

School-Based Individualized Education Plan (IEP) Direct Services

The Missouri Department of Social Services (DSS) MO HealthNet Division (MHD) shall provide Medicaid reimbursement for certain Medicaid services provided by a participating public school district (“district”). The medically-necessary Medicaid services must be provided by a qualified school-based provider to students who are Title XIX-eligible and eligible for school-based IEP direct services (hereafter referred to as direct services) pursuant to the Individuals with Disabilities Education Act (IDEA), Part B. The direct services covered are physical therapy, occupational therapy, speech therapy, private duty nursing, behavioral health services, hearing aid, and personal care services. Providers shall be enrolled in accordance with MHD policies.

General Description of Payment Methodology

Effective with dates of service on or after July 1, 2018, direct services provided by school districts will be paid on a cost basis. Public schools will initially be paid provider-specific interim rates for direct services per unit of service. The provider-specific interim rate is the provisional rate established for a specific service for a time period pending completion of cost reconciliation and cost settlement for that period. On an annual basis a provider-specific cost reconciliation and cost settlement for all overpayments and underpayments will be processed.

The units of service are defined by each Health Insurance Portability and Accountability Act (HIPAA)-compliant Current Procedural Terminology (CPT) code or Healthcare Common Procedure Coding System (HCPCS) code. Direct services may be encounter-based or in 15-minute unit increments.

Specific Components of Cost-Based Payment Methodology

Total direct and indirect costs of providing direct services, less any federal payments for these costs, will be captured utilizing the following sources:

- a. Annual cost reports received from school districts
- b. Missouri Department of Elementary and Secondary Education (DESE) Unrestricted Indirect Cost Rate (UICR)
- c. Direct Medical Services Random Moment Time Study (RMTS) Percentage comprised of Activity Code 4b: Direct Medical Services and Activity Code 10: General Administration
- d. School district specific IEP Ratio

The UICR is applied to the Allowable costs and will be multiplied by the Direct Medical Services-related RMTS Percentage. The product will be multiplied by the IEP Ratio to determine the total reimbursable costs for each participating school district.

Cost Reports

Each school district will complete an annual cost report for all direct services delivered during the previous State fiscal year (July 1 through June 30). The scope of costs will be CMS approved. The cost report is due no later than 16 months after the close of the state fiscal year (July 1 – June 30). The cost report will provide the following detail:

- document the school district's total Medicaid-allowable direct and indirect costs for delivering direct services, including Direct Medical Equipment costs and health-related supplies and materials, based on the CMS-approved cost allocation methodology, and
- reconcile the school district's interim payments to its total Medicaid-allowable costs based on the CMS-approved cost allocation methodology.

The annual cost report includes a certification of funds statement, certifying the school district's actual costs and expenditures. The annual cost reports are subject to a desk review by the Department or its designee.

Allowable costs include:

- Non-federal direct services, including salaries, benefits, contracted costs, services purchased to provide direct services and supplies and materials related to providing direct services.
- Indirect costs using the provider-specific UICR applicable in the fiscal year, as approved by Missouri's cognizant agency for education services.

Each school district certifies annually through its cost report the total actual allowable costs and expenditures incurred, including the federal and non-federal share, the amount of interim payments and the number of units billed for the fiscal year. Certifiable indirect costs are limited to each school district's UICR.

Direct Medical Services Random Moment Time Study Percentage

The Random Moment Time Study (RMTS) is used to determine the percentage of time that personnel spend on direct medical services, general and administrative time and all other activities to account for 100% of time to assure that there is no duplicate claiming. This time study methodology includes individuals performing direct services and administrative activities. The percentages are applied to the cost pool to determine the Direct Medical Services portion (Activity Code 4b). Activity Code 10 General Administration is equitably distributed based on RMS results for Activity Codes 01a through 09b.

IEP Ratio Determination

A school district-specific IEP ratio will be established for each participating school district. When applied, this IEP ratio will reduce the direct services cost pool by the percentage of participants eligible for MO HealthNet services who have an IEP.

The names and birthdates of participants with an IEP will be identified and matched against the Department's eligibility files to determine the percentage of those who are eligible for MO HealthNet. The numerator of the rate will be the MO HealthNet-eligible participants with an IEP, and the denominator will be the total number of students with an IEP. The students used for this purpose will be based on the December 1 IEP Count Report submitted by the school district.

Cost Reconciliation and Settlement

The cost reconciliation process is completed within seventeen (17) months after the close of the state fiscal year (July 1 – June 30). The total claimable costs based on the CMS-approved cost allocation methodology are compared to the school district's interim payments for direct services paid for dates of service during the fiscal year, as documented in the Department's claims processing system.

If a school district's interim payments exceed the actual, claimable costs the school district received for direct services to Medicaid-eligible students, the school district will return an amount equal to the overpayment.

If the actual, claimable costs the school district incurred for direct services exceed the interim payments, the school district will be reimbursed the federal share of the difference, after reimbursement from the federal agency.

The Department or its designee will issue a notice of settlement that denotes the amount due to or from the school district.

The scope of costs and cost allocation methodology must be CMS approved.