

April 26, 2021

Brian Zolynas
Division of Medicaid and Children's Health Operations
U.S. Department of Health & Human Services
Centers for Medicare & Medicaid Services
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6707

RE: Arizona SPA #21-006, "Open Care" School Based Claiming Services Methods and Standards

Dear Mr. Zolynas:

Enclosed is State Plan Amendment (SPA) #21-006, which describes the methods and standards for reimbursing school-based health and related services.

The Public Comment period for this SPA was initiated by the AHCCCS Tribal Consultation which was held on February 13, 2020. The presentation is available at this link:


<https://www.azahcccs.gov/AmericanIndians/Downloads/Consultations/Meetings/2020/MASTERSlidedeckTC022020.pdf>

If there are any questions about the enclosed SPA, please contact Ruben Soliz at ruben.soliz@azahcccs.gov or 602-417-4355.

Sincerely,



Dana Flannery
Assistant Director
Arizona Health Care Cost Containment System (AHCCCS)

TRANSMITTAL AND NOTICE OF APPROVAL OF STATE PLAN MATERIAL		1. TRANSMITTAL NUMBER: 21-006	2. STATE Arizona
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 October 1, 2021	
5. TYPE OF PLAN MATERIAL (<i>Check One</i>): NEW STATE PLAN AMENDMENT TO BE CONSIDERED AS NEW PLAN X AMENDMENT			
COMPLETE BLOCKS 6 THRU 10 IF THIS IS AN AMENDMENT (<i>Separate Transmittal for each amendment</i>)			
6. FEDERAL STATUTE/REGULATION CITATION: Sec. 1905(a) of the Social Security Act/42 CFR 447		7. FEDERAL BUDGET IMPACT: a. FFY 2021 \$0 b. FFY 2022 \$14.1million	
8. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT: Attachment 4.19-B pp. 10-15		9. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (<i>If Applicable</i>): Attachment 4.19-B pp. 10-16	
10. SUBJECT OF AMENDMENT: Describes the methods and standards for reimbursing school-based health and related services.			
11. GOVERNOR'S REVIEW (<i>Check One</i>): X GOVERNOR'S OFFICE REPORTED NO COMMENT OTHER, AS SPECIFIED: COMMENTS OF GOVERNOR'S OFFICE ENCLOSED NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL			
12. SIGNATURE OF STATE AGENCY OFFICIAL: 		16. RETURN TO: Dana Flannery 801 E. Jefferson, MD#4200 Phoenix, AZ 85034	
13. TYPED NAME: Dana Flannery			
14. TITLE: Assistant Director			
15. DATE SUBMITTED: 4/26/2021			
FOR REGIONAL OFFICE USE ONLY			
17. DATE RECEIVED:		18. DATE APPROVED:	
PLAN APPROVED – ONE COPY ATTACHED			
19. EFFECTIVE DATE OF APPROVED MATERIAL:		20. SIGNATURE OF REGIONAL OFFICIAL:	
21. TYPED NAME:		22. TITLE:	
23. REMARKS:			

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

**DIRECT MEDICAID REIMBURSEMENT FOR CERTAIN MEDICAID SERVICES
PROVIDED BY A PARTICIPATING LOCAL EDUCATION AGENCY (LEA)**

~~A. Reimbursement Methodology for Early and Periodic Screening, Diagnostic, and Treatment Services, School-Based Health and Related Services.~~

~~The following describes the reimbursement methodology for services provided pursuant to Attachment 3.1.A, 4.b.ix., Limitations under EPSDT services.~~

~~Direct Medicaid reimbursement for certain medical services provided by Local Education Agencies (LEAs) is based on a cost based methodology. Medicaid Services are services that are medically necessary and provided to Medicaid recipients by LEAs in accordance with an Individualized Education Program (IEP) under the Individuals with Disabilities Education Act (IDEA) and as defined in Attachment 3.1.A, 4.b.ix. These services include:~~

~~Local Education Agencies (LEAs) that elect to participate are reimbursed for certain medical services on a cost basis. These services can include:~~

1. Speech-Language Pathology Services
2. Occupational Therapy Services
3. Physical Therapy Services
4. Nursing Services
5. Specialized Transportation Services
6. Behavioral Health Services
7. Personal Care Services
8. Audiology Services
- ~~8.9. Physician Services~~

~~All costs described within this methodology are for Medicaid services provided by qualified personnel or a qualified healthcare professional listed in Attachment 3.1-A Limitation, paragraph 4.b.ix of the Medicaid state plan. All reimbursable services must meet the service definitions as described in the provider registration criteria and based on the definition and scope contained in the AHCCCS Medical Policy Manual (AMPM) and the AHCCCS Fee-For-Service Provider Manual. These services must be:~~

- ~~• Identified in an Individualized Education Plan (IEP) as a necessary service or provided as part of an assessment, diagnostic or evaluation service in order to determine a student's eligibility under IDEA, Part B. If the person is not eligible for IDEA, Part B, the assessment, diagnostic or evaluation service will not be eligible for direct reimbursement.~~

TN No. 21-00611-007 _____ Approval _____ Date: _____

Supersedes TN No.: 11-007s _____ Approval Date _____

Effective Date: July 1, 2011 ~~October 1, 2021~~

TN No. 00-009

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

- ~~• Provided by a provider who is employed or under contract with the LEA. The provider must meet all applicable federal and state licensure and certification requirements and have a valid AHCCCS Provider Registration Number on the date the service was rendered.~~
 - ~~• Provided on school grounds unless the IEP specifies that an eligible student should be educated in an alternative setting and/or the IEP service cannot appropriately be provided at the school.~~
 - ~~• Ordered or prescribed by a qualified provider in accordance with the AHCCCS AMPM.~~
 - ~~• Considered medically necessary as defined in the AMPM, notated in the IEP as medically necessary and supported with medical records that can be audited to establish medical necessity.~~
- All reimbursable services must meet the service definitions as described in the AHCCCS Medical Policy Manual (AMP) and the AHCCCS Fee-For-Service Provider Manual. These services must be:
- Identified in:
 - An Individualized Education Program (IEP);
 - An Individualized Family Service Plan (IFSP);
 - Other Medical Plans of Care:
 - A Section 504 plan;
 - Any other documented individualized health or behavioral health plan or as otherwise determined medically necessary otherwise
 - Provided by a qualified provider who is employed or under contract with the LEA. The provider must meet all applicable federal and state licensure and certification requirements and have a valid AHCCCS Provider Identification Number for the date the service was rendered.
 - Ordered or prescribed by a qualified provider in accordance with the AHCCCS AMPM.
 - Medically necessary as treatment or as part of an assessment, diagnostic evaluation, or evaluation of a student's need for services.

A LEA who requests reimbursement for approved Medicaid services must be registered with AHCCCS as a group billing entity and enter into a participation agreement with the Third Party Administrator (TPA) under contract with AHCCCS. As an AHCCCS registered provider, the LEA is required to comply with all applicable federal and state laws and regulations.

~~AHCCCS shall process claims based on Medicaid eligibility and for approved services provided on the claimed date of service. If CMS or AHCCCS disallow a claim that was already reimbursed, the LEA or former LEA shall refund the overpayment to AHCCCS. The refund may be accomplished through transfer of funds to AHCCCS, or the amount in dispute shall be withheld from a future payment to the LEA.~~

Audit FunctionsCompliance Review

TN No. 21-00611-007 _____ Approval _____ Date: _____

Supersedes TN No.: 11-007s _____ Approval Date _____

Effective Date: July 1, 2011 ~~October 1, 2021~~

TN No. 00-009

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

Functions

The ~~Third Party Administrator~~ TPA, with AHCCCS approval, shall establish an annual compliance audit review program to ~~ensure that~~ support the LEAs are in appropriately billing for medically necessary Medicaid services for Medicaid eligible-enrolled students.

B.A. Direct Medical Payment Methodology

~~Effective with dates of services on or after July 1, 2011, LEAs will be reimbursed on a cost basis consistent with a certified public expenditure (CPE) reimbursement methodology. On an interim basis, LEAs will be reimbursed an amount equal to the rate contained in the AHCCCS fee for service schedule for covered school-based Medicaid services or, the amount billed by the provider to a LEA, whichever is less. However, the interim payment remitted to the LEA will only be the federal share of the interim rate. Current AHCCCS rates are effective on or after the date indicated in Attachment 4.19B, p. 2, Annual Update Section. All rates are published on the Agency's website at: <http://www.azaheccs.gov/commercial/ProviderBilling/rates/Physicianrates/Physicianrates.aspx>.~~

~~On an annual basis a LEA-specific cost reconciliation and cost settlement for all over and under payments will be processed. Under payments will be paid to the LEAs by AHCCCS. Overpayments will be paid to AHCCCS by the LEAs. This may be accomplished through transfer of funds to AHCCCS, or the amount in dispute shall be withheld from a future payment to the LEA.~~

LEAs will be reimbursed on a cost basis consistent with a certified public expenditure (CPE) reimbursement methodology. On an interim basis, LEAs will be reimbursed the federal share of the lesser of the rate contained in the AHCCCS fee-for-service (FFS) schedule or the amount billed by the LEA, minus an AHCCCS administrative fee and a TPA processing fee as identified in the LEA's participation agreement with the TPA.

In accordance with the annual cost reconciliation process, the sum of the interim payments before fees are deducted will be reconciled with the federal share of the Medicaid portion of the total costs certified by the LEA.

C.B. Data Capture for the Cost of Providing Health-Related Services

~~Data capture for the cost of providing health-related services will be accomplished utilizing the following data sources:~~

TN No. 21-00611-007 _____ Approval _____ Date: _____

Supersedes TN No.: 11-007s _____ Approval Date _____

Effective Date: July 1, 2011 ~~October 1, 2021~~

TN No. 00-009

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

4) Total direct and indirect costs, less any federal payments for these costs, will be captured utilizing the following data:

- a. ~~Medicaid School Health Services Based Claiming Cost~~ Reports received from LEAs;
- b. Arizona Department of Education (ADE) Unrestricted Indirect Cost Rate (UICR);
- c. ~~Random Moment Time Study (RMTS) Activity Code 4B (Direct Medical Services Covered as IEP Services) and Activity Code 10 (General Administration); and The results of the Random Moment Time Studies (RMTS) including:~~
 - i. ~~The calculated Direct Medical Services IEP/IFSP RMTS percentage;~~
 - ~~e.ii. The calculated Direct Medical Service provided under Other Medical Plans of Care RMTS percentage.~~
- d. LEA specific Medicaid IEP Ratios.
 - i. ~~Medicaid IEP or IFSP Ratio;~~
 - ~~d.ii. Medicaid Ratio for Other Medical Plans of Care.~~

D.C. 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 ~~the~~ total compensation (i.e., salaries and benefits and contract compensation) ~~of~~ ~~the~~ direct services personnel listed in the descriptions of the covered Medicaid services delivered by LEAs excluding transportation personnel (costs for transportation personnel are reported as defined in Section E). These direct costs will be calculated on a LEA-specific level and will be reduced by any federal payments for these costs (other than the interim payments), resulting in net direct costs. for the provision of health services listed in the description of covered Medicaid services delivered by LEAs in Attachment 3.1.A, 4.b.ix.

~~Other direct costs include costs directly related to the approved direct services personnel for the delivery of medical services, such as direct materials, supplies and equipment. Only those direct materials, supplies, and equipment that have been identified and included in the CMS approved Medicaid cost reporting instructions are Medicaid allowable costs and can be included on the Medicaid cost report.~~

~~Total direct costs for direct medical services are reduced on the cost report by any federal funding source resulting in direct costs net of federal funds.~~

TN No. 21-00611-007 _____ Approval _____ Date: _____

Supersedes TN No.: 11-007s _____ Approval Date _____

Effective Date: July 1, 2011 ~~October 1, 2021~~

TN No. 00-009

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

~~These direct costs net of federal funds are accumulated on the annual cost report, resulting in total direct costs net of federal funds. The cost report contains the scope of cost and methods of cost allocation that have been approved by 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 Arizona. Costs will be reported on an accrual basis.~~

The source of this financial data will be audited by the Uniform System of Financial Records (USFR) Chart of Accounts kept at the LEA level. Costs will be reported on an accrual basis.

- a) ~~Direct Medical Services, Non-federal cost pool for allowable providers consists of:~~
 - ~~i. Salaries;~~
 - ~~ii. Benefits;~~
 - ~~iii. Medically-related purchased services; and~~
 - ~~iv. Medically-related supplies and materials~~

2) Indirect costs are determined by applying the LEA's specific ~~unrestricted indirect cost rate~~ UICR to its net direct costs. The Arizona Department of Education is the cognizant agency for LEAs and approves unrestricted indirect cost rates for LEAs for the United States Department of Education. LEAs are not permitted to certify indirect costs that are outside their unrestricted indirect cost rate.

Indirect Cost Calculation:

~~2) Multiply the ADE UICR by the net direct costs applicable for dates of service in the rate year. Arizona LEAs use predetermined fixed rates for indirect costs. The Arizona Department of Education is the cognizant agency for LEAs, and approves unrestricted indirect cost rates for LEAs for the United States Department of Education. Only Medicaid allowable costs are certified by LEAs. LEAs are not permitted to certify indirect costs that are outside their unrestricted indirect cost rate.~~

Indirect Cost Rate:

~~The Arizona Department of Education UICR is the unrestricted indirect cost rate calculated by the Arizona Department of Education. Apply the Arizona Department of Education Cognizant Agency Unrestricted Indirect Cost Rate (UICR) applicable for dates of service in the rate year.~~

~~3) Net direct costs and indirect costs are combined.~~

4) 3) Time Study Percentages: A CMS-approved time study is used to determine the percentage of time that medical service personnel spend on IEP/IFSP and Other Medical Plans of Care, Direct Medical Services, general and administrative time, and all other activities.

TN No. 21-00611-007 _____ Approval _____ Date: _____

Supersedes TN No.: 11-007s _____ Approval Date _____

Effective Date: July 1, 2011 ~~October 1, 2021~~

TN No. 00-009

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

~~direct medical services, general and administrative time and all other activities to account for 100 percent of time to assure that there is no duplicate claiming. The appropriate time study results will be applied to the direct medical services cost pool. The direct medical services costs and their respective time study results must be aligned to ensure proper cost allocation. The use of the CMS-approved time study methodology assures that no more than 100 percent of time and costs are captured and that the time study is statistically valid per OMB Circular A-87 cost allocation requirements.~~

The RMTS methodology will utilize two cost pools.

- Cost pool A for Direct Medical Services (other than personal care services) provided by eligible staff and other medical services providers.
- Cost pool B for Direct Medical Services provided by personal care service providers only.

The RMTS will generate the Direct Medical Services Time Study percentages for each cost pool and percentages for each cost pool will be applied separately to the costs associated with:

- Direct Medical Services provided pursuant to an IEP/IFSP.
- Direct Medical Services provided pursuant to Other Medical Plans of Care.

The use of the CMS-approved time study methodology assures that no more than 100 percent of time and costs are captured and that the time study is statistically valid per 2 CFR Part 200.

4) Medicaid's Enrollment Ratio Determination

Two distinct Medicaid Enrollment Ratios will be established for each participating LEA - the Medicaid IEP/IFSP Enrollment Ratio and the Medicaid Enrollment Ratio for Other Medical Plans of Care.

Medicaid IEP/IFSP Enrollment Ratio:

To determine the Medicaid IEP/IFSP Enrollment Ratio, the names, gender, and birthdates of students with a Direct Medical Service prescribed on an IEP/IFSP identified from the AHCCCS LEA's Enrollment October 1 Count Report are matched against the Medicaid enrollment file. The numerator will be the number of Medicaid enrolled students with a Direct Medical Service prescribed on an IEP/IFSP and the denominator will be the total number of students with a Direct Medical Service prescribed on an IEP/IFSP. The Medicaid IEP/IFSP Ratio will be calculated for each participating LEA on an annual basis.

Medicaid Enrollment Ratio for Other Medical Plans of Care:

To determine the Medicaid Enrollment Ratio for Other Medical Plans of Care, the names, gender, and birthdates of all students from the AHCCCS LEA's Enrollment October 1 Count Report are matched against the Medicaid enrollment file. The numerator will be the number of Medicaid enrolled students in the LEA and the denominator will be the total number of students in the LEA. The Medicaid

TN No. 21-00611-007 _____ Approval _____ Date: _____

Supersedes TN No.: 11-007s _____ Approval Date _____

Effective Date: July 1, 2011 October 1, 2021

TN No. 00-009

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

Enrollment Ratio will be calculated for each participating LEA on an annual basis.

5) Calculation Medicaid Portion of Costs Associated with Direct Medical Services

Calculation of the Medicaid Direct Medical Service costs pursuant to an IEP/IFSP:

Multiply the sum of net LEA direct costs and indirect costs by the statewide IEP/IFSP time study percentages for each cost pool, then multiply those products by the Medicaid IEP/IFSP Enrollment Ratio.

Calculation of the Medicaid Direct Medical Service costs pursuant to Other Medical Plans of Care:

Multiply the sum of net LEA direct costs and indirect costs by the statewide Other Medical Plans of Care time study percentages for each cost pool, then multiply those products by the Medicaid Enrollment Ratio for Other Medical Plans of Care.

~~5)portion of total net costs is calculated by multiplying the results from Item 4 by the Medicaid IEP ratio. The numerator will be the number of Medicaid IEP students in the LEA who have an IEP and received direct medical services as outlined in their IEP and the denominator will be the total number of students in the LEA with an IEP who received direct medical services as outlined in their IEP. Direct medical services are those services billable under the FFS program as defined Attachment 3.1.A, 4.b.ix of the Medicaid State Plan.~~

E.D.Specialized Transportation Services Payment Methodology

~~Effective dates of service on or after July 1, 2011, providers will be paid on a cost basis. Providers will be reimbursed interim rates for Specialized Transportation services at the lesser of the provider's billed charges or the statewide enterprise interim rate. However, the interim payment remitted to the LEA will only be the federal share of the interim rate. Current AHCCCS rates are effective on or after the date indicated in Attachment 4.19B, p. 2, Annual Update Section. All rates are published on the Agency's website at:~~

~~<http://www.azaheccs.gov/commercial/ProviderBilling/rates/Physicianrates/Physicianrates.aspx>.~~

~~On an annual basis a cost reconciliation and cost settlement will be processed for all over and under payments.~~

~~Transportation to and from school may be claimed as a Medicaid service when the following conditions are met:~~

- ~~1)Special transportation is specifically listed in the IEP as a required service;~~
- ~~2)The child requires transportation in a vehicle adapted to serve the needs of an individual with a disability;~~

TN No. 21-00611-007- _____ Approval _____ Date: _____

Supersedes TN No.: 11-007s _____ Approval Date _____

Effective Date: July 1, 2011October 1, 2021

TN No. 00-009

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

- ~~3) A medical service is provided on the day that specialized transportation is billed; and~~
- ~~4) Transportation services are billed in units of 1-way trips. The LEA must be registered with AHCCCS as a transportation provider and must meet the same provider qualifications as all AHCCCS Medicaid transportation providers (e.g., proof of insurance and licensure of school bus drivers).~~

~~Transportation costs included on the cost report worksheet will only include those personnel and non-personnel costs associated with special education reduced by any federal payments for these costs, resulting in adjusted costs for transportation. The cost identified on the cost report includes the following:~~

- ~~1) Bus Drivers~~
- ~~2) Mechanics~~
- ~~3) Substitute Drivers~~
- ~~4) Fuel~~
- ~~5) Repairs & Maintenance~~
- ~~6) Rentals~~
- ~~7) Contract Use Cost (Insurance Costs)~~
- ~~8) Depreciation~~

~~The source of these costs will be audited Chart of Accounts data kept at the LEA level. The Chart of Accounts is uniform throughout the State of Arizona. Costs will be reported on an accrual basis. Special education transportation costs include those for wheelchair lifts and other special modifications which are necessary to equip a school bus in order to transport children with disabilities.~~

~~When LEAs are not able to discretely identify the special education transportation cost from the general education transportation costs, a special education transportation cost discounting methodology will be applied. A rate will be established and applied to the total transportation cost of the LEA. This rate will be based on the total number of specialized vehicles divided by the total number of vehicles used by LEAs to provide transportation to students. The result of this rate (%) multiplied by LEA Transportation Cost for each of the categories listed above will be included on the cost report. It is important to note that this cost will be further discounted by the ratio of Medicaid Eligible special education IEP One Way Trips divided by the total number of special education IEP One Way Trips. The numerator data will be provided from bus logs. The process will ensure that only one way trips for Medicaid eligible Special Education children with IEP's are billed and reimbursed under the Medicaid program.~~

LEAs will be reimbursed for specialized transportation services on a cost basis consistent with a CPE reimbursement methodology. On an interim basis, LEAs will be reimbursed the federal share of the lesser

TN No. 21-00611-007 _____ Approval Date: _____

Supersedes TN No.: 11-007s _____ Approval Date _____

Effective Date: July 1, 2011 October 1, 2021

TN No. 00-009

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

of the rate contained in the AHCCCS FFS schedule or the amount billed by the LEA, minus an AHCCCS administrative fee and a TPA processing fee as identified in the LEA's provider participation agreement.

In accordance with the cost reconciliation process, the sum of the interim payments before fees are deducted will be reconciled with the federal share of the Medicaid portion of the total costs certified by the LEA.

Transportation to and from school may be claimed as a Medicaid service when the following conditions are met:

- 1) Specialized transportation is specifically listed in the IEP/IFSP as a required service;
- 2) The child requires specialized transportation in a vehicle with physical adaptations designed to accommodate an individual with a disability;
- 3) A Medicaid eligible service is provided on the day that the specialized transportation is billed;
and
- 4) The service billed only represents one-way trip(s) on the specially adapted transportation for a Direct Medical Service listed in the IEP/IFSP;
- 5) The LEA must be registered with AHCCCS as a transportation provider and must meet the same provider qualifications as all AHCCCS transportation providers (e.g., proof of insurance and licensure of school bus drivers).

Transportation costs included on the Cost Report worksheet will only include those personnel and non-personnel costs associated with specialized transportation reduced by any federal payments for these costs (other than the interim payments), resulting in net costs for transportation. The Cost Report includes costs for the following:

1. Bus Drivers/Aides
2. Mechanics/Mechanic Assistant
3. Substitute Drivers
4. Fuel/Oil
5. Repairs & Maintenance
6. Lease/Rentals
7. Insurance Costs
8. Purchased Professional Transportation Services and/or Equipment
9. Depreciation

The source of this financial data will be audited by the Uniform System of Financial Records (USFR) Chart of Accounts kept at the LEA level. Costs will be reported on an accrual basis.

TN No. 21-00611-007 _____ Approval _____ Date: _____

Supersedes TN No.: 11-007s _____ Approval Date _____

Effective Date: July 1, 2011 ~~October 1, 2021~~

TN No. 00-009

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

When LEAs are not able to discretely identify the specialized transportation cost from the general education transportation costs, a specialized transportation cost allocation methodology will be applied. A rate will be established based on the total number of specialized vehicles divided by the total number of vehicles used by LEAs to provide transportation to students. The result of this rate (Vehicle Ratio %) multiplied by LEA Transportation Cost for each of the categories listed above will be included on the annual Cost Report. This net cost will also be multiplied by the ratio of total paid one-way specialized transportation trips provided to a Medicaid enrolled student for an IEP/IFSP service (when the IEP/IFSP includes specialized transportation) divided by the total number of one-way specialized transportation trips provided all students for an IEP/IFSP service (when the IEP/IFSP includes specialized transportation). The denominator data will be obtained from bus logs maintained by the LEA.

~~F. Certification of Funds Process~~

~~Each LEA will submit a Certification of Public Expenditure Form on an annual basis. On an annual basis, each LEA will certify through its cost report its total actual, incurred Medicaid allowable costs/expenditures. Providers are permitted to certify only Medicaid allowable costs and are not permitted to certify any indirect costs outside their unrestricted indirect cost rate.~~

~~G. Annual Cost Report Process~~

~~For Medicaid services provided in schools during the state fiscal year (July 1 through June 30) each provider must complete an annual cost report. The cost report is due five months after the fiscal year end. At the discretion of AHCCCS, providers may be granted extensions up to three months.~~

~~The primary purposes of the LEA provider's cost report are to:~~

- ~~1) Document the LEA provider's total CMS approved Medicaid allowable costs of delivering Medicaid coverable services using a CMS approved cost allocation methodology.~~
- ~~2) Reconcile the annual interim payments to the LEA provider's total CMS approved, Medicaid allowable costs using a CMS approved cost allocation methodology.~~

~~The annual Medicaid Cost Report includes a certification of funds statement to be completed, certifying the provider's actual, incurred costs/expenditures. All filed annual Cost Reports are subject to desk review by AHCCCS or its designee.~~

~~H.E. The Cost Reconciliation Process~~

TN No. 21-00611-007 _____ Approval _____ Date: _____

Supersedes TN No.: 11-007s _____ Approval Date _____

Effective Date: July 1, 2011 ~~October 1, 2021~~

TN No. 00-009

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

~~The cost reconciliation process must be completed within twenty-four months of the end of the reporting period covered by the annual Medicaid Cost Report. The total CMS-approved, Medicaid allowable scope of costs based on CMS-approved cost allocation methodology procedures are compared to the LEA provider's Medicaid interim payments delivered during the reporting period as documented in the Medicaid Management Information System (MMIS), resulting in a cost reconciliation. Cost Report due date (up to 5 months after the state fiscal year ends). Effective with reporting of SFY 2023 activity, the cost reconciliation and settlement processes are to be completed within nineteen months of the Cost Report due date (up to 5 months after the state fiscal year ends). The total CMS-approved, Medicaid allowable scope of costs based on CMS-approved cost allocation methodology procedures are compared to the LEA's Medicaid interim payments during the reporting period as documented in the Medicaid Management Information System (MMIS).~~

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

1. Annual Cost Report Process

The annual Cost Report process is the first step in the cost reconciliation process. For Medicaid services provided in schools during the state fiscal year (July 1 through June 30) each LEA must complete an annual Cost Report. The Cost Report is due up to five months after the fiscal year ends. At the discretion of AHCCCS, LEAs may be granted up to a one month extension.

The primary purposes of the LEA provider's cost report are to:

- 1) Document the LEA provider's total CMS approved Medicaid-allowable costs of delivering Medicaid coverable services using a CMS approved cost allocation methodology.
- 2) Reconcile the annual interim payments to the LEA provider's total CMS approved, Medicaid-allowable costs using a CMS approved cost allocation methodology.

The annual Medicaid Cost Report includes a Certification of Funds Public Expenditure Form certifying the LEA's actual, incurred costs/expenditures. All filed annual Cost Reports are subject to desk review by AHCCCS or its designee.

TN No. 21-00611-007 _____ Approval _____ Date: _____

Supersedes TN No.: 11-007s _____ Approval Date _____

Effective Date: July 1, 2011 ~~October 1, 2021~~

TN No. 00-009

State: ARIZONA

METHODS AND STANDARDS FOR ESTABLISHING PAYMENT RATES
OTHER TYPES OF CARE

2. The Cost Settlement Process

- If the sum of the interim payments to a LEA (before fees are deducted) exceeds the federal share of the Medicaid portion of the actual, certified costs for the delivery of school based health services, the LEA is required to return an amount equal to the overpayment (less the associated AHCCCS administrative fee) to the State. Overpayments will be paid by the LEAs promptly to AHCCCS.
- If the federal share of the Medicaid portion of a LEA's actual, certified costs exceed the sum of the interim payments before fees are deducted, AHCCCS will pay the LEA the difference (less the AHCCCS administrative fee)

I. The Cost Settlement Process

~~For services delivered for a period covering July 1st, through June 30th, the annual Medicaid Cost Report is due on or before December 1st of the preceding fiscal year (5 months after the fiscal year end), with the cost reconciliation and settlement processes completed within twenty four months of the cost report due date.~~

~~If the LEA provider's interim payments exceed the actual, certified costs for the delivery of school based health services to Medicaid clients, the LEA provider will return an amount equal to the overpayment. AHCCCS will submit the federal share of the overpayment to CMS in the federal fiscal quarter following receipt of payment from the provider. AHCCCS will comply with the Medicaid overpayment rules and will be accountable for returning the Federal share to CMS within one year, even if the LEA has not returned the overpayment to the State within this timeframe.~~

~~If the LEA provider's actual, certified costs exceed the interim payments, AHCCCS will pay the federal share of the difference to the provider 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 provider.~~

~~AHCCCS shall issue a notice of settlement that denotes the amount due to or from the LEA.~~

TN No. 21-00611-007 _____ Approval _____ Date: _____

Supersedes TN No.: 11-007s _____ Approval Date _____

Effective Date: July 1, 2011 ~~October 1, 2021~~

TN No. 00-009