

## **Table of Contents**

**State/Territory Name: Massachusetts**

**State Plan Amendment (SPA) #: 16-012**

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  
JFK Federal Building, Government Center  
Room 2275  
Boston, Massachusetts 02203



**Division of Medicaid and Children's Health Operations / Boston Regional Office**

July 17, 2017

Marylou Sudders, Secretary  
Executive Office of Health and Human Services  
One Ashburton Place, Room 1109  
Boston, Massachusetts 02108

Dear Secretary Sudders:

We are pleased to enclose a copy of approved Massachusetts State Plan Amendment (SPA) No. 16-012 submitted to CMS on September 29, 2016. This SPA was submitted to revise your approved Title XIX State plan to incorporate changes related to free care and school-based Medicaid pursuant to SMD 14-006. This SPA has been approved effective July 1, 2016.

Enclosed are copies of the following approved State plan pages.

- Supplement to Attachment 3.1-A, page 1o;
- Supplement to Attachment 3.1-B, page 1o; and
- Attachment 4.19-B, pages 2b, 2b1, and 2b2.

If you have any questions regarding this matter you may contact Julie McCarthy at (617) 565-1244 or by e-mail at [Julie.McCarthy@cms.hhs.gov](mailto:Julie.McCarthy@cms.hhs.gov).

Sincerely,

/s/

Richard R. McGreal  
Associate Regional Administrator

Enclosure/s

cc: Daniel Tsai, Assistant Secretary for MassHealth, Medicaid Director  
Kaela Konefal, Federal Authority Policy Analyst/State Plan Coordinator

|  |  |                                  |
|--|--|----------------------------------|
| <b>TRANSMITTAL AND NOTICE OF APPROVAL OF<br/>STATE PLAN MATERIAL<br/>FOR: CENTERS FOR MEDICARE &amp; MEDICAID SERVICES</b> | 1. TRANSMITTAL NUMBER<br><u>1 6 - 0 1 2</u>                                | 2. STATE<br><b>Massachusetts</b> |
|  | 3. PROGRAM IDENTIFICATION: TITLE XIX OF THE SOCIAL SECURITY ACT (MEDICAID) |                                  |

|   |   |
|---|---|
| TO: REGIONAL ADMINISTRATOR<br>CENTERS FOR MEDICARE & MEDICAID SERVICES<br>DEPARTMENT OF HEALTH AND HUMAN SERVICES | 4. PROPOSED EFFECTIVE DATE<br><b>July 1, 2016</b> |
|---|---|

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<br><b>34 CFR 104; CFR Parts 410, 440, 441</b> | 7. FEDERAL BUDGET IMPACT<br>a. FFY 2017 \$ <u>60,000,000</u><br>b. FFY 2018 \$ <u>80,000,000</u> |
|--|--|

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|--|---|
| 8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT<br><br>Supplement to Attachment 3.1-A page 1o<br>Supplement to Attachment 3.1-B page 1o<br>Attachment 4.19-B pp 2b, 2b1 and 2b2 | 9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)<br><br>Supplement to Attachment 3.1-A page 1o<br>Supplement to Attachment 3.1-B page 1o<br>Attachment 4.19-B pp 2b, 2b1 and 2b2 |
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10. SUBJECT OF AMENDMENT

**School Based Medicaid**

11. GOVERNOR'S REVIEW (Check One)

GOVERNOR'S OFFICE REPORTED NO COMMENT       OTHER, AS SPECIFIED  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED      **Not required under**  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL      **42 CFR 430.12(b)(2)(i)**

|   |   |
|---|---|
| 12. SIGNATURE OF STATE AGENCY OFFICIAL<br><br>/s/ | 16. RETURN TO<br>Daniel Cohen<br>Interim State Plan Coordinator<br>Executive Office of Health and Human Services<br>Office of Medicaid<br>One Ashburton Place, 11th floor<br>Boston, MA 02108 |
| 13. TYPED NAME<br>Marylou Sudders                 |   |
| 14. TITLE<br>Secretary                            |   |
| 15. DATE SUBMITTED<br>September 29, 2016          |   |

**FOR REGIONAL OFFICE USE ONLY**

|                              |                              |
|------------------------------|------------------------------|
| 17. DATE RECEIVED 09/29/2016 | 18. DATE APPROVED 07/17/2017 |
|------------------------------|------------------------------|

**PLAN APPROVED - ONE COPY ATTACHED**

|  |   |
|--|---|
| 19. EFFECTIVE DATE OF APPROVED MATERIAL 07/01/2016 | 20. SIGNATURE OF REGIONAL OFFICIAL<br><br>/s/   |
| 21. TYPED NAME Richard R. McGreal                  | 22. TITLE Associate Regional Administrator, Division of Medicaid and Children's Health Operations, Boston, MA |

23. REMARKS

MA and CMS agreed by email 06/06/2017 to make pen&ink changes to boxes #8 and #9 to reflect the appropriate pages revised during the processing of this SPA.

**G. School-Based Services:**

School-Based Services (SBS) are services that are listed in a recipient student's Individualized Education Plan (IEP), a section 504 accommodation plan pursuant to 34 C.F.R. § 104.36, an Individualized Health Care Plan, an Individualized Family Service Plan, or are otherwise medically necessary, that are coverable under one or more of the service categories described in Section 1905(a) of the Social Security Act, and that are necessary to correct or ameliorate defects or physical or mental illnesses or conditions discovered by an EPSDT screen.

Service providers shall be licensed or otherwise qualified under the applicable State practice act or comparable licensing criteria by the State Department of Public Health, and shall meet applicable qualifications under 42 CFR Part 440. Identification of defects, illnesses or conditions and services necessary to correct or ameliorate them is done by practitioners qualified to make those determinations within their licensed scope of practice.

Covered services include: physical therapy, occupational therapy and other services, including services provided by audiologists and services for individuals with speech, hearing and language disorders, performed by, or under the direction of, providers who meet the qualifications set forth at 42 CFR § 440.110; physician services under 42 CFR § 440.50(a); optometry services provided by a qualified professional under 42 CFR § 440.60; respiratory therapy provided by a qualified professional under 42 CFR § 440.60; nursing services coverable under 42 CFR § 440.80 and 42 CFR § 440.60 ordered by a licensed physician and performed by a registered nurse or licensed practical nurse; nursing services provided on a restorative basis under 42 CFR § 440.130(d), including services delegated to individuals who receive appropriate teaching, direction, and supervision from a Registered Nurse or Practical Nurse; fluoride varnish performed by a dental hygienist under 130 CMR § 420.424(b) in accordance with 42 CFR § 440.100; personal care services coverable and performed by individuals qualified under 42 CFR § 440.167; services performed by licensed practitioners within the scope of their practice for individuals with behavioral health (mental health and substance abuse) disorders, as defined under state law, and coverable as medical or other remedial care under 42 CFR § 440.60; diagnostic, screening, preventive, and rehabilitative services covered under 42 CFR § 440.130; medical nutritional services provided by a qualified professional under 42 CFR § 440.60; and sports related or other injury assessment and therapy provided by a qualified professional under 42 CFR § 440.60. Assessments and independent evaluations are covered as necessary to assess or reassess the need for medical services in a child's treatment plan and must be performed by any of the above licensed practitioners within the scope of practice.

**Item 5: Physician's Services**

See Supplement to Attachment 3.1-A, P.1, Item 1, #1.

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State Plan under Title XIX of the Social Security Act  
State: Massachusetts  
Limitations to Services Provided to the Medically Needy

**G. School-Based Services:**

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**Item 5: Physician's Services**

See Supplement to Attachment 3.1-A, P.1, Item 1, #1.



r.

**School-Based Services**

School-Based Services (SBS) are provided by School-Based Service Providers, which are school districts and other educational entities that are enrolled with the MassHealth program as providers of School-Based Services. School-Based Services are provided pursuant to an Individualized Service Plan (IEP), a section 504 accommodation plan pursuant to 34 C.F.R. § 104.36, an Individualized Health Care Plan, an Individualized Family Service Plan, or are otherwise medically necessary, and include medical services as described under Item 4.b. EPSDT in Supplement to Attachment 3.1-A/B. School-Based Services include physical therapy, occupational therapy and other services, including services provided by audiologists and services for individuals with speech, hearing and language disorders, performed by, or under the direction of, providers who meet the qualifications set forth at 42 CFR § 440.110; physician services under 42 CFR § 440.50(a); optometry services provided by a qualified professional under 42 CFR § 440.60; respiratory therapy provided by a qualified professional under 42 CFR § 440.60; nursing services coverable under 42 CFR § 440.80 and 42 CFR § 440.60 ordered by a licensed physician and performed by a registered nurse or licensed practical nurse; nursing services provided on a restorative basis under 42 CFR § 440.130(d), including services delegated to individuals who receive appropriate teaching, direction, and supervision from a Registered Nurse or Practical Nurse; fluoride varnish performed by a dental hygienist under 130 CMR § 420.424(b) in accordance with 42 CFR § 440.100; personal care services coverable and performed by individuals qualified under 42 CFR § 440.167; services performed by licensed practitioners within the scope of their practice for individuals with behavioral health (mental health and substance abuse) disorders, as defined under state law, and coverable as medical or other remedial care under 42 CFR § 440.60; diagnostic, screening, preventive, and rehabilitative services covered under 42 CFR § 440.130; medical nutritional services provided by a qualified professional under 42 CFR § 440.60; and sports related or other injury assessment and therapy provided by a qualified professional under 42 CFR § 440.60. Assessments and independent evaluations are covered as necessary to assess or reassess the need for medical services in a child's treatment plan and must be performed by any of the above licensed practitioners within the scope of practice.

**A. Cost Reimbursement Methodology for School-Based Services**

Final reimbursement is based on the certified reports that are submitted using the methodology allowed under the Massachusetts School-Based Cost Report approved by the Centers for Medicare and Medicaid Services (CMS).

To determine the Medicaid-allowable costs of providing School-Based Services to MassHealth members, the following steps are performed:

- (1) Direct costs of providing School-Based Services include payroll costs and other costs that can be directly charged to School-Based Services, including costs that are integral to School-Based Services. Direct costs are recorded on a modified accrual basis consistent with the Massachusetts Department of Education chart of accounts, and the

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State Plan under Title XIX of the Social Security Act

State: Massachusetts

**Methods and Standards for Establishing Payment Rates – Other Types of Care**

source data is the School-Based Service Providers' accounting and payroll systems. 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 School-Based Services providers under Item 4.b. EPSDT in Supplement to Attachment 3.1-A/B. Direct costs do not include salaries for staff who do not meet the qualifications required under item 4.b.EPSDT in Supplement to Attachment 3.1-A/B.

Other direct costs include costs directly attributed to activities performed by the personnel who are approved to deliver School-Based Services, such as, travel, materials and supplies. Additional direct costs include purchased services. These direct costs are accumulated on the annual CMS-approved Massachusetts School-Based Cost Report.

Direct costs do not include room and board.

- (2) Direct costs for School-Based Services from Item 1 above are reduced by any federal payments for those costs, resulting in adjusted direct costs for School-Based Services.
- (3) Adjusted direct costs from Item 2 above are then allocated to identify Medicaid-reimbursable costs for School-Based Services according to the Random Moment Time Study (RMTS) results that are identified according to the process described in the Massachusetts RMTS Implementation Plan, approved by CMS.
- (4) Indirect costs are calculated using the unrestricted indirect cost rate set by the Massachusetts Department of Education as the cognizant agency or other allowable rates per OMB 2 CFR Part 225: Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87). Indirect costs are equal to adjusted direct costs multiplied by the unrestricted indirect costs rate. These indirect costs are added to the adjusted direct costs to determine the total direct costs.
- (5) Medicaid-allowable costs are identified by applying the applicable Medicaid penetration rate to the total direct costs. For those costs allocated by the RMTS as being covered services pursuant to an IEP, the Medicaid penetration rate is the number of Medicaid-enrolled students with an IEP divided by the total number of students with an IEP on the same day. For covered services not related to an IEP, the Medicaid penetration rate is the number of Medicaid-enrolled students divided by the total number of students on the same day.

**B. Interim Rates**

The School-Based Services Providers' specific interim rate is the rate for a specific service that is provisional in nature, pending the completion of a cost reconciliation and a cost settlement for that period. This rate is for direct medical services, per unit of service, on a per visit basis. Claims filed by School-Based Services Providers to Medicaid Management Information System (MMIS) as part of this process are to be used for interim rates and cost settlement purposes only.

C. Certification of Funds Process

Each School-Based Services Provider certifies on an annual basis through its completed School-Based Cost Report its total actual, incurred Medicaid-allowable costs, including the federal share and the nonfederal share. These costs do not include any indirect costs that are not included in the unrestricted indirect cost rate set by the Massachusetts Department of Education as the cognizant agency.

D. Annual Cost Report Process

Each School-Based Services Provider annually will complete a School-Based Cost Report for all services delivered during the previous state fiscal year covering July 1 through June 30. Cost reports are due to the State no later than June 30<sup>th</sup> of the year following the close of the year during which the costs included in the Cost Report were accrued. The annual cost report includes the certification of funds, as described in Section C above. Submitted cost reports are subject to desk review by the single state agency or its designee.