Overview

Federal program administered by the state through Minnesota Department of Human Services (MDHS)

**Fiscal** oversight from:
- Federal - Centers for Medicare & Medicaid Services (CMS)
- State - Minnesota Department of Education (MDE)

Why Do We Bill Medical Assistance?

“**It’s the Law**” – effective July 1, 2000

We are mandated by law to try to collect MA dollars for IEP health related services provided to special education students.

Minnesota Statutes for Medicaid covered IEP services: Minn. Stat. 125A.21, 25A.74, 125A.744 and 256B.0625, sub.26
Why Do We Bill Medical Assistance?

• Provides valuable dollars for school districts that can only be used for special education.

• Separate pot of federal dollars set aside specifically for school districts and special education – it is not related to a family’s regular MA.

Minnesota Statutes for Medicaid covered IEP services: Minn. Stat. 125A.21, 125A.74, 125A.744 and 256B.0625, sub.26

Billable IEP Services

• Mental health - CTSS
• Nursing Services
• Occupational Therapy (OT)
• Physical Therapy (PT)
• Speech Language Pathology & Audiology Service
• Personal Care Assistance
• Assistive technology devices
• Specialized Transportation
• Interpreter services – Oral/Sign

Minnesota School District Revenue from MHCP Reimbursement

Our children count:
• 600,139 children ages 0-21 were enrolled in Minnesota Health Care Program (MHCP)
• 53,214 children enrolled in MHCP in fiscal year (FY) 16 received IEP services.
• $2,500,000 MA revenue FY16
Rates and Payments

IEP Health Related Services are paid on a “cost based” per diem rate.

School Districts
• Direct Service Time
• Direct Encounters

MDE
• Total Annual Salary (per personnel type code)
• Total Contract Expenses (per personnel type code)
• Full Time Equivalence (FTE) (per personnel type code)
• District Fringe Benefit percent
• District Unrestricted Indirect Cost percent
• District Contract Days
• District Daily Hours

Service Hours and Encounters

Service Hours
• Direct Face to Face Time with MA Eligible Child
• Multiple Service Providers – combine time of service providers and record in MA eligible child activity log

Encounter
• Count one encounter per child per IEP service per day
• Multiple Encounters with Child for same service – record as one Encounter for service for the day

[Table and form with columns and rows, not transcribed]
Third-Party Billing

- Medical Assistance Reports
- Special Education Data Reporting Application (SEDRA)
- MA Rate Calculation
- Using MA Funds
- MA Reporting

MA Report Located on MFR

Sample MA Report
SEDRA Coding

- Funding Source Codes:
  - A, B, E, F, R, i, j, 2 or H

- Service Codes:
  - A, B, U or p

Eligible expenditures must not be made from federal funds or funds used to match other federal funds.

Employees and contracted service providers cannot be paid with federal special education funds (Fin 419, 420 or 422), IEP-MA funds (Finance 372) or LCTS (Fin 799) AND billed for IEP-MA reimbursement.

SEDRA Coding (2)

<table>
<thead>
<tr>
<th>Service</th>
<th>SEDRA PTC</th>
</tr>
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<tbody>
<tr>
<td>Physical Therapy</td>
<td>• 4</td>
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<tr>
<td>Occupational Therapy</td>
<td>• 5</td>
</tr>
<tr>
<td>Speech Lang/ Hearing</td>
<td>• 7 &amp; 14</td>
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<tr>
<td>Nursing</td>
<td>• 6, 44, 60 and 62 (SRV code d)</td>
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<tr>
<td>Mental Health</td>
<td>• 11, 13, 49, 50 and 52</td>
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<tr>
<td>Personal Care</td>
<td>• 43, 61, 8, 53 and 62 (SRV code c)</td>
</tr>
<tr>
<td>Interpreter</td>
<td>• 26, 28 and 62 (SRV code a)</td>
</tr>
</tbody>
</table>

Third Party Billing Rates

Rates are based on the information districts provide to MDE’s Special Education Data Reporting Application (SEDRA), the Uniform Financial Accounting and Reporting System (UFARS) and Minnesota Automated Reporting Student System (MARSS), as well as the school data submitted to DHS through the IEP Annual Data Report form.

Supervision and direction is included in the unrestricted indirect cost percentage. Supervision costs are not included in the costs reported to DHS by MDE.

The cost-based methodology for the services listed as other health-related services for IEP is determined as follows:

1. Total salaries plus benefits divided by total employment hours, equals the average cost providing the IEP service
2. Average cost (step 1) multiplied by the direct Medical Assistance (MA) service hours, equals total MA cost for IEP service
3. Total MA cost (step 2) divided by Medical Assistance encounters, equals the MA rate
4. MA rate (step 3) multiplied by the district’s unrestricted indirect cost percentage, equals the indirect cost add-on
5. MA rate (step 3) plus indirect cost add-on (step 4), equals the IEP MA rate
Special Transportation Rates

- In FY 2010 MDE began calculating “trip rates” for each school district based upon the actual expenditures reported to MDE through Uniform Financial and Reporting Standards (UFARS) Finance 723.

- The total transportation expenditures reported in Finance 723 (salaries of drivers only, fringe benefits, gas, oil, insurance and maintenance) are divided by the number of days that students with special education transportation required by the IEP (Minnesota Automated Reporting Student System (MARSS) Transportation Category 03) to get a daily rate, divided by two to get a trip rate.
Special Transportation Costs

- Nursing and PCA services provided to children who require nursing or PCA services in-route are covered under the appropriate service. These services are not included in the costs MDE reports to MHCP.

Interim and Final Rates

- Districts are initially paid an interim rate, which is calculated using data from a previous year that are provided by MDE and districts.

- MHCP settle-ups with school districts with final rates after all cost data is reported, audited and submitted to MHCP and the billing window of one year from each date of service closes.
Interim and Final Rates

• Final rates are calculated using indirect cost percentage provided by MDE and the actual cost data reported by the districts to MDE and MHCP.

• Final rates are used to settle with districts on actual costs. Claims initially paid at the interim rate are reprocessed and paid at the final rate.

• Final rates become the new interim rates of the current school year. For example, final rates for fiscal year 2016-2017 became the interim rates for fiscal year 2018-2019.

Underpayments – Districts are underpaid when the final rate calculated is higher than the interim rate paid.

• Claims are reprocessed and paid at the final rate.

• Reprocessed claims and the underpayment amount are included on the Remittance Advice (RA).

• MHCP issues a warrant for the amount due to the school district.

Overpayments – Districts are overpaid when the final rate calculated is lower than the interim rate paid.

• Claims are reprocessed and paid at the final rate.

• Reprocessed claims and total overpayment amount are listed on the RA as a credit balance.

• Overpayments are recovered from school district’s future payments.

• Payments are deducted from the district’s credit balance until entire amount is repaid; no interest is charged.

• Credit balances must be repaid within one year through the claims process or MHCP will request immediate repayment.
Use of Third Party Revenue

1) Administrative costs of Third Party Reimbursement:
   - Paying contractor for billing services. The fee cannot be based on MA revenue received by the school.
   - Support staff to review documentation required for billing procedures.
   - Staff time for invoicing.
   - Necessary supplies and equipment needed to conduct the business of billing and documentation of billing.
   - Fee charged by DHS to process invoices (2-4% of total revenue).

   Do not report in SEDRA.
   Use UFARS Finance Dimension 372, program 400.

2) Training and technical assistance to improve services that may be billed to MA:
   - Upgrading technology/equipment/software necessary for interacting with the DHS billing system.
   - Professional development to increase the capacity of the district/staff to invoice DHS for IEP-MA services.
   - Staff certification for those staff eligible to be invoicing DHS, such as speech/language therapists to obtain 3C certification.
   - Staff participation and training of the procedures and requirements for eligible expenditures to be invoiced to DHS.

   Do not report in SEDRA.
   Use UFARS Finance Dimension 372, program 400.

3) Benefits to Students:
   EXPENDITURES that would NOT be eligible for state or federal special education aid:
   - Construction/remodeling costs.
   - Furnishing new special education spaces (level 4 program space) with desks, fixtures and other non-instructional capital equipment and supplies.
   - Paying for the unreimbursed costs of placing students in other school programs, i.e. the invoice from a serving school that is billing their unreimbursed ACTE-SpEd or similar costs. These are program costs where the unreimbursed cost is NOT billed through the Tuition Billing process.

   This lists the categories for which third party revenue may be used: billing costs, training and technical assistance to meet the criteria for billing, and, to address the needs of special education students.

   Do not report in SEDRA.
   Use UFARS Finance Dimension 372, program 400.

Use of Third Party Rev--- Expense—SEDRA reporting cont.

MA Revenue

071 Medical Assistance Revenue Received from Minnesota Department of Human Services (Fund 01)

Record revenue received from billing medical assistance for the provisions of IEP services. This revenue is generated from medical assistance billings as special education revenue at the school district level. This revenue will be included in cross-subsidy reports.

Exclude this revenue from the calculation of excess cost aid.

Minn. Stat. § 125A.08 and 125A.76
Administration Fee

- At the end of each school year, each district that has received payment for IEP services will receive an invoice from DHS for the district’s share of the costs to administer the program.
- Administration fees are not eligible for Special Education aid; code to program 400, finance 372 and object 305. (Not entered in SEDRA)

THANK YOU

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