

# COMMON MESSAGE

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## Local Educational Consortium (LEC)

### School-Based Medi-Cal Administrative Activities SMAA Program Update

#### IN THIS ISSUE:

- New SMAA Manual and Invoice
- Invoice Submission Deadlines
- LBO Program Updates
- Update on SMAA Deferral Payments and Backcasting

#### BACKGROUND

Since 1999, the School-Based Medi-Cal Administrative Activities (SMAA) program has been regionally administered through 11 Local Education Consortia (LECs). The 11 LECs are housed within the following county offices of education: Sonoma, Glenn, Sutter, Contra Costa, Santa Cruz, Stanislaus, Madera, Kern, Orange, San Bernardino and Los Angeles.

The goal of the LECs is to efficiently and effectively administer the SMAA program in a way that maximizes access to services for California's more than 6 million students.

The LEC Common Message is intended to provide information in a common language to county offices of education (COEs) and districts as they navigate changes to the SMAA program and implementation of the Random Moment Time Survey (RMTS) claiming methodology.

## NEW INFORMATION ITEMS

#### UPDATE ON REVISED MANUAL AND INVOICE

On November 1, 2016, the Department of Health Care Services (DHCS) received approval of the revised SMAA Manual and Invoice from the federal Medicare regulatory body, the Centers for Medicare and Medicaid Services (CMS). Now that the manual and invoice have been approved, LECs have begun submitting new SMAA reimbursement claims, starting with 14/15 quarter three. These are the first new claims to be submitted for reimbursement since the settlement agreement which ended the SMAA deferral in October 2015.

The approved SMAA Manual and Invoice have been posted online and can be found here:  
<http://www.dhcs.ca.gov/provgovpart/Pages/SMAA.aspx>.

Over the last two years, LECs contributed comments, edits and suggestions to the manual and encouraged DHCS to move swiftly to submit the revised manual. LECs continue to work with DHCS to provide comments and corrections to the manual. LEC members also participated in calls with DHCS and CMS to review the manual once it was submitted for approval.

Now that the manual has been approved, LECs have begun the substantial work of finalizing time survey results and processing invoices for submission. In addition to the 6 quarters of RMTS that have been completed, LECs must also revise invoices for each LEA for up to 20 quarters in order to comply with the deferral settlement agreement between DHCS and CMS dated October 2014. (Please see the section on the State Deferral for more information.)

### **INVOICE SUBMISSION DEADLINES**

Federal requirements mandate that all SMAA invoices are due to be paid and reported to CMS within two years of the end of the reporting period. DHCS has requested that invoices for past quarters be submitted by quarter and not all at once. The following is the timeline for submission of invoices:

QUARTER	DUE TO DHCS	PAID & REPORTED DATE
14/15 Q3	12/30/2016	Must be paid and reported to CMS by 3/31/2017
14/15 Q4	02/28/2017	Must be paid and reported to CMS by 6/30/2017
15/16 Q2	06/30/2017	Must be paid and reported to CMS by 12/31/2017
15/16 Q1	06/30/2017	This invoice is an average of above listed invoices

LECs have now submitted all 14/15 Quarter 3 invoices and will continue to work with DHCS to expedite payment to LEAs. It is our understanding that checks for 14/15 Quarter 3 should begin to go out in late spring 2017. If you have questions about invoice deadlines or payments, please contact your LEC.

## **UPCOMING ITEMS**

### **IMPLEMENTATION ADVISORY GROUP (IAG)**

In 2014, DHCS created the Random Moment Time Survey (RMTS) Implementation Advisory Group (IAG) to help guide DHCS as they transition the LEA Billing Option Program (LBO) to a new claiming methodology. The IAG is comprised of representatives from the following organizations: DHCS, California Department of Education (CDE), Bakersfield City USD, Kern COE (LEC), Orange COE (LEC), San Joaquin COE, Lamont Elementary SD, Los Angeles USD, Oakland USD, Sacramento City USD, and San Diego LGA. Members of the RMTS IAG work collaboratively to approach technical RMTS issues from differing LEA perspectives and make recommendations to DHCS regarding transitioning the LBO to RMTS.

The IAG has met regularly over the last two years and has made significant progress toward its goals. All meeting minutes are posted at: [http://www.dhcs.ca.gov/provgovpart/Pages/LEA\\_RMTS.aspx](http://www.dhcs.ca.gov/provgovpart/Pages/LEA_RMTS.aspx).

Stakeholders are encouraged to submit questions to the IAG through their website at <http://lea-medical-rmts.surveyanalytics.com/>.

DHCS holds the authority to make all final decisions regarding administration of the LBO program. A time frame on when those decisions will be made has not been established; however, recent statements from DHCS indicate that the transition to RMTS may begin as early as summer 2017.

In 2016, LECs requested that all eleven LEC Coordinators be involved in the IAG's technical conversations since the decisions that are made will affect the workload and require involvement from each LEC office when the LBO and SMAA programs utilize a combined RMTS methodology. DHCS has scheduled a meeting with all 11 LECs for February 2017.

## UPDATE ON PAST ITEMS

### **STATE DEFERRAL**

In June 2012, the SMAA program was placed on deferral (i.e. reimbursement payments were not processed) by the Centers for Medicare and Medicaid Services (CMS). This was due to audits that were performed by the federal Office of Inspector General (OIG) on a handful of LEAs in California. The audit findings determined that some of the LEAs audited had submitted claims that were out of compliance with federal regulations. As a result, CMS deferred payments to all LEAs in California.

The following is a status on the resolution of this deferral:

- Settlement approved – In October 2014, CMS approved a settlement proposed by DHCS. Settlement allowed for payments to LEAs at a tiered percentage of the original invoice, based on the amount of the original invoice. The settlement requires that the original invoices be recalculated using the percentages derived from the new time survey methodology- RMTS.
- Interim settlement payments were made to some LEAs for invoices submitted during the deferred period (FY 09/10 & FY 11/12).
- A DHCS department-wide federal deferral (outside the SMAA program) has put a hold on \$15 million of deferral payments owed to LEAs for FY 09/10 quarter four through FY 11/12 quarter four. As of January 2017, DHCS does not have a resolution for this issue and has not been able to provide a time-frame for when the amounts due to LEAs will be paid.

### **BACKCASTING**

On November 1, 2016, CMS notified DHCS that it had approved the proposed changes to the SMAA program. The notice indicated that the approved changes are retroactive to January 1, 2015. CMS indicated that the approval of the SMAA program changes "shall be applied in conjunction with the approved SMAA backcasting methodology dated October 28, 2015", which is outlined below:

*The approved methodology will apply 4 quarters of prospective time study results to the prior period costs incurred for purposes of determining allowable costs. DHCS must report all adjusted claims resulting from this backcasting methodology within 18 months of the data becoming available. The modified backcasting proposal will utilize Quarter 3 and Quarter 4 of SFY 2014/15, and Quarter 1 and Quarter 2 of SFY 2015/16. The RMTS data collected in the three, non-summer quarters (Quarter 3 and Quarter 4 of SFY 2014/15 and Quarter 2 of SFY 2015/16) will be averaged and used to compute the reimbursement for Quarter 1 of SFY 2015/16.*

On September 7, 2016, the LECs submitted an alternative backcasting proposal to the Department of Health Care Services (DHCS) requesting settlement payment amounts of 75 percent (75%) for invoice claims submitted during the deferred period (FY 09/10 & FY 11/12) and settlement payment amounts of 100 percent (100%) for invoice claims submitted during the interim claiming period (FY 12/13, FY 13/14 and quarters one and two of FY 14/15). This alternative proposal was based on a preliminary backcasting analysis conducted by the Los Angeles County Office of Education (LACOE) of 6 LEC regions which demonstrated that invoice claims submitted during the interim claiming periods aligned to federal and state reporting standards and would merit full payment for interim claimed invoices. In order to conduct an independent analysis of backcasting's impact, the Local Educational Agency (LEA) ad hoc workgroup requested annual invoice information totals for the deferral and interim claiming periods from the 11 LEC regions. The LEA ad hoc workgroup substantiated the LEC's analysis and concurred with the alternative backcasting proposal.

DHCS has stated that they may consider the resubmission of alternative backcasting models such as the proposal submitted by the LECs, provided that data and research substantiates the submission. However, on November 3, 2016, DHCS stated they intended to pursue the current backcasting model outlined in the October 28, 2015 letter. As of this writing, DHCS has not made a final determination as to the submission of the proposed alternative backcasting model submitted by the LECs and LEA Workgroup.

## SUMMARY OF THIS ISSUE

- Now that the manual and invoice have been approved, LECs has begun submitting new SMAA reimbursement claims. These are the first new claims to be submitted for reimbursement since the settlement agreement which ended the SMAA deferral in October 2015.
- LECs have now submitted all 14/15 Quarter 3 invoices and will continue to work with DHCS to expedite payment to LEAs. It is our understanding that checks for 14/15 Quarter 3 should begin to go out in late spring 2017.
- The Random Moment Time Survey (RMTS) Implementation Advisory Group (IAG) continues to meet to help guide DHCS as they transition the LEA Billing Option Program (LBO) to a new claiming methodology
- As of January 2017, DHCS still does not have a resolution for a department-wide federal deferral (outside the SMAA program) that has put a hold on \$15 million of SMAA deferral payments owed to LEAs for FY 09/10 quarter four through FY 11/12 quarter four.