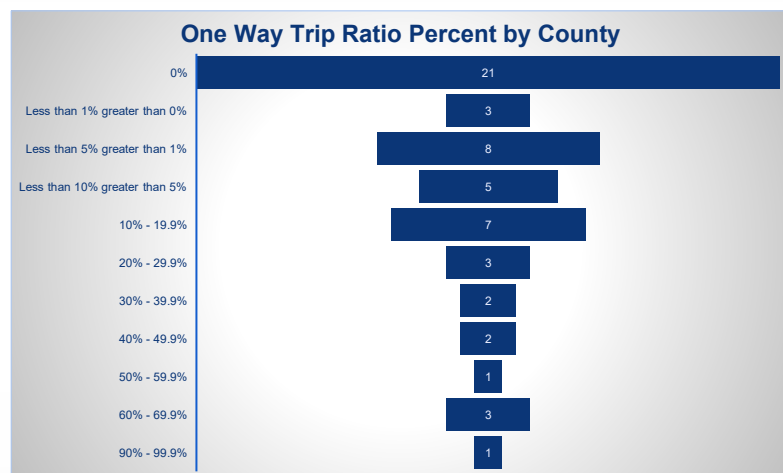
Increasing Paid One-Way Trips Increases your Transportation Medicaid Allowable Costs

37 counties have a one-way trip ratio less than 10%.

This means for every 100 one-way bus trips taken by Medicaid Eligible Students with specialized transportation in their IEP, less than 10 were documented and/or reimbursed.

Transportation claims are paid if the student received a paid direct service on the same day the transportation occurred.

Increasing service documentation, especially for students who also receive specialized transportation, will increase your transportation Medicaid Allowable Costs



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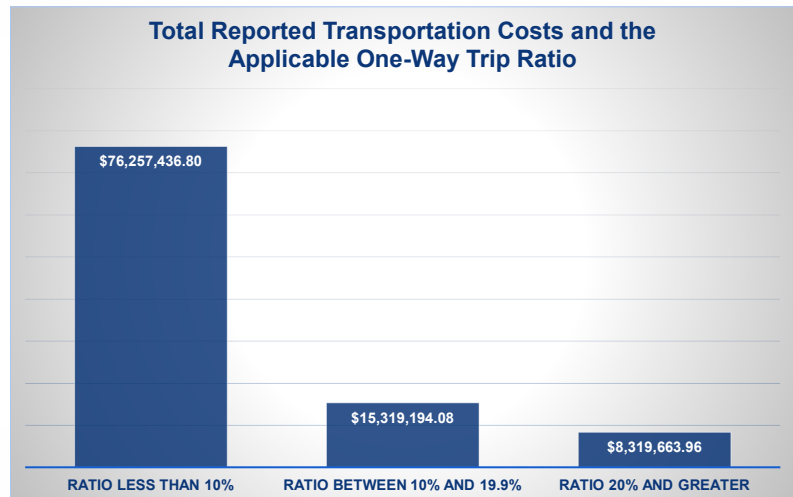
Understanding the Financial Impact of a Low One-Way Trip Ratio

Greater than 75% of all reported transportation costs were subject to a one-way trip ratio of less than 10%

This relationship of high transportation costs and low paid one-way trips exacerbates the reduction in Medicaid Allowable Transportation Costs

The low one-way trip ratios are associated with counties with the highest transportation costs

If Direct Service documentation increased, paid one-way trips increase, and you receive a greater percentage of your transportation costs



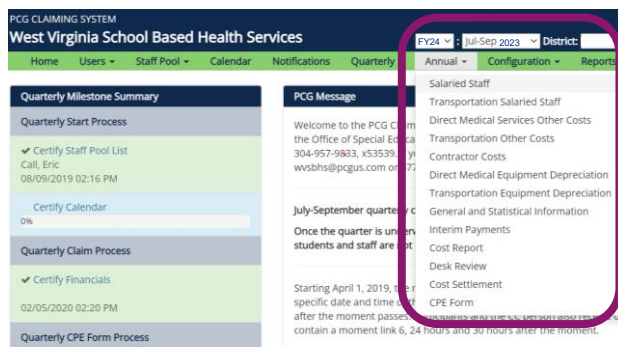
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How do I review this information in the Claiming System?



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Log into the claiming system at:
<https://claimingsystem.pcgus.com/ww>

2

Choose the appropriate Fiscal Year (FY24)
NOTE: For the Annual Cost Report – the Quarter does not matter

3

Navigate to the "Annual" section and work through the report

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Find my Data in the Cost Settlement Calculation

Find the aggregate numbers that determine the ratios

Find how these ratios determine the Medicaid Allowable Costs from the Total Costs Reported

Find the Total Medicaid Allowable Costs (Direct Service and Transportation) used in the Cost Settlement Calculation

View Cost Settlement data trends from previous year

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Upcoming Program Changes

How will this process look different in the upcoming year?

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RMTS Changes

- Currently three (3) time study quarters when moments are distributed:
 - October – December
 - January – March
 - April – June
- Moving forward, two (2) time study semesters when moments are distributed:
 - **Mid-August (first day staff return) – December 31st**
 - Time study will start with the first day staff return to school for the new school year
 - Staff Pool Lists for the first semester will open soon and be due in June
 - **January – June (through the last day of school)**

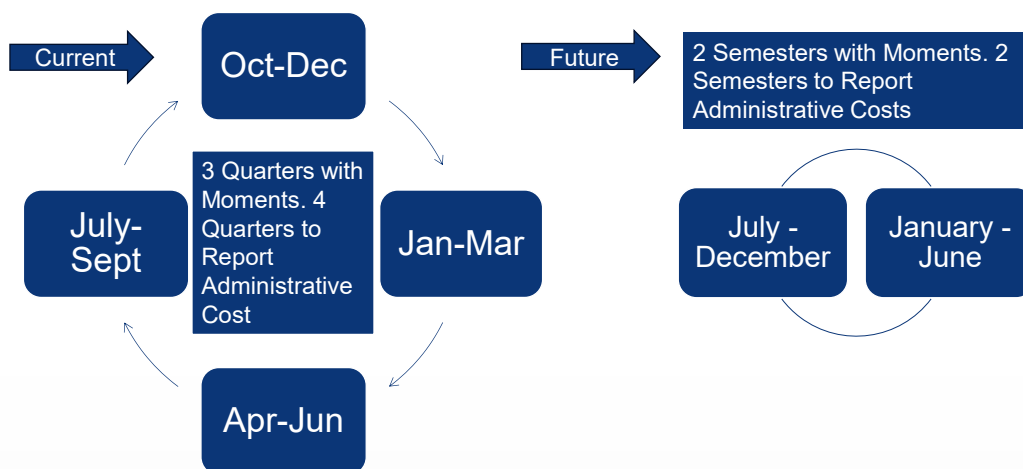
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RMTS Changes (cont'd)



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RMTS Changes (cont'd)

The number of sampled moments per cost pool is decreasing

This means less moments for your staff to complete

Cost Pool	Previous Number of Moments per Sample Period	New Number of Moments per Sample Period
Admin	3,000	1,500
Direct Service	3,000	1,500
Personal Care	3,200	1,500
Targeted Case Management	3,000	1,500



Expansion of Reimbursable Services

- Services delivered to students that have medical necessity documented in a manner other than an IEP or IFSP will be eligible for reimbursement
- What other ways can medical necessity be documented:
 - 504 Plans
 - Individual Health Plans
 - Prescriptions
 - Doctor's Orders
 - Other Methods
- This will expand the population of students for which a district can receive reimbursement for direct medical services



Medical Necessity Requirements

- What is on the plan of care is more important than what the plan is called.
- A plan must have **ALL** of the following components to be compliant with medical necessity requirements:
 - Start Date
 - End Date
 - Scope
 - Frequency
 - Duration
 - Statement of Medical need
 - Authorized / recommended by a licensed practitioner of the healing arts within his/her scope of practice
- These are the same current requirements for IEP/ IFSP Services

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Requirements for Reimbursement

- Student must be enrolled in Medicaid
- Student must have a billable service listed on their plan of care and plan of care must meet medical necessity requirements
- County must obtain parental consent
- County must obtain physician authorization if needed
- Provider must have a valid license at the time of service delivery
- The county must be enrolled as a Medicaid Provider
- Provider must document the delivery of the service including;
 - Date of service,
 - Type of service delivered,
 - Setting – group or individual,
 - Duration of service, and
 - Case / progress note
 - Supervision documentation if required
- Service documentation must be maintained for audit purposes.

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Additional Transportation Cost Reporting Details

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Transportation Costs

Counties may report salary and benefit costs for **drivers**, **bus aides**, and **mechanics** who provide specialized transportation



Counties may report costs for **Renting** or **Contracting** specialized transportation services



Counties may **depreciate** costs for all **vehicles** which provide specialized transportation



Counties may report **fuel and oil** for all vehicles which provide specialized transportation



Counties may report **repairs** and **maintenance** for all vehicles which provide specialized transportation



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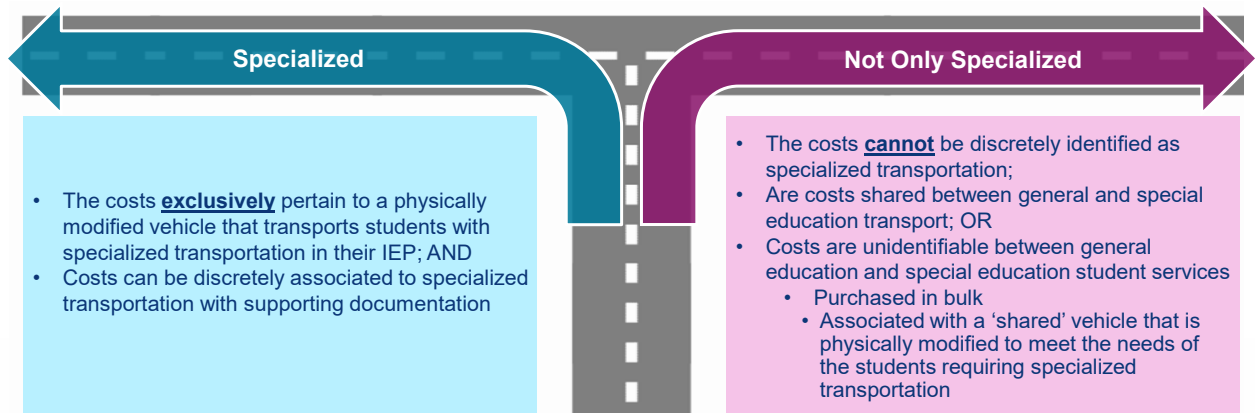


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Specialized vs. 'Not Only' Specialized

School districts categorize allowable transportation costs as either 'only' specialized or 'not only' specialized transportation



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Reporting Specialized vs. Not Only Specialized Cost

Vehicles	Bus Driver	Contract Transportation Services	Mechanic	Maintenance and Repairs, Fuel and Oil, Lease/Rental
Only Specialized				
Vehicle is physically modified and only transports special education students with specialized transportation prescribed in their IEP	Bus drivers and substitute bus drivers only transports special education students	Contract is only for transportation of special education students	Mechanic only works on specialized vehicles that exclusively transport special education students	Costs are only for specialized vehicles that exclusively transport special education students
Not Only Specialized				
Vehicle drives at least one route exclusively for students that have specialized transportation prescribed in their IEP	Bus driver has multiple routes but drives a physically modified vehicle that transports specialized transportation students for at least one route	Contract has at least one route that exclusively transports students with specialized transportation prescribed in their IEP	Mechanic works on both specialized and general education vehicles	Costs cannot be separated, items are purchased in bulk, or invoices do not identify exact vehicle that can be identified as exclusively specialized

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Transportation Service Type: Only and Not Only

	Only Specialized Transportation	Not Only Specialized Transportation	General Transportation Costs
Report When:	Costs that pertain only to providing specialized transportation services should be reported as 'Specialized Only'. These are costs that can be isolated from your general transportation costs.	If a county is unable to isolate special transportation costs from general transportation costs.	Any costs pertaining to transportation costs for only general education students should not be included.
Example:	Salaries and benefits coded to 227XX (Special Education Transportation) and buses with a wheelchair lift which transport only special education students.	A bus is adapted to transport special education students per their IEP, but also transports general students. Fuel costs may be listed as 'Not Only Specialized' if the total fuel cost includes fuel for both specialized vehicles and general transport vehicles.	Unallowable costs that include buses that only transport general education students (including related bus driver salaries) or fuel, maintenance, and insurance costs for these vehicles if separately available in the accounting system.
Ratio(s) Applied:	One-Way Trip Ratio ONLY	Specialized Transportation Ratio <u>AND</u> One-Way Trip Ratio	N/A



Contact Information

Contact Information

If you have any questions about the Annual Medicaid Cost Report, or the Cost Settlement process, please reach out to us!



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Thank you for joining us today!

Questions/comments after today's session?

Please contact us at WVSBHS@pcgus.com

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Solutions that Matter