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State/Territory Name: Pennsylvania

State Plan Amendment (SPA) #: PA-14-0034

This file contains the following documents in the order listed:

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

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
150 S. Independence Mall West
Suite 216, The Public Ledger Building
Philadelphia, Pennsylvania 19106-3499



Region III/Division of Medicaid and Children's Health Operations

SWIFT #101620144031

MAY 27 2015

Theodore Dallas
Acting Secretary of Human Services
Department of Human Services
Room 333, Health & Welfare Building
P.O. Box 2675
Harrisburg, Pennsylvania 17105-2675

Dear Acting Secretary Dallas:

The Centers for Medicare & Medicaid Services (CMS) has completed its review of Pennsylvania's (PA) State Plan Amendment (SPA) 14-034. SPA PA-14-034 was submitted to set forth the payment methodology for approved private schools that are not governmental units for Medicaid reimbursement purposes under Pennsylvania's School-Based Services program.

This SPA is approved with an effective date of January 1, 2015. Enclosed are:

1. The CMS Summary Page (CMS-179 form); and
2. The approved State Plan pages for PA-14-034.

If you have any questions, please contact Mary McKeon at 215-861-4181.

Sincerely,


/s/


Francis McCullough

Associate Regional Administrator

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL**

1. TRANSMITTAL NUMBER:
14-034

2. STATE
Pennsylvania

FOR: HEALTH CARE FINANCING ADMINISTRATION

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
January 1, 2015

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 440.50, 42 CFR 440.60, 42 CFR 440.70, 42 CFR 440.110,
42 CFR 440.166, 42 CFR 440.167

7. FEDERAL BUDGET IMPACT:

- a. FFY N/A
- b. FFY N/A

8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT:

Attachment 3.1-A, Page 1ka
Attachment 4.19-B, Pages 2da, 2db, 2dc

9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable):

Attachment 3.1-A, Page 1ka
Attachment 4.19-B, Pages 2da, 2db, 2dc

10. SUBJECT OF AMENDMENT:

Methodology for payment to non-governmental entities, such as Approved Private Schools, for School-based services is being added to state plan as required by CMS.

11. GOVERNOR'S REVIEW (Check One):

- GOVERNOR'S OFFICE REPORTED NO COMMENT
- OTHER, AS SPECIFIED: Review and approval authority has been delegated to the Department of Public Welfare
- COMMENTS OF GOVERNOR'S OFFICE ENCLOSED
- NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

12. SIGNATURE OF STATE AGENCY OFFICIAL: /s/

13. TYPED NAME:
Beverly D. Mackereth

14. TITLE:
Secretary of Public Welfare

15. DATE SUBMITTED: **OCT 15 2014**

16. RETURN TO:

Commonwealth of Pennsylvania
Department of Public Welfare
Office of Medical Assistance Programs
Bureau of Policy, Analysis and Planning
P.O. Box 8046
Harrisburg, Pa. 17105

FOR REGIONAL OFFICE USE ONLY

17. DATE RECEIVED:
10-15-2014

18. DATE APPROVED: **MAY 27 2015**

PLAN APPROVED - ONE COPY ATTACHED

19. EFFECTIVE DATE OF APPROVED MATERIAL:
1-1-2015

20. SIGNATURE OF REGIONAL OFFICIAL: /s/

21. TYPED NAME:
Francis McCullough

22. TITLE:
Associate Regional Administrator

23. REMARKS:

SERVICES

4.b.1 Services provided by School-Based Service Providers

Services are only provided to beneficiaries under 21 years of age.

Services provided by school-based service providers, known as the School-Based ACCESS Program (SBAP) in Pennsylvania, are provided or purchased by Local Education Agencies (LEAs) that are government units enrolled in the Medical Assistance (MA) Program to MA-eligible beneficiaries for whom the service is medically necessary and documented in the Individualized Education Program (IEP). LEAs that are government units include school districts, charter schools, intermediate units, vocational-technical schools and preschool early intervention programs. LEAs are enrolled in the MA Program as the qualified providers of service. Direct services must be delivered by qualified provider types, as identified below.

School-Based Rendering Providers Qualifications and Service Definitions

Assistive Technology Devices (42 CFR 440.70(b)(3))

Definition:

An assistive technology device (ATD) is any item, piece of equipment, or product system, whether acquired commercially off the shelf, modified, or customized, that is used to increase, maintain, or improve the functional capabilities of a child with a disability and prescribed by a physician.

Qualified Provider Types:

ATDs are obtained by the LEA from a licensed medical supplier.

Nursing Services (42 CFR 440.60(a))

Definition:

Nursing services are professional services prescribed by a physician or other licensed practitioner of the healing arts within the scope of his or her practice under state law and relevant to the medical needs of the beneficiary provided through direct interventions that are within the scope of the professional practice of a Registered Nurse (RN) or Licensed Practical Nurse (LPN) during a face-to-face encounter and on a one-to-one basis.

Limitation:

Nursing services provided must be documented in a service log.

Qualified Provider Types:

Nursing services are provided by a currently licensed RN, currently licensed LPN, or currently licensed Certified Registered Nurse Practitioner (CRNP).

METHODS AND STANDARDS FOR ESTABLISHING PAYMENTS RATES-OTHER TYPES OF CARE

9.a School-Based Service Providers

School-based service providers provide the following services in LEAs through the School-Based ACCESS Program:

Assistive Technology Devices
Nursing Services
Nurse Practitioner Services
Occupational Therapy Services
Orientation, Mobility and Vision Services
Personal Care Services
Physical Therapy Services
Physician Services
Psychological, Counseling and Social Work Services
Special Transportation Services
Speech, Language and Hearing Services

General Description of Payment Methodology

Effective with dates of service on or after July 1, 2013, school-based services provided by Local Education Agencies (LEAs), including special transportation services, will be paid on a cost basis. LEAs will initially be paid provider-specific interim rates for school-based direct health-related services per unit of service. The provider-specific interim rate is the provisional rate established for a specific service for a time period pending completion of cost reconciliation and cost settlement for that period. 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) or Healthcare Common Procedure Coding System (HCPCS) code. Direct health-related services may be encounter-based or in 15-minute unit increments.

Effective with dates of service on or after January 1, 2015, LEAs that are government units and enrolled in the Medical Assistance (MA) Program as the qualified providers of service, may contract with Approved Private Schools (APS) to provide school-based services. The cost of providing school-based services will be modified to include the contracted cost of services provided by APSs. This cost will be included in the government unit's LEA cost report as a contracted cost. The LEA will not apply the cognizant agency indirect rate to the APS contracted cost when determining the overall cost of school-based services. The reimbursement unit will be included on the government unit LEA's cost report as a contracted cost. The APS is not required to submit a cost report or certify utilization of public funds.

Specific Components of Cost-Based Payment Methodology

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

- a. Annual cost reports received from LEAs;
- b. Pennsylvania Department of Education (PDE) Unrestricted Indirect Cost Rate (UICR);
- c. Random Moment Time Study (RMTS) Activity Code 4b (Direct Health-related Services), Activity Code 5b (Transportation related to Medicaid services) and

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METHODS AND STANDARDS FOR ESTABLISHING PAYMENTS RATES-OTHER TYPES OF CARE

- Activity Code 10 (General Administration): Direct Health-related RMTS Percentage; and
- d. Provider specific Individualized Education Program (IEP) Ratios.

Allowable costs will be multiplied by the Direct Health-related RMTS Percentage. The product will be multiplied by the Medicaid Eligibility Rate to determine the total reimbursable costs for each participating LEA.

Cost Reports

Each LEA will complete an annual cost report for all school-based direct health-related services delivered during the previous state fiscal year (July 1 through June 30). The cost report is due within eight (8) months after the close of the fiscal year. The cost report will:

- Document the LEA's total Medicaid-allowable direct and indirect costs for delivering school-based direct health-related services, based on the CMS cost allocation methodology which includes a CMS approved cost report, utilization of a CMS time study and application of the cost reconciliation methodology outlined in this section.; and
- Each LEA certifies annually through its cost report the total computable costs, the amount of interim payments and the number of units billed for the fiscal year. With regard to LEA's that do not contract with APSs, certifiable costs are limited to each LEA's UICR.

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

Allowable costs include:

- Direct health-related services, including salaries, benefits, health-related purchased services; and health-related supplies and materials.
- Indirect costs using the provider-specific UICR applicable in the fiscal year, as approved by Pennsylvania's cognizant agency for education services, the U.S. Department of Education.
- Transportation costs, including only those personnel and non-personnel costs associated with special education reduced by any federal payments for those costs. The costs identified on the cost report include the following:
 - Bus Drivers
 - Mechanics
 - Substitute Drivers
 - Fuel
 - Repairs & Maintenance
 - Rentals
 - Contract Use Cost
 - Depreciation
- Costs for services provided by an APS under contract with the government unit LEA are included on the cost report as a contracted cost.

METHODS AND STANDARDS FOR ESTABLISHING PAYMENTS RATES-OTHER TYPES OF CARE

Each LEA certifies annually through its cost report the total actual incurred allowable costs and expenditures, 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 LEA's UICR.

Direct Health-related Random Moment Time Study Percentage

The time study is used to determine the percentage of time that personnel spend on direct health-related 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 will utilize two mutually exclusive cost pools representing individuals performing direct health-related services and administrative activities. The appropriate time study results will be applied to both cost pools.

IEP Ratio Determination – Medicaid Eligibility Rate

An LEA-specific IEP ratio will be established for each participating LEA. When applied, this IEP ratio will reduce the direct health-related cost pool by the percentage of beneficiaries eligible for MA who have an IEP.

The names and birthdates of MA-eligible beneficiaries with an IEP will be identified and matched against the Department's December 1 eligibility files to determine the percentage of those who are eligible for MA. The numerator of the rate will be the MA-eligible beneficiaries with an IEP, and the denominator will be the total number of students with an IEP.

Cost Reconciliation and Settlement

The cost reconciliation process is completed within twelve (12) months after the close of the fiscal year. The total allowable costs based on the CMS-approved cost allocation methodology are compared to the LEA's interim payments for school-based health-related services paid for dates of service during the fiscal year, as documented in the Department's claims processing system.

If a LEA's interim payments exceed the actual, certified costs the LEA incurred for school-based health-related services to MA beneficiaries, the LEA will return an amount equal to the overpayment.

If the actual, certified costs the LEA incurred for school-based health-related services exceed the interim payments, the Department will pay the federal share of the difference to the LEA in accordance with the final actual certification agreement and submit claims to CMS for reimbursement of that payment in the federal fiscal quarter following payment to the LEA.

The Department will issue a notice of cost settlement that denotes the amount due to or from the LEA.