Table of Contents

State/Territory Name: Utah

State Plan Amendment (SPA) #: 21-0019

This file contains the following documents in the order listed:

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106

CENTERS FOR MEDICARE & MEDICAID SERVICES
CENTER FOR MEDICAID & CHIP SERVICES

Medicaid and CHIP Operations Group

August 15, 2022

Jennifer Strohecker
State Medicaid Director
Division of Integrated Healthcare
Utah Department of Health & Human Services
P O Box 144102
Salt Lake City UT 84114-4102

RE: TN 21-0019

Dear Ms. Strohecker:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of Utah's State Plan Amendment (SPA) Transmittal #21-0019, submitted on December 21, 2021. This SPA for school-based payments amends the current payment methodology to a cost-based payment model and services.

CMS approved SPA #21-0019 on August 15, 2022, with an effective date of October 1, 2021. Enclosed is a copy of the CMS-179 summary form, as well as the approved pages for incorporation into the Utah State Plan.

If you have any questions regarding this amendment, please contact Mandy Strom at mandy.strom@cms.hhs.gov or by telephone at (303)844-7068.

Sincerely,

James G. Scott, Director
Division of Program Operations

Enclosures

cc: Craig Devashrayee, Utah Medicaid
Eric Grant
Greg Trollan
Kelly Garcia

DEPARTMENT OF HEALTH AND HUMAN SERVICES
CENTERS FOR MEDICARE & MEDICAID SERVICES

FORM APPROVED
OMB No. 0938-0193

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL

FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES

1. TRANSMITTAL NUMBER: 21-0019

2. STATE: UTAH

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT: (●) XIX ( ) XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE
October 1, 2021

5. FEDERAL STATUTE/REGULATION CITATION
Section 1902(a)(30)(A) of the Social Security Act

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)
a. FFY 2022 $ ~~36,201,918~~ $0*
b. FFY 2023 $ ~~36,201,918~~ $0*

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT
Page 2 and 2a of Att. #4b within Attachments 3.1-A and 3.1-B and Pages 29, 29(a), 29(a1) through 29(a10) of Attachment 4.19-B*

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT *(If Applicable)*
Page 2 of Attachment #4b within ATTACHMENTS 3.1-A and 3.1-B
Page 29 of ATTACHMENT 4.19-B

9. SUBJECT OF AMENDMENT
School-Based Payments and Services

10. GOVERNOR'S REVIEW *(Check One)*
(X) GOVERNOR'S OFFICE REPORTED NO COMMENT
( ) COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
( ) NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL
( ) OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL
[redacted]

12. TYPED NAME
Emma Chacon

13. TITLE
Interim Medicaid Director

14. DATE SUBMITTED
December 21, 2021

15. RETURN TO
Craig Devashrayee, Manager
Technical Writing Unit
Utah Department of Health
cdevashrayee@utah.gov

FOR CMS USE ONLY

16. DATE RECEIVED
December 21, 2021

17. DATE APPROVED
August 15, 2022

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL
October 1, 2021

19. SIGNATURE OF APPROVING OFFICIAL
[redacted]

20. TYPED NAME OF APPROVING OFFICIAL
James G. Scott

21. TITLE OF APPROVING OFFICIAL
Director, Division of Program Operations

22. REMARKS

* Utah authorized pen & ink changes for fiscal impact for box 6 and updated pages for box 7 on August 12, 2022.
The state authorized pen & ink change on August 15, 2022 to change the effective date to 10/1/21 on page 2 of attachment #4b within Attachments 3.1-A and 3.1-B.

Instructions on Back

MEDICALLY NECESSARY SERVICES (Continued)

Medically necessary services not otherwise provided under the State Plan but available to EPSDT (CHEC) eligibles (Continued)

Diagnostic, Preventive, Rehabilitative Services (42 CFR 440.130)

A. Early intervention services are diagnostic and treatment services to prevent further disability and improve the functioning of infants and toddlers up to age four with disabilities.

1. Individual or group therapeutic interventions to ameliorate motor impairment, sensory loss, or communication deficits; and
2. Information and skills training to the family to enable them to enhance the health and development of the child.

B. Skills Development Services

EPSDT Services Provided by Local Education Agencies

A. Medicaid provides direct coverage to eligible recipients pursuant to EPSDT for services furnished in the school-setting, in accordance with section 1905(a) of the Social Security Act. Under EPSDT, the state must provide all 1905(a) coverable benefits/services to individuals under the age of twenty-one in accordance with regulations at 42 CFR 440. Services must be determined medically necessary by the state. Medicaid eligible individuals up to the age of 21, receiving covered services in a school setting, must have a valid IEP.

LEA Responsibilities

1. LEAs shall ensure that all service providers act within the requirements of proper licensure or certification.

2. LEAs shall ensure that all unlicensed/uncertified providers requiring supervision are properly supervised.

3. LEAs shall ensure that licensed/certified supervising providers assume professional liability for unlicensed/uncertified providers rendering covered Medicaid services.

4. LEAs shall ensure that proper documentation of rendered services is created and maintained to ensure that all compliance requirements are met.

Service Exclusions

1. Services are not covered when the service is educational or academic in nature.

2. Services are not covered when the service is considered to be social, vocational, or extracurricular in nature.

MEDICALLY NECESSARY SERVICES (Continued)

Service Provision

A. Orientation and Mobility Services (O&M):

1. Orientation and Mobility services are rehabilitative services recommended by a physician or other licensed practitioner related to the evaluation, diagnosis, and treatment of a student who is blind or visually impaired to attain systematic and safe orientation and movement within their environment through sensory integrative techniques. Orientation and Mobility services also include direct assistance with the selection, acquisition, training, and use of an Assistive Technology Device. The following providers may render these services:

    a. Orientation and Mobility Services performed by an Orientation and Mobility Specialist with Certification from the Academy for Certification of Vision Rehabilitation and Education Professionals.

    b. Paraprofessional under the supervision of a qualified Orientation and Mobility Specialist.

B. Aural Therapy Services

1. In addition to audiologists and speech-language pathologists, this rehabilitative service may also be performed under the direction of an audiologist or speech language pathologist by Teachers for the Deaf and Hard of Hearing who meet the qualifications of having a master's degree from an accredited college or university with a major in the Teaching of the Deaf and Hard of Hearing and are under the direction of an audiologist or speech-language pathologist.

MEDICALLY NECESSARY SERVICES (Continued)

Medically necessary services not otherwise provided under the State Plan but available to EPSDT (CHEC) eligibles (Continued)

Diagnostic, Preventive, Rehabilitative Services (42 CFR 440.130)

A. Early intervention services are diagnostic and treatment services to prevent further disability and improve the functioning of infants and toddlers up to age four with disabilities.

1. Individual or group therapeutic interventions to ameliorate motor impairment, sensory loss, or communication deficits; and
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LEA Responsibilities

4. LEAs shall ensure that all service providers act within the requirements of proper licensure or certification.

5. LEAs shall ensure that all unlicensed/uncertified providers requiring supervision are properly supervised.

6. LEAs shall ensure that licensed/certified supervising providers assume professional liability for unlicensed/uncertified providers rendering covered Medicaid services.

4. LEAs shall ensure that proper documentation of rendered services is created and maintained to ensure that all compliance requirements are met.

Service Exclusions

2. Services are not covered when the service is educational or academic in nature.

2. Services are not covered when the service is considered to be social, vocational, or extracurricular in nature.

MEDICALLY NECESSARY SERVICES (Continued)

Service Provision

A. Orientation and Mobility Services (O&M):

2. Orientation and Mobility services are rehabilitative services recommended by a physician or other licensed practitioner related to the evaluation, diagnosis, and treatment of a student who is blind or visually impaired to attain systematic and safe orientation and movement within their environment through sensory integrative techniques. Orientation and Mobility services also include direct assistance with the selection, acquisition, training, and use of an Assistive Technology Device. The following providers may render these services:

   a. Orientation and Mobility Services performed by an Orientation and Mobility Specialist with Certification from the Academy for Certification of Vision Rehabilitation and Education Professionals.

   b. Paraprofessional under the supervision of a qualified Orientation and Mobility Specialist.

B. Aural Therapy Services

2. In addition to audiologists and speech-language pathologists, this rehabilitative service may also be performed under the direction of an audiologist or speech language pathologist by Teachers for the Deaf and Hard of Hearing who meet the qualifications of having a master's degree from an accredited college or university with a major in the Teaching of the Deaf and Hard of Hearing and are under the direction of an audiologist or speech-language pathologist.

MEDICALLY NECESSARY SERVICES NOT OTHERWISE PROVIDED UNDER THE STATE PLAN BUT AVAILABLE TO EPSDT (CHEC) ELIGIBLES

Unless otherwise indicated below, payment for EPSDT services is based on the established fee schedule unless a lower amount is billed.

Orthodontic Services

A fixed fee is paid for attaching the approved orthodontic appliance. In addition, a fixed fee is paid every three months for maintenance service. The maximum number of payments for maintenance is eight quarterly payments. Total payments for the appliance and for the maintenance service are limited to usual and customary charges.

Diagnostic, Preventive, Screening, and Rehabilitative Services

Skills Development Services---

A. Reimbursement Methodology for School Based Skills Development Services

School Based services, known as School Based Skills Development Services (SDS) in Utah, are delivered by the school districts, charter schools, and public K-12 educational institutions (hereinafter referred to as "Local Education Authorities" or "LEAs" for A through H of this section), and include the following Medicaid 1905(a) services:

- Nursing Services;
- Personal Care Services;
- Psychology Services;
- Counseling Services;
- Social Work Services;
- Orientation, Mobility, and Vision Services;
- Speech Language Services;
- Audiology Services;
- Occupational Therapy (OT);
- Physical Therapy (PT)

All costs described within this methodology are for Medicaid services provided by qualified personnel or qualified health care professionals who have been approved under Attachments 3.1-A and 3.1-B of the Medicaid State Plan.

MEDICALLY NECESSARY SERVICES NOT OTHERWISE PROVIDED UNDER THE STATE PLAN BUT AVAILABLE TO EPSDT (CHEC) ELIGIBLES (Continued)

B. Direct Medical Payment Methodology

LEAs will be paid on a cost basis. LEAs will be reimbursed monthly interim rates based on reported annual costs for rendering SDS direct medical services. On an annual basis a LEA specific cost reconciliation and cost settlement for all over and under payments will be processed.

1. Participating SDS LEAs are reimbursed interim payments based on a monthly calculated rate. Interim payments under the SDS Program are calculated prior to the school year beginning and are divided into twelve equal monthly installments, to be paid July 1 through June 30. Interim payments shall be tied to claim submissions by the LEA.
    a. For the 2021-22 school year, the interim rates were calculated based on the LEA's reported costs from the 2019-20 school year.
    b. For the 2022-23 school year, the interim rates were calculated using the cost data for the direct service cost pools from the October-December 2021 quarterly financial submissions for the administrative claims.
    c. For the 2023-24 and subsequent years, the interim rates shall be based on the LEA's actual, certified costs identified in their most recently filed annual cost report from the prior fiscal year.
    d. For a new participating LEA, the interim rate shall be calculated based on statewide historical data.
    e. When an LEA's Total Medicaid Allowable Cost amount has been calculated following the processes defined in the following sections, the amount is then divided by 12 to arrive at a monthly rate figure. These monthly rates will be implemented to support the interim payments for the following fiscal year. Each LEA will have their own monthly rate inclusive of their Medicaid Allowable Costs for both of the direct service cost pools.
    f. The LEA is then given the option to request that the monthly amount be paid at either 80% or 90% of the total calculated amount. The percentage is applied in an effort to minimize LEA overpayments.
    g. A cost reconciliation and cost settlement is completed annually as described in Sections G and H. If an LEA's total monthly interim payments for the year exceed their costs to render services, the LEA will be invoiced the difference and the state will recoup the amount. If the total amount of monthly interim payments for the year is less than what the LEA's costs were to render services, the LEA will be reimbursed the difference.

MEDICALLY NECESSARY SERVICES NOT OTHERWISE PROVIDED UNDER THE STATE PLAN BUT AVAILABLE TO EPSDT (CHEC) ELIGIBLES (Continued)

2. LEAs will continue to submit claims for Medicaid covered services rendered, but will not be paid for claim charges. All claims will be submitted to Medicaid with a $.00 charge. LEAs will only be paid through the monthly interim payment.

C. Data Capture for the Cost of Providing School Based Skills Development Services

Data capture for the cost of providing SDS will be accomplished utilizing the following data sources:

1. Total direct and indirect costs, less any federal payments for these costs, will be captured utilizing the following data:
   a. SDS cost reports received from LEAs;
   b. Utah State Board of Education (USBE) Unrestricted Indirect Cost Rate (UICR);

      i. The unrestricted indirect cost rate is derived from costs having to do with administrative, overhead maintenance and other support services. Staff included on the LEA's staff pool list are not paid from these areas.

      ii. LEAs are specifically instructed that costs from accounting codes that are used in the calculation of the unrestricted indirect cost rate are not to be included in the reported expenditures. This ensures that there is no duplication of costs for indirect rates.

      iii. Some LEAs do not have a calculated USBE Unrestricted Indirect Cost Rate (UICR). For those that do not have one calculated, a de minimis rate of 10% will be charged to Medicaid. All LEAs with a calculated UICR will use their calculated rate.

   c. Random Moment Time Study (RMTS) Activity Code 4B (Direct Medical Services) and Activity Code 10 (General Administration):

      i. Direct Medical IEP activity code is accounted for in the annual cost settlement report. It is distributed to the reimbursable codes based on the percentage of total time as dictated by the Random Moment Time Study.

      ii. General Administration code 10 is accounted for in both the quarterly Medicaid Administrative Claim as well as the annual Cost Reconciliation and Cost Settlement.

         a. General Administrative code 10 is a General Administrative Overhead Factor and is calculated to determine the amount of time that is eligible for reimbursement in the MAC Claim. General Administration is distributed to the reimbursable code based on the percentage of total time as dictated by the Random Moment Time Study.

MEDICALLY NECESSARY SERVICES NOT OTHERWISE PROVIDED UNDER THE STATE PLAN BUT AVAILABLE TO EPSDT (CHEC) ELIGIBLES (Continued)

b. General administrative code 10 is also accounted for in the annual cost report. It is distributed to the reimbursable codes based on the percentage of total time as dictated by the Random Moment Time Study.

iii. The resulting direct medical service percentages will be specific to each cost pool and reflected as a statewide average.

d. LEA specific Medicaid Enrollment Ratio (MER):

i. For the purposes of the annual cost reconciliation and cost settlement process, the Medicaid Enrollment Ratio (MER) is referred to as the Medicaid IEP Ratio. This IEP Ratio is unique to each participating LEA and is used to apportion the Total Direct Medicaid Service costs between Medicaid and non-Medicaid. The ratio will be calculated based on a December 1 student count with the numerator reflecting the total number of students with a covered medical service in their IEP that are Medicaid enrolled and the denominator reflects the total number of all students with a covered medical service in their IEP.

MEDICALLY NECESSARY SERVICES NOT OTHERWISE PROVIDED UNDER THE STATE PLAN BUT AVAILABLE TO EPSDT (CHEC) ELIGIBLES

D. Data Sources and Cost Finding Steps

The following provides a description of the data sources and steps to complete the cost finding and reconciliation:

1. Allowable Costs: Direct costs for direct medical services include unallocated payroll costs and other unallocated costs that can be directly charged to direct medical services. Direct payroll costs include total compensation (i.e., salaries and benefits and contract compensation) of direct services personnel listed in the descriptions of the covered Medicaid services delivered by LEAs in Utah Administrative Code. These direct costs will be calculated on a LEA specific level and will be reduced by any federal payments for these costs, resulting in adjusted direct costs.

Other direct costs include costs directly related to the approved direct services personnel for the delivery of medical services, such as medically related purchased services, supplies and materials. These direct costs are accumulated on the annual School Based Skills Development Services Cost Report and are reduced by any federal payments for these costs, resulting in adjusted direct costs. The cost report contains the scope of cost and methods of cost allocation that have been reviewed by the Centers for Medicare & Medicaid Services (CMS).

The source of this financial data will be audited Chart of Account records kept at the LEA level. The Chart of Accounts is uniform throughout the State of Utah. Costs will be reported on an accrual basis.

a. Medically related purchased services include contracted services. LEAs report the amounts they pay to contracted providers as salaries. Benefits are not reported by the LEA for contracted staff.

i. The USBE's Unrestricted Indirect Cost Rate is multiplied by the sum of the LEA's total regular staff salaries and the total contracted salaries.

b. Medicaid Direct Medical Service costs are funded by the state and local dollars. Any expenditures that are fully paid for using federal funds will be removed from the cost report. Expenditures that are partially funded by federal funds will be reduced by the amount of federal funds. Only the portion of expenditures paid for with state or local funds is included in the calculation of the Medicaid Direct Medical Service costs. Providers of Medicaid Direct Medical Service costs make up this non-federally funded cost pool.

MEDICALLY NECESSARY SERVICES NOT OTHERWISE PROVIDED UNDER THE STATE PLAN BUT AVAILABLE TO EPSDT (CHEC) ELIGIBLES (Continued)

Allowable costs for this provider pool consist of:

i. salaries;
ii. benefits;
iii. medically-related purchased services; and
iv. medically-related supplies and materials

2. Indirect Costs: Indirect costs are determined by applying the LEA's specific Unrestricted Indirect Cost Rate (UICR) to its adjusted direct costs. Utah LEAs use predetermined fixed rates for indirect costs. Utah State Board of Education (USBE) has, in cooperation with the United States Department of Education (DOE), developed an indirect cost plan to be used by LEAs in Utah. Pursuant to the authorization in 34 CFR § 75.561(b), USBE approves unrestricted indirect cost rates for LEAs for the DOE, which is the cognizant agency for LEAs. If a LEA does not have a calculated UICR, a de minimis rate of 10% will be utilized. Providers are permitted only to certify Medicaid-allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate.

Indirect Cost Rate

a. Apply the Utah State Board of Education Cognizant Agency UICR applicable rate for the dates of service in the rate year.
b. The UICR is the unrestricted indirect cost rate calculated by the Utah State Board of Education.

To ensure non-duplication of costs, LEAs are instructed that costs from accounting codes that are used in the calculation of the unrestricted indirect cost rate are not to be included in the reported expenditures on the annual cost report.

3. Time Study Percentages: A time study separately approved by HHS (outside the state plan process) must be approved before claiming and drawing down FFP for eligible services. This is captured by using a Random Moment Time Study (RMTS) methodology, and is used to determine the percentage of time that medical service personnel spend on IEP, general and administrative time and all other activities to account for 100 percent of time to assure that there is no duplicate claiming. The RMTS methodology will utilize three cost pools in total. Two cost pools are for direct medical services and one cost pool for administrative activities.

a. The first cost pool is the Direct Service cost pool and includes all eligible staff and other medical services providers except staff that primarily provide personal care and behavior modification services. These individuals are eligible to bill direct medical services. Eligible positions included in this cost pool are:

MEDICALLY NECESSARY SERVICES NOT OTHERWISE PROVIDED UNDER THE STATE PLAN BUT AVAILABLE TO EPSDT (CHEC) ELIGIBLES (Continued)

- Audiologist;
- Audiologist Aide;
- Certified Occupational Therapy Assistant (COTA);
- Licensed Practical Nurse;
- Occupational Therapist;
- Occupational Therapy Aide;
- Orientation and Mobility Specialist;
- Physical Therapist;
- Physical Therapy Assistant (PTA);
- Psychologist;
- Registered Nurse;
- School Counselor;
- School Social Worker;
- School Psychologist;
- School Hearing Specialist;
- Speech Language Pathologist;
- Speech Language Pathology Aide;
- Vision and Hearing Aide

b. The second cost pool is the Other Direct Service cost pool and includes staff that primarily provide personal care and behavior services. These individuals are also eligible to bill direct medical services. Eligible positions included in this cost pool are:

- Health Special Education Teachers (who supply Personal Care and Behavior Services); and
- Para Educator

c. The third cost pool is the Administrative Outreach Personnel cost pool and includes individuals whose primary duties are administrative in nature. These individuals are not eligible to bill direct medical services. Staff included in the cost pool are not included on the annual cost report and the time study results for this cost pool are not included as part of any calculations for the annual cost reconciliation and cost settlement process. Examples of staff that are eligible to be included in this cost pool are:

- Administrators;
- Diagnosticians;
- Interpreters and Interpreter Assistants;
- Program Specialists;
- Pupil Support Services Administrators;
- Pupil Support Services Technicians;
- Special Education Administrators;
- Special Education Teachers;
- Special Education Coordinators;
- School Bilingual Assistants

To ensure non-duplication of costs, LEAs are instructed that costs from accounting codes that are used in the calculation of the unrestricted indirect cost rate are not to be included in the reported expenditures on the annual cost report.

MEDICALLY NECESSARY SERVICES NOT OTHERWISE PROVIDED UNDER THE STATE PLAN BUT AVAILABLE TO EPSDT (CHEC) ELIGIBLES (Continued)

d. Staff cannot be included in more than one cost pool. If an individual performs job duties that correspond to more than one cost pool, the individual must be added to the cost pool that corresponds with their primary job responsibilities.

e. Participants from all cost pools complete RMTS for all regular school days, with a precision level of +/- 2% and a 95% confidence level.

f. Summer vacation periods (when most students are not attending school according to the LEA calendar) will use the weighted average of the other periods to provide compensation to providers paid during this period.

g. LEAs ensure an 85% response rate to the time study moments.

h. The RMTS will generate two Direct Medical Services time study percentages; one for Direct Medical Service Cost Pool and one for the Other Direct Service Cost Pool. Each Direct Medical Services time study percentage will be statewide averages. The direct medical services costs and time study results must be aligned to ensure proper cost allocation. The CMS approval letter for the time study will be maintained by the State of Utah and CMS.

4. Medicaid IEP Ratio Determination: A Medicaid ratio will be established for each participating LEA. When applied, these ratios will discount the associated Direct Medical Service cost pools by the percentage of Medicaid enrolled students.

a. Medicaid IEP Ratio: The Medicaid IEP Ratio will be used in the calculation of the Medicaid Direct Medical Service costs pursuant to an IEP. The names, gender, and birthdates of students with an IEP identifying a covered service will be identified from the December 1 Count Report and matched against the Medicaid enrollment file to determine the percentage of those that are enrolled for Medicaid. The numerator of the rate will be the number of Medicaid enrolled students with an IEP identifying a covered service and the denominator will be the total number of students with an IEP identifying a covered service. The IEP ratio will be calculated for each LEA participating in the SDS program on an annual basis.

5. Contracted costs: LEAs can include contracted service costs for and contracted clinicians that were included on the Staff Pool List for the RMTS process. The contracted service costs represent the amounts charged to the LEA by the contractor or contracting agency and may include the costs associated with the clinician and any overhead incurred by the contractor that is charged back to the LEA. This cost does not include any overhead or other indirect costs incurred by the LEA to support the contracted clinician.

MEDICALLY NECESSARY SERVICES NOT OTHERWISE PROVIDED UNDER THE STATE PLAN BUT AVAILABLE TO EPSDT (CHEC) ELIGIBLES (Continued)

a. Contracted service costs for direct medical services will be a separate line item in the cost report with the application of the LEA's Unrestricted Indirect Cost Rate, and the LEA's allocation using the Medicaid IEP Ratio.
b. Contracted service costs for direct medical services and administrative services are part of the RMTS and the allocation to direct medical and administrative percentages, the LEA's Unrestricted Indirect Cost Rate, and the LEA's allocation using the Medicaid IEP Ratio.

c. The LEA's Unrestricted Indirect Cost Rate is applied to contracted service costs to reflect the overhead and administrative costs incurred by the LEA to support the contracted service clinician and are non-duplicative of any agency indirect costs charged to the LEA by the contractor.

6. Total Medicaid Reimbursable Cost: The previous steps will result in a total Medicaid reimbursable cost for each LEA for Direct Medical Services.

Step 1. The Direct Service Personnel Costs (Salaries + Fringe Benefits + Contract Costs) will be added to the Direct Service Non-Personnel Costs (Materials and Supplies + Depreciation) to determine the Total Direct Services Costs

Step 2. The Total Direct Services Costs will then be multiplied by the Direct Medical Services Percentage (as determined by the RMTS and applied to the 2 Direct Medical cost pools on a statewide basis) to determine the Total Direct Medicaid Services Costs.

Step 3. The Total Direct Medical Services Costs will be multiplied by the Unrestricted Indirect Cost Rate to determine the total Indirect Costs.

Step 4. The Direct Medical Services Costs will be added to the Indirect Costs to determine the Total Allowable Costs.

Step 5. The Total allowable Costs will be multiplied by the Medicaid Enrollment IEP Ratio (calculated by each LEA) to determine the Total Medicaid Reimbursable Costs.

Step 6. Reconciliation process: The Total Medicaid Interim Payments will be subtracted from the Medicaid Reimbursable Costs to equal the Total Cost Settlement.

MEDICALLY NECESSARY SERVICES NOT OTHERWISE PROVIDED UNDER THE STATE PLAN BUT AVAILABLE TO EPSDT (CHEC) ELIGIBLES (Continued)

E. Certification of Funds Process

Each LEA certifies on an annual basis an amount of the interim payments received during the previous federal fiscal year. In addition, each LEA certifies on an annual basis through its cost report its total actual, incurred allowable costs/expenditures, including the federal share and the non-federal share.

LEAs are permitted only to certify Medicaid-allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate.

F. Annual Cost Report Process

Each LEA will complete an annual cost report for all SDS delivered during the previous state fiscal year covering July 1 through June 30. The cost report is due no later than one year after the close of the quarter ending June 30.

a. The primary purpose of the cost report is to

i. document the LEA's total Medicaid allowable scope of costs for delivering SDS, including direct costs and indirect costs, based on cost allocation methodology procedures

b. Cost reports will be subjected to a comprehensive review process prior to their use in the calculation of the interim rates.

i. The review will be used to ensure the accuracy and appropriateness of the costs and allocation factors.

ii. Awareness of Federal Audit and Documentation Regulations: The State Medicaid agency and any contractors used to help administer any part of the SDS program are aware of federal regulations listed below for audits and documentation, and will provide documentation for MERs and any other documentation needed to support SDS claims

a. 42 CFR 431.107 Required provider agreement
b. 45 CFR 447.202 Audits
c. 45 CFR 75.302 Financial management and standards for financial management systems

MEDICALLY NECESSARY SERVICES NOT OTHERWISE PROVIDED UNDER THE STATE PLAN BUT AVAILABLE TO EPSDT (CHEC) ELIGIBLES (Continued)

c. Cost reports will be used to reconcile its interim payments to its total Medicaid-allowable scope of costs based on cost allocation methodology procedures.

i. The reconciliation will be used to ensure the accuracy and appropriateness of the costs and allocation factors.

ii. The annual SDS Cost Report includes a certification of funds statement to be completed, certifying the LEA's actual, incurred costs/expenditures. All filed annual SDS Cost Reports are subject to a desk review by the Division of Integrated Healthcare (DIH) or its designee.

G. The Cost Reconciliation Process

The cost reconciliation process must be completed within twenty-four months of the end of the reporting period covered by the annual SDS Cost Report. The total CMS-reviewed, Medicaid allowable scope of costs based on CMS-reviewed cost allocation methodology procedures are compared to the LEA's Medicaid interim payments for school health services delivered during the reporting period as documented in the Medicaid Management Information System (MMIS), resulting in a cost reconciliation.

For the purposes of cost reconciliation, the state may not modify the CMS-reviewed scope of costs, the CMS-reviewed cost allocation methodology procedures, or its time study for cost-reporting purposes. Any modification to the scope of cost, cost allocation methodology procedures, or time study for cost reporting purposes requires review from CMS prior to implementation; however, such review does not necessarily require the submission of a new state plan amendment.

H. The Cost Settlement Process

1. For services delivered for a period covering July 1st, through June 30th, the annual SDS Cost Report is due no later than one year after the close of the quarter ending June 30, with the cost reconciliation and settlement processes completed no later than two years after the fiscal year end.

a. Actual costs will be used to determine whether or not the LEA has an under or overpayment. Actual costs will be calculated for the school year and will then be compared to the interim payments made during that same school year.

2. If an LEA's interim payments exceed the actual, certified costs of the provider for SDS to Medicaid clients, the provider will return the federal share of an amount equal to the overpayment.

3. If the actual, certified costs of a LEA for SDS exceed the interim Medicaid payments, DIH will pay the federal share of the difference to the LEA in accordance with the final actual certification agreement and submit claims to the CMS for reimbursement of that payment in the federal fiscal quarter following payment to the provider.

a. The Division of Integrated Healthcare will issue a notice of settlement within 60 days following the completion of the settlement determination that denotes the amount due to or from the provider.