School-Based Medicaid Program
Program Guide for Local Education Agencies

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Executive Summary

The School-Based Medicaid Program (SBMP) gives local education agencies (LEAs) an opportunity to receive federal Medicaid reimbursement for certain costs associated with providing Medicaid-covered services in a school setting.

Medicaid is a joint state-federal program that provides reimbursement for covered health services and for certain administrative activities that support the Medicaid program. In Massachusetts, the Executive Office of Health and Human Services (EOHHS) is the single state agency responsible for administering the Massachusetts Medicaid program, known as MassHealth. The University of Massachusetts Medical School administers the SBMP on behalf of and in conjunction with MassHealth.

This Program Guide provides a high-level overview of how the SBMP works and the responsibilities of participating LEAs. Superintendents, business managers, special education directors, direct service staff, and administrative staff should use the guide as a starting point for understanding the program. It can also be used for onboarding, as a refresher, and as a reference guide.

LEAs play an active role in administering the SBMP. LEAs certify, under penalties of perjury, that reimbursement requests are accurate and are responsible for ensuring program compliance. SBMP costs and reimbursement requests are subject to audit by MassHealth and other state and federal agencies. The Massachusetts School-Based Medicaid Program Provider Contract sets out additional provider responsibilities.

How the SBMP Works

1. Cost allocation and the Random Moment Time Study (RMTS). The RMTS is the cost-allocation method used to determine what portion of school staff time and related costs supports Medicaid-covered services or Medicaid administrative activities. RMTS results are used in both Direct Service Claiming (DSC) and Administrative Activities Claiming (AAC).

2. Direct Service Claiming (DSC). DSC provides reimbursement for certain Medicaid-covered health services delivered in the school setting. LEAs submit interim claims to MassHealth during the year. At the end of the fiscal year, the LEA submits an annual Direct Service Cost Report, which determines the total Medicaid-allowable costs for the year and reconciles those costs with interim claim payments.

3. Administrative Activities Claiming (AAC). AAC provides reimbursement for certain administrative activities that support access to and coordination of Medicaid-covered services. Examples include Medicaid outreach, application assistance, and care coordination related to covered services. Unlike DSC, AAC does not use interim claims; LEAs submit quarterly AAC cost reports.

The remainder of this Program Guide explains each component in more detail. Part 1 describes cost allocation and the RMTS. Part 2 describes DSC, including reimbursable services, interim claims, and the annual Cost Report. Part 3 describes AAC, including reimbursable administrative activities and non-reimbursable activities. The glossary defines commonly used terms and acronyms, and the appendix identifies additional SBMP guides and resources.

Use this Program Guide together with the detailed SBMP guides, Program Bulletins, training materials, published guidance, and the provider contract. Because the SBMP is a living program, LEAs should consult the SBMP website and current program guidance for the most up-to-date requirements.

Program Overview

Schools provide a range of physical, behavioral, and mental health services that support student health and educational outcomes. The School-Based Medicaid Program (SBMP) gives local education agencies (LEAs) an opportunity to recover some of the costs of providing covered services to Medicaid-enrolled students.

MassHealth is Massachusetts' Medicaid program. Through the SBMP, Massachusetts can receive federal Medicaid matching funds for certain school-based health services and for certain administrative activities that support access to Medicaid-covered services.

For participating LEAs, the SBMP is a **cost-reimbursement program**. In general, an LEA incurs allowable costs first and then seeks reimbursement for the portion of those costs that is eligible under the program. Final reimbursement is based on Medicaid-allowable actual incurred costs.

How the SBMP Fits Together

The SBMP has two primary components:

- **Direct Service Claiming (DSC):** Reimbursement for certain Medicaid-covered health services provided directly to eligible students.
- **Administrative Activities Claiming (AAC):** Reimbursement for certain administrative activities that support access to and coordination of Medicaid-covered services.

Both components use the **Random Moment Time Study (RMTS)** as part of the cost-allocation process. The RMTS helps determine what portion of participating staff time is related to Medicaid activities.

The basic process can be summarized as follows:

1. LEA incurs costs
Schools pay staff and other allowable costs associated with providing services and performing activities.

2. RMTS identifies the Medicaid-related share
The RMTS estimates the portion of staff activity that is related to Medicaid.

3. LEA reports eligible costs
LEAs report allowable costs through the applicable DSC or AAC process.

4. MassHealth calculates reimbursement
Reimbursement is based on Medicaid-allowable actual incurred costs that are discounted by RMTS results and the share of the Medicaid-enrolled student population, known as the Medicaid Penetration Factor.

5. LEA receives reimbursement
The LEA receives the amount determined to be reimbursable under the program, subject to applicable claiming, documentation, cost, and compliance requirements.

How to Use School-Based Medicaid Guides

This Program Guide provides a high-level overview of the SBMP. It is designed to give LEA leaders, business managers, special education administrators, direct service providers, administrative staff, and other program participants a baseline understanding of how the program works.

The guide is organized into three parts:

1. Understanding Cost Allocation and the Random Moment Time Study (RMTS)
2. Direct Service Claiming (DSC), including interim claims and the annual Cost Report
3. Administrative Activities Claiming (AAC)

Other SBMP guides are referenced throughout this Program Guide. The titles of those guides are listed in the Appendix.

This Program Guide is a living document and may be updated as the program evolves. LEAs should visit the SBMP website regularly for the most up-to-date information. LEAs should also follow applicable Program Bulletins, training materials, and other published resources.

Important: *This Program Guide provides an overview and does not replace the detailed requirements in current SBMP guidance or the School-Based Medicaid Program Provider Contract. Information in this guide and other SBMP materials is intended to be consistent with the scope of the Provider Contract. A sample Provider Contract is available on the SBMP Resource Center.*

Applicable Laws, Regulations, and Published Guidance

Any LEA or subcontractor participating in the SBMP must comply with applicable federal and state laws and regulations, published guidance, and the terms of the Provider Contract. These include, but are not limited to:

- Section 1902(a) of the Social Security Act
- Code of Federal Regulations (CFR), Titles 42 and 45
- OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 CFR 200)
- OMB Circular A-133, Audits of States, Local Governments and Non-Profit Organizations
- MassHealth School-Based Medicaid Program Bulletins
- MassHealth School-Based Medicaid Program Instruction Guides
- Massachusetts School-Based Medicaid Program Provider Contract

LEAs should use the current versions of applicable laws, regulations, guidance, and contractual materials when making program and compliance decisions.

Costs That May Not Be Claimed

LEAs may not claim reimbursement for expenditures in any of the following situations. For purposes of the RMTS, staff must be excluded from the time study if any of these situations apply:

1. 100% of the staff member's salary is paid through a federal grant or other federal funds, including Individuals with Disabilities Education Act (IDEA) funds. This includes any state or local funds that

were required as a match to receive the federal grant; those funds are considered part of the federal funding percentage related to the staff member's salary.
2. A Medicaid billing vendor is paid on a contingency-fee basis, meaning payment is based on a percentage of claims.
3. A staff member's salary is included in the LEA's Indirect Cost Rate. See School-Based Medicaid Bulletin #28 for additional details and excluded account object codes.

Contact Information

For School-Based Medicaid publications and other information, including this and other guides:

www.mass.gov/masshealth/schools

For questions about the program, contact the UMass Chan School-Based Help Desk:

- SchoolBasedClaiming@umassmed.edu
- (800) 535-6741, Monday–Friday, 7:30 a.m.–7:30 p.m.

To enroll as a School-Based Medicaid provider or for information about MMIS claims, contact MassHealth Customer Service:

- providersupport@mahealth.net (for non-member-specific questions only)
- (800) 841-2900, Monday–Friday, 8 a.m.–5 p.m.

For general MassHealth information, including regulations:

www.mass.gov/masshealth

For education-related questions, including parent/guardian consent, contact the Massachusetts Department of Elementary and Secondary Education (DESE).

Individualized Education Program (IEP) questions:

- specialeducation@doe.mass.edu
- (781) 338-3375

Consent questions:

- achievement@doe.mass.edu
- (781) 338-3010

Part 1: Understanding Cost Allocation and the Random Moment Time Study (RMTS)

Why Cost Allocation Is Necessary

The key to understanding the SBMP is understanding how the program identifies the portion of school costs that is related to Medicaid.

Because not all school costs are Medicaid-related, Medicaid does not reimburse all school costs. Cost allocation provides a way to determine the appropriate share of eligible costs that may be attributed to Medicaid.. In addition to providing covered services to MassHealth eligible students, staff are also providing services to students who are not MassHealth eligible. Schools are not traditional health care settings—staff necessarily participate in school activities and other work that is unrelated to Medicaid.

A simple way to think about it: The RMTS helps answer the question: Of everything a school spends on staff and services, what portion is related to providing healthcare to MassHealth-eligible students?

How the RMTS Works

LEAs report their actual incurred costs for providing MassHealth-covered services and performing Medicaid administrative activities through the DSC and AAC programs. Most of these costs are personnel expenditures, such as staff salaries and benefits.

The RMTS is the method used to determine what portion of applicable LEA costs is eligible for federal reimbursement.

1. Participating staff are assigned to an appropriate RMTS cost pool.
2. At randomly selected points during the workday, participating staff are asked to report what they are doing at that specific moment.
3. Staff select the activity category that best describes the work they were performing at that moment.
4. Individual responses are combined across participating staff and over time.
5. The resulting statewide proportions are used as part of the cost-allocation and reimbursement process.

The RMTS is described in greater depth in the LEA Coordinator Guide for Random Moment Time Study. A single RMTS response represents only a snapshot of staff activity. When many moments are combined, they provide a statistically valid estimate of how staff time is distributed.

A specified number of moments are assigned randomly across each statewide pool of participants from participating LEAs in the Commonwealth. Approximately 12,000 individuals participate in the RMTS. Their responses are used to determine a statistically valid statewide proportion of Medicaid reimbursable time for each pool.

RMTS Cost Pools

Cost Pool	Pool Name
Pool 1	Mental/Behavioral Health*
Pool 2	Therapy*
Pool 3	Medical*
Pool 4	Administrative Only

Direct service pools can include costs associated with both direct services and administrative support provided by staff in those pools, subject to applicable program requirements.

How RMTS Results Are Used

The statewide RMTS results are combined with LEA-specific costs and the LEA-specific proportion of MassHealth-enrolled students, referred to as the Medicaid Penetration Factor (MPF).

For DSC, these data are submitted through the annual Cost Report to determine the provider's reimbursement. For AAC, the RMTS results and MPF are applied to the LEA's quarterly Administrative Activity Claims.

Key point: RMTS results are one part of the reimbursement calculation. LEAs must also meet the applicable other program requirements.

LEA Responsibilities

LEAs participating in the RMTS should:

- Designate an LEA-employed RMTS Coordinator to maintain the list of RMTS participants and monitor staff participation.
- Update the LEA's list of RMTS participants quarterly, in accordance with program guidelines.
- Ensure that staff are included in the appropriate RMTS cost pool. This determination should be based on individual job function rather than job title. For example, nurses may be assigned to different pools—or may not be included at all—based on how they spend their time and in accordance with program guidelines.
- Provide required training to staff who participate in the RMTS and oversee compliance with staff training requirements.
- Maintain at least an 85% participation compliance rate, with LEA staff responding to all assigned random moments.

For detailed requirements: Refer to the LEA Coordinator Guide for Random Moment Time Study (RMTS).

Part 2: Direct Service Claiming

Overview

Direct Service Claiming (DSC) provides federal reimbursement for certain Medicaid-covered physical and behavioral health services provided in the school setting. Services must be medically necessary and meet all other applicable program requirements.

Covered services include audiology; speech; occupational and physical therapies; counseling and other mental and behavioral health services; nursing; personal care services; medical nutritional counseling; EPSDT screenings; and Applied Behavior Analysis (ABA) services for students with autism spectrum disorder (ASD) and Down Syndrome diagnoses.

Throughout the year, LEAs submit interim claims for Covered Services provided to eligible MassHealth-enrolled members through MassHealth's Medicaid Management Information System (MMIS). Providers must submit claims for all services for which they seek reimbursement in the annual Direct Service Cost Report. Interim claims are paid quarterly.

The Annual DSC Reimbursement Process

The DSC reimbursement process has two related stages: interim claiming during the year and reconciliation through the annual Cost Report.

1. During the fiscal year, the LEA submits interim claims for Medicaid Reimbursable Services through MMIS.
2. MassHealth accumulates these interim claim submissions and makes quarterly interim payments to the LEA.
3. After the fiscal year ends on June 30, the LEA submits an annual Cost Report.
4. The Cost Report determines the total Medicaid-allowable actual incurred costs for the year, referred to as the Gross Medicaid Reimbursable Amount (*see Illustration 1 on the following page*) that is eligible for the federal match, generally 50%.
5. The Cost Report must include the required certification attesting to the accuracy of the reported costs.
6. MassHealth reconciles the Gross Medicaid Reimbursable Amount with quarterly interim payments made during the year.
7. If allowable costs exceed interim claim payments, the LEA receives an additional payment. If interim claim payments exceed actual Medicaid-allowable costs, MassHealth recoups the overpayment *(see Illustration 2 on the following page*).

Cost reports are due by December 31 of each year and are generally paid by the end of the following June.

Illustration 1: Annual DSC Cost Report Calculation to Determine Gross Expenditure Amount for Medicaid Covered Services

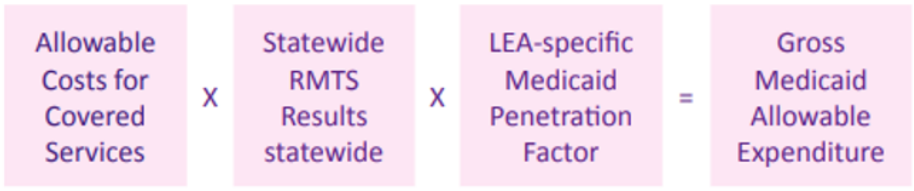
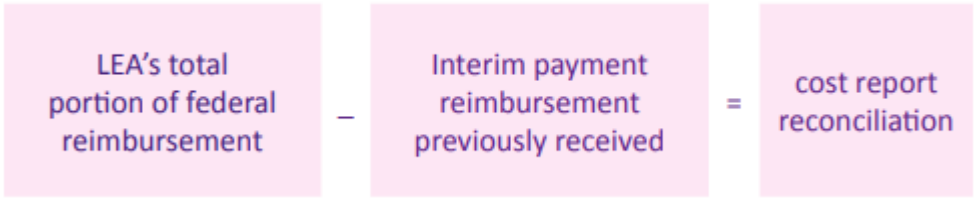


Illustration 2: Cost Report Reconciliation



Allowable Medicaid Direct Service Expenditures

Allowable Medicaid direct service expenditures include:

1. Staff salary and employer-paid benefit expenditures
2. Out-of-district tuition expenditures
3. Materials, supplies, and equipment expenditures when supporting Medicaid Reimbursable Services
4. Purchased services expenditures when supporting Medicaid Reimbursable Services
5. Indirect costs through application of the DESE indirect cost rate

The detailed requirements for allowable costs, interim billing, documentation, and the annual Cost Report are provided in the Direct Service (Interim) Claiming Guide and the Instruction Guide for the Annual Direct Service Cost Report.

Reimbursable Services

The SBMP covers direct services provided in the school setting, including audiology, speech, occupational and physical therapies, counseling and other mental and behavioral health services, nursing services, personal care services, and ABA therapy.

A service is reimbursable only when all applicable requirements are met. These requirements include delivery by a qualified provider who participates in the RMTS, medical necessity as documented in a care plan, and maintaining service documentation.

The complete list of covered services and qualified providers is available on the SBMP Resource Center.

Important distinction: A service may be a Covered Service under the SBMP, but it becomes a Reimbursable Service only when the applicable requirements for reimbursement are met.

Interim Claims Are Required

Interim claims must be submitted for all services for which an LEA seeks reimbursement.

In practical terms, when a qualified practitioner who is included in the appropriate direct service cost pool of the RMTS provides a Medicaid Reimbursable Service to a MassHealth-enrolled student, an interim claim must be submitted.

Only claims with billable procedure codes for eligible MassHealth-enrolled members will pass through MMIS. The complete list of billable codes is available on the SBMP Resource Center.

Relationship Between Interim Claims and the Annual Cost Report

MassHealth does not make fee-for-service payments based on interim claims. Interim claims demonstrate that reimbursable services were provided to eligible members; are used to calculate a quarterly interim payment to the LEA; provide a path to produce supportive documentation in the event of a state or federal audit; and are the basis for which costs can be included in the annual Cost Report. LEAs may not include a service type, such as physical or occupational therapy, in the Annual Direct Service Claiming Cost Report if no interim claims were submitted for that service type during the quarter. If an LEA includes such costs, MassHealth may remove them in accordance with the Provider Contract.

For example, if salary and benefit expenditures for 10 physical therapists are included in the Cost Report for all four quarters of the fiscal year, but no physical therapy claims were submitted during Q1 or Q2 (July–December), the costs for all 10 physical therapists will be disallowed for those two quarters.

Eligible MassHealth Members

Reimbursement is available only for services provided to MassHealth-enrolled members ages 3 through 22 who are eligible for federal reimbursement for non-emergency services.

Eligible coverage types are CarePlus members and most Standard, CommonHealth, and Family Assistance members.

MassHealth provides LEAs with access to student Medicaid eligibility information through two methods:

1. Provider Online Service Center (POSC): POSC can be used to perform individual student eligibility inquiries. Eligibility for the date of service should be checked before claims are submitted because eligibility may have changed since the quarterly match. POSC is accessible to enrolled providers.
2. SBMP Student Medicaid Eligibility Matching verification system: The SBMP provides an online verification system to participating LEAs. LEAs use the system quarterly to identify MassHealth-enrolled students and calculate the district's Medicaid Eligibility Percentage used in AAC and in the annual Direct Service Cost Report.

For additional information about the eligibility matching process, refer to the SBMP Instruction Guide for Medicaid Eligibility Matching, available by request from UMMS.

DESE Guidance Regarding Parental Consent

The Department of Elementary and Secondary Education (DESE) is the state agency responsible for overseeing the Family Educational Rights and Privacy Act (FERPA) and the Individuals with Disabilities Education Act (IDEA) in Massachusetts.

DESE has provided guidance that parental consent is required before an LEA share data with MassHealth to seek reimburement.

For more information about parental consent, refer to the DESE guidance at www.doe.mass.edu/sped/28mr/ or contact DESE at (781) 338-3010 or achievement@doe.mass.edu.

Interim Claiming Submission

LEAs are expected to submit interim claims in accordance with the following requirements:

- Claims must be submitted electronically in accordance with Health Insurance Portability and Accountability Act (HIPAA) requirements, using the 837P claim format or Direct Data Entry (DDE) through POSC.
- LEAs may perform billing themselves using POSC DDE, purchase software that generates the required 837P claim files, or contract with a third party to perform billing on the district's behalf.
- Interim claims must be submitted within 90 days of the date of service and must include the appropriate procedure code and a clinically appropriate ICD-10 diagnosis code.
- All claims are subject to audit. Although reimbursement is driven by the RMTS, interim claims are necessary because they provide the basis for requesting documentation that LEAs are responsible for producing in the event of an audit or other request by MassHealth or another state or federal compliance agency.
- Failure to provide required documentation may result in recoupment and/or termination from the program, as described in the Provider Contract.

Cost Report Disallowances

Under the Provider Contract, costs may be disallowed from the Cost Report if they do not comply with interim claiming requirements or other program requirements.

For more information about interim billing requirements, see the Direct Service (Interim) Claiming Guide. For more information about Cost Report requirements, see the Instruction Guide for the Annual Direct Service Cost Report.

Part 3: Administrative Activities Claiming

Overview

Administrative Activities Claiming (AAC) provides reimbursement for some of the costs of allowable Medicaid administrative functions when those activities support the provision of services described in the Medicaid State Plan.

Costs for both direct service staff and non-direct service staff may be claimed when the staff are included in an applicable RMTS pool, including the direct service pools or the Administrative Only pool.

Final AAC reimbursement is based on Medicaid-allowable actual incurred costs associated with Medicaid administrative activities, as quantified by the RMTS. To seek reimbursement, LEAs file quarterly AAC cost reports. Unlike DSC, AAC does not use interim claims.

Allowable Medicaid Administrative Expenditures

Allowable Medicaid administrative expenditures include:

1. Staff salary and employer-paid benefit expenditures
2. Specialized transportation expenditures
3. Out-of-district tuition expenditures
4. Materials and supplies expenditures when supporting Medicaid administrative activities
5. Indirect costs through application of the DESE-approved indirect cost rate
6. Capital costs through application of a capital percentage allocation rate

Reimbursable Administrative Activities

The source guide identifies eight types of reimbursable administrative activities:

Outreach — Informing eligible or potentially eligible individuals or families about MassHealth and how to access MassHealth benefits.

Application assistance — Assisting individuals or families to apply for or renew MassHealth eligibility.

Provider Networking/Program Planning/Interagency Coordination — Participating in activities to develop strategies to improve the delivery of covered services, including collaborative activities with other agencies regarding covered services.

Individual Care Planning, Monitoring, Coordination, and Referral for Covered Services — Making referrals to covered services and coordinating or monitoring the delivery of covered services.

Arranging MassHealth-covered transportation — Arranging transportation that is covered by MassHealth.

Translation or interpretation — Arranging or providing translation or interpretation services when required to access covered services.

Training — Participating in, coordinating, or providing training related to Medicaid topics.

Provider Networking/Program Planning/Interagency Coordination in response to public health guidance — Participating in applicable provider networking, program planning, or interagency coordination activities in response to public health guidance.

What Is Not Reimbursable?

LEAs and their staff should understand that the SBMP is a Medicaid health program, not an educational program. Educational activities are therefore not reimbursable.

Examples of non-reimbursable activities include:

- Planning, preparing for, or attending IEP meetings related to the non-health components of an IEP
- Working to obtain parental consent to meet DESE (FERPA) requirements
- Fulfilling educational or other non-health components of an IEP
- Providing student supervision
- Educational, vocational, academic, or disciplinary activities

Key point: The fact that an activity takes place in a school, involves a student with health-related needs, or is performed by a health professional does not by itself make the activity reimbursable under AAC.

Reimbursable Staff Costs

For staff time to be reimbursable under AAC, the staff member must be reasonably expected to perform reimbursable Medicaid Administrative Activities and must be included in the appropriate RMTS cost pool (DSC or Administrative Only) on the RMTS participant list.

For more information, see the LEA Instruction Guide for AAC.

Glossary/Acronyms

ABA – Applied Behavior Analysis; a service type covered for students with an autism spectrum diagnosis.

AAC – Administrative Activity Claiming.

CHIP – Children's Health Insurance Program.

CMS – Centers for Medicare & Medicaid Services; the federal agency associated with the authority for MassHealth, including the School-Based Medicaid Program, to operate and claim federal dollars.

Cost Report – The annual submission of an LEA's actual incurred costs related to the provision of Medicaid Reimbursable Services. The Cost Report determines the total Medicaid-allowable costs incurred by the LEA that year.

Covered Services – Direct medical services covered by the SBMP and provided in the school setting, including speech, occupational and physical therapies, psychological counseling, skilled nursing services, audiology services, personal care services, and ABA therapy services when all Medicaid claiming requirements are met. Services for which there is a corresponding SBMP procedure code are "Covered Services." When a Covered Service is provided and meets the requirements for reimbursement, including medical necessity, it is a "Reimbursable Service."

CPE – Certified Public Expenditure.

DESE – Massachusetts Department of Elementary and Secondary Education.

DSC – Direct Service Claiming.

FERPA – Family Educational Rights and Privacy Act of 1974.

HIPAA – Health Insurance Portability and Accountability Act.

IEP – Individualized Education Program.

LEA – Local Education Agency.

MassHealth – The Massachusetts Medicaid program and the state's Children's Health Insurance Program (CHIP).

MMIS – Medicaid Management Information System.

POSC – Provider Online Service Center.

Reimbursable Service – A Covered Service that has been provided and meets the requirements for reimbursement, including medical necessity.

RMTS – Random Moment Time Study.

SBMP – School-Based Medicaid Program.

UMMS –University of Massachusetts Chan Medical School; UMMS administers the School-Based Medicaid Program on behalf of MassHealth.

Appendix: SBMP Guides and Other Resources

Most written guidance is available through the SBMP Resource Center. The following documents are discussed or referenced in this guide:

- Direct Service (Interim) Claiming Guide
- LEA Coordinator Guide for Random Moment Time Study (RMTS)
- Administrative Activities Claiming (AAC) Guide
- Instruction Guide for the Annual Direct Service Cost Report
- SBMP Provider Contract