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State/Territory Name: MO

State Plan Amendment (SPA) #: 18-0005

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
601 East 12th Street, Suite 355
Kansas City, Missouri 64106



Division of Medicaid and Children's Health Operations

February 13, 2019

Steve Corsi, Psy.D., Director
Missouri Department of Social Services
Broadway State Office Building
P.O. Box 1527
Jefferson City, MO 65102-1527

Dear Dr. Corsi:

On November 15, 2018, the Centers for Medicare & Medicaid Services (CMS) received Missouri's State Plan Amendment (SPA) transmittal #18-0005. This SPA is adding a cost-based reimbursement process for school-based IEP direct services based on certified public expenditures including a process for quarterly reconciliation and final settlement based on actual expenditures. The direct services being covered are physical therapy, occupational therapy, speech therapy, private duty nursing, behavioral health, and personal care services.

SPA #18-0005 was approved February 13, 2019, with an effective date of July 1, 2019, as requested by the state. Enclosed is a copy of the CMS-179 Summary Form, as well as the approved pages for incorporation into the Missouri State Plan.

Missouri also submitted their School District Administrative Claiming & Random Moment Sampling Manual along with the SPA submission. This guide is being reviewed separately from the SPA. Missouri will receive a separate approval once CMS' review has been completed.

If you have any questions regarding this amendment, please contact Karen Hatcher or Deborah Read at (816) 426-5925.

Sincerely, _____

2/13/2019

James G. Scott
Associate Regional Administrator
for Medicaid and Children's Health Operations

Sign

Enclosure

cc:
Todd Richardson, Medicaid Director
Marissa Crump
Glenda Kremer

bcc: Megan Buck
Deborah Read
Karen Hatcher
Jerimiah Sabir
Mary Cieslicki

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL FOR: HEALTH CARE FINANCING ADMINISTRATION	1. TRANSMITTAL NUMBER: <u>1</u> <u>8</u> -- <u>0</u> <u>0</u> <u>0</u> <u>5</u> -	2. STATE Missouri
	3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID)	
TO: REGIONAL ADMINISTRATOR HEALTH CARE FINANCING ADMINISTRATION DEPARTMENT OF HEALTH AND HUMAN SERVICES	4. PROPOSED EFFECTIVE DATE July 1, 2018 * July 1, 2019	

5. TYPE OF PLAN MATERIAL (Check One):

☒ NEW STATE PLAN ☐ AMENDMENT TO BE CONSIDERED AS NEW PLAN ☐ AMENDMENT

COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (Separate Transmittal for each amendment)

6. FEDERAL STATUTE/REGULATION CITATION: 42 CFR 433.51	7. FEDERAL BUDGET IMPACT: a. FFY 2020 <u>\$15,450,000</u> b. FFY 2021 <u>\$16,995,000</u>
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B Pages 48-51 (New)	9. PAGE NUMBER OF THE SUPERSEDES PLAN SECTION OR ATTACHMENT (If Applicable):

10. SUBJECT OF AMENDMENT:

Cost-based reimbursement process for school-based IEP direct services based on certified public expenditures including a process for quarterly reconciliation and final settlement based on actual expenditures.

11. GOVERNOR'S REVIEW (Check One) <input checked="" type="checkbox"/> GOVERNOR'S OFFICE REPORTED NO COMMENT <input type="checkbox"/> OTHER, AS SPECIFIED: <input type="checkbox"/> COMMENTS OF GOVERNOR'S OFFICE ENCLOSED <input type="checkbox"/> NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL	
12. SIGNATURE OF STATE AGENCY OFFICIAL:	16. RETURN TO: MO HealthNet Division P.O. Box 6500 Jefferson City, MO 65102
13. TYPE NAME: <u>Steve Corsi</u>	
14. TITLE: <u>Director</u>	
15. DATE SUBMITTED: <u>10/24/18</u>	

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED: November 15, 2018	18. DATE APPROVED: February 13, 2019
PLAN APPROVED - ONE COPY ATTACHED	
19. EFFECTIVE DATE OF APPROVED MATERIAL: July 1, 2019	20. SIGNATURE OF REGIONAL OFFICIAL:
21. TYPED NAME: James G. Scott	22. TITLE: Associate Regional Administrator for Medicaid and Children's Health Operations
23. REMARKS:	

* pen and ink change per email dated 2.4.19.

School-Based Individualized Education Plan (IEP) Direct Services

The Missouri Department of Social Services (DSS) MO HealthNet Division (MHD) shall provide Medicaid reimbursement for certain Medicaid services provided by a participating public school district (“district”). The medically-necessary Medicaid services must be provided by a qualified school-based provider to students who are Title XIX-eligible and eligible for school-based IEP direct services (hereafter referred to as direct services) pursuant to the Individuals with Disabilities Education Act (IDEA), Part B. The direct services covered are physical therapy, occupational therapy, speech therapy, private duty nursing, behavioral health services, hearing aid, and personal care services. Providers shall be enrolled in accordance with MHD policies.

General Description of Payment Methodology

Effective with dates of service on or after July 1, 2019, direct services provided by school districts will be paid on a cost basis. Public schools will initially be paid interim rates for direct services per unit of service. The interim rate the state pays for school based services is the same rate as the state plan service for non-school based services. On an annual basis a provider-specific cost reconciliation and cost settlement for all overpayments and underpayments will be processed.

The units of service are defined by each Health Insurance Portability and Accountability Act (HIPAA)-compliant Current Procedural Terminology (CPT) code or Healthcare Common Procedure Coding System (HCPCS) code. Direct services may be encounter-based or in 15-minute unit increments.

Specific Components of Cost-Based Payment Methodology

Total direct and indirect costs of providing direct services, less any federal payments for these costs, will be captured utilizing the following sources:

- a. Annual cost reports received from school districts
 1. Direct Costs include:
 - i. Salaries and Benefits of direct medical staff who provide allowable health related services
 - ii. Contractor costs for providers who deliver allowable health related services

- iii. Medical supplies and equipment that are purchased to aid in the delivery of the health related services
 - b. Missouri Department of Elementary and Secondary Education (DESE) Unrestricted Indirect Cost Rate (UICR)
 - 2. Indirect Costs
 - i. School Districts cannot list indirect costs outside of the UICR
 - c. Direct Medical Services Random Moment Time Study (RMTS) Percentage comprised of Activity Code 4b: Direct Medical Services and Activity Code 10: General Administration
 - d. School district specific IEP Ratio

The UICR is applied to the Allowable costs and will be multiplied by the Direct Medical Services-related RMTS Percentage. The product will be multiplied by the IEP Ratio to determine the total reimbursable costs for each participating school district.

IEP Ratio

A school district-specific IEP ratio will be established for each participating school district. The purpose of the IEP Ratio is to determine Medicaid's portion of direct medical service costs incurred by school district's for the provision of direct medical services. It is calculated by taking the total number of Medicaid eligible children with a health related service on their IEP divided by the number of all students with a health related service on their IEP. When applied, this IEP ratio will reduce the direct services cost pool by the percentage of participants eligible for MO HealthNet services who have an IEP.

Cost Reports

Each school district will complete an annual cost report for all direct services delivered during the previous State fiscal year (July 1 through June 30). The cost reconciliation process is completed within 24 months after the close of the state fiscal year (July 1 – June 30). The cost report will provide the following detail:

- document the school district's total Medicaid-allowable direct and indirect costs for delivering direct services, including Direct Medical Equipment costs and health-related supplies and materials, and tuition payments for health related services
- reconcile the school district's interim payments to its total Medicaid-allowable costs . Allowable cost is identified by applying cost principles specified at 2 CFR, part 200 as implemented by the Department of Health and Human Services at 45 CFR, part 75.

The annual cost report includes a certification of funds statement, certifying the school district's actual costs and expenditures. The annual cost reports are subject to a desk review by the Department or its designee.

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Each school district certifies annually through its cost report the total actual allowable costs and expenditures incurred, including the federal and non-federal share, the amount of interim payments and the number of units billed for the fiscal year. Certifiable indirect costs are limited to each school district's UICR.

Direct Medical Services Random Moment Time Study Percentage

The Random Moment Time Study (RMTS) is used to determine the percentage of time that personnel spend on direct medical services, general and administrative time and all other activities to account for 100% of time to assure that there is no duplicate claiming. This time study methodology includes individuals performing direct services and administrative activities. The percentages are applied to the cost pool to determine the Direct Medical Services portion (Activity Code 4b). Activity Code 10 General Administration is equitably distributed based on RMS results for Activity Codes 01a through 09b.

IEP Ratio Determination

A school district-specific IEP ratio will be established for each participating school district. When applied, this IEP ratio will reduce the direct services cost pool by the percentage of participants eligible for MO HealthNet services who have an IEP.

The names and birthdates of participants with an IEP will be identified and matched against the Department's eligibility files to determine the percentage of those who are eligible for MO HealthNet. The numerator of the rate is the count of MO HealthNet eligible IEP students with related services, and the denominator will be the total number of IEP students with related services. The students used for this purpose will be based on the December 1 IEP Count Report submitted by the school district.

Cost Reconciliation and Settlement

The cost reconciliation process is completed within 24 months after the close of the state fiscal year (July 1 – June 30). The total claimable costs are compared to the school district's interim payments for direct services paid for dates of service during the fiscal year, as documented in the MO HealthNet Division's claims processing system. Allowed cost is identified by applying cost principles specified at 2 CFR, part 200 as implemented by the Department of Health and Human Services at 45 CFR, part 75.

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The Department or its designee will issue a notice of settlement that denotes the amount due to or from the school district.

The scope of costs and cost allocation methodology must be in accordance with 2 CFR, part 200 as implemented by HHS at 45 CFR, part 75.