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TO: Local Education Agencies (LEA) participating in the School-Based ACCESS Program

FROM: Rebekah Ludwick, Director
School-Based ACCESS Program
Department of Human Services

DATE: March 16, 2015

SUBJECT: Revised Provider-Specific Interim Rates

In accordance with the approved payment methodology outlined in Pennsylvania's Medicaid State Plan, the Department of Human Services (DHS), in conjunction with the Pennsylvania Department of Education (PDE), will be revising the provider-specific interim rate (rate) for Local Education Agencies (LEA).

Per the December 30, 2014 memorandum titled "Revisions to Interim Rates for FY 2014-15," LEAs with negative settlements of \$1,000 or greater from the FY 2012-13 cost settlement will receive a revision to their rates, effective with dates of service on or after January 1, 2015. **Based on these criteria, 234 LEAs will receive revised rates.** Each LEA receiving revised rates will be individually notified by Public Consulting Group (PCG).

Please note that LEAs with positive settlements or with negative settlements of less than \$1,000 from the FY 2012-13 cost settlement will not receive an adjustment to their rates for FY 2014-15.

The following process was used to calculate the revised rates for each impacted LEA:

- 1) Final **Medicaid Allowable Costs by Service Type** (i.e. Speech, Language and Hearing Services) were taken from the FY 2012-13 cost reports for each LEA.
- 2) The **total number of service units** was taken from the final Medicaid **paid claims** data used in calculating the FY 2012-13 cost settlements. For service types with multiple procedure codes, the total units represent the sum of all units from each procedure code within that service type (i.e. the Speech, Language and Hearing units are based on the sum of units across procedure codes 92506, 92507, and 92508 and inclusive of all modifier combinations within those procedure codes).



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- 3) A Cost per Unit was calculated for each service type by **dividing** the Medicaid Allowable Costs by the Total Number of Service Units.
- 4) The resulting Cost per Unit serves as the **starting point** for the rate calculation.
- 5) For service types with a **single procedure code** and modifier combination, the Cost per Unit serves as the rate for that service.
- 6) For service types with **multiple procedure code and modifier combinations**, the following process would be followed to develop unique rates for each procedure code and modifier combination:
 - a. For service types with multiple clinician levels (i.e. a psychiatrist and a social worker), a discount factor will be applied to the base cost per unit to determine the cost per unit of the clinician.
 - i. The discount factor is calculated based on the statewide averages of the individual rates for the services provided by those clinicians in FY 2012-13. For example, the statewide average hourly rate for social workers was 31% of the rate for psychiatrists. The cost per unit for the social worker would be reflected as 31% of the cost per unit for the psychiatrist.
 - b. For service types with both individual and group services, an average group size of 3 is assumed to determine the cost per unit for a group service.
 - i. For example, the cost per unit for an individual occupational therapy service would be divided by 3 to determine the cost per unit for a group occupational therapy service.
- 7) When an LEA did not have data to support the calculation of a cost per unit (missing cost data, service unit data, or both), the rate was defaulted to \$0. If the rate is defaulted to \$0 or if a revised rate falls below \$1, **a minimum rate of \$1 per unit** will be applied.
- 8) Following the calculation of the revised rates using the FY 2012-13 cost reports, the revised rates were compared to the current rates in place for the same procedure code/modifier combinations to determine the lesser of the revised rate and the existing rate. The LEAs were given the lesser of the revised rate and the existing rate for their new rates.



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Accompanying this memorandum is a chart titled “Sample LEA: FY 2014-15 Rate Calculation Model” to demonstrate the calculation methodology outlined above. Again, each of the 234 LEAs receiving revised rates will be individually notified by PCG.

For future planning, all LEAs will receive adjustments to their rates on an annual basis, beginning in FY 2015-16, pending completion of the prior year’s cost settlement. For example, dates of service for FY 2015-16 rates will be adjusted according to the outcomes from the FY2013-14 cost settlement.

For any questions regarding this memorandum, please contact me at rebludwick@pa.gov or (717) 787-5512.