



April 10, 2018

The Honorable Lorena Gonzalez Fletcher
Chair, Assembly Appropriations Committee
State Capitol Room 2114
Sacramento, CA 95814

AB 3192: LEA MEDI-CAL BILLING OPTION: AUDIT GUIDE – SUPPORT

Dear Assemblywoman Gonzalez Fletcher:

The above organizations write to express our support for AB 3192 which would require the Department of Health Care Services (DHCS) to work with stakeholders to create a fiscal and program compliance guide for the LEA Medi-Cal Billing Option program.

The health services provided by schools are often the only medical attention that low-income students receive and are particularly essential for students with special needs. Only when

students are healthy and have their medical needs met can they focus their attention on educational attainment.

The Medi-Cal LEA Billing Option program is a federally funded program that helps to subsidize the cost of the school-based Medi-Cal services that support the health and academic success of California students. Through this program, local education agencies (LEAs) can receive up to 50% reimbursement for the cost of health services provided to students by qualified LEA staff. Schools are required to use the federal reimbursement they receive to reinvest and expand health services to students, such as primary health care, vision care, dental care, and mental health services.

However, ambiguity and inconsistency are persistent problems in the administration and oversight of the LEA Medi-Cal Billing program. In recent years, a significant portion of Medi-Cal claims have been retrospectively disallowed as the result of unclear claiming guidelines and auditor's inconsistent implementation of these guidelines. In some instances, DHCS auditors applied standards that were modified after the services were provided, applied rules that directly contradicted DHCS guidance that existed at the time the services were provided, and held LEAs to standards that were never legally adopted by DHCS pursuant to the Administrative Procedure Act. These disallowances have been statewide and have resulted in LEAs losing millions of dollars that would have gone to student health services.

For instance, LAUSD lost approximately \$1,700,000 for 2009-10 and \$2,700,000 for 2010-11 as the result of audit disallowances. Riverside County Office of Education (COE) had 79% of their LEA Medi-Cal Billing claims disallowed for the fiscal year of 2012/13 (findings that RCOE disputes and is still actively contesting) and has lost more than \$1,350,000 so far. Santa Cruz COE has lost more than \$1,000,000 over the last five years as the result of disallowed health services. Ventura, Sacramento, San Mateo, Oakland, Kern, and dozens of others have also lost significant Medi-Cal funds that could have otherwise been reinvested into student health programs.

At a time when California should be leading the way on health care access and whole child services, schools are instead being discouraged from participating in Medi-Cal and penalized for ensuring that students receive the medical services that are necessary to their educational achievement. The lack of consistency and transparency in claiming guidelines discourages participation in school-based Medi-Cal programs, negatively impacts the delivery of critical services, and leaves California's students without federal dollars for health services.

AB 3192 would significantly reduce the number of disallowed Medi-Cal services by establishing greater clarity for the field and defining clear and consistent guidelines for auditors. The fiscal and program compliance guide created pursuant to AB 3192 would help LEAs ensure their Medi-Cal claims are in compliance with all state and federal guidelines and are supported by necessary documentation. More importantly, AB 3192 will remove the disincentive for LEAs to participate in the Medi-Cal Billing Option program and will help California's schools maximize federal reimbursements for health care services.

We encourage you to support low-income students and students with special needs by endorsing AB 3192. For questions regarding the content of this letter, please contact Enrique Ruacho at enrique.ruacho@lausd.net.

Cc: Assembly Members, Assembly Appropriations Committee
Lisa Murawski, Assembly Appropriations Committee