The purpose of this message is to provide important information to Local Educational Agencies (LEA) regarding school-based medical services billing for health-related purchased services provided by licensed private academic schools, including Approved Private Schools (APS).


On July 17, 2014, CMS sent the Pennsylvania Department of Human Services (DHS) the final report. The report included the following: “CMS has determined that the approved private schools are not a government unit for Medicaid reimbursement purposes, and a certified public funding mechanism cannot be used.”

Therefore, only “government unit” LEAs can participate as providers in the School-Based ACCESS Program and can claim the costs of providing or purchasing school-based medical services.

LEAs that have agreements with licensed private academic schools, including Approved Private Schools (APS), to provide medically necessary school-based medical services documented in the Individualized Education Program (IEP) to Medicaid Allowable eligible students, may include the costs of the services in their annual cost reports as health-related purchased services. Health-related purchased services can include contracted health services or contracted tuition costs and will not be subject to the cognizant agency indirect cost rate.

Contracted health services will be subject to the statewide direct medical service percentage to determine the Medicaid allowable health-related costs.
Contracted tuition costs will be subject to an individual health-related tuition percentage to determine the Medicaid allowable health-related tuition costs.

LEAs that plan to claim contracted health services must work with the contracting entity to include staff as participants of the LEA’s Direct Service Cost Pool, as appropriate, and identify allowable Medicaid direct service costs for those individuals.

Should you have any questions regarding this information, please contact Rebekah Ludwick at DHS at rebludwick@pa.gov.

BILLING FOR ALLOWABLE HEALTH-RELATED PURCHASED SERVICES

1. Can the Local Educational Agency (LEA) claim costs for all students with Individualized Education Programs (IEPs) who attend schools outside the district?
   No. The LEA can only include contracted health services and contracted tuition costs for students who are receiving a direct medical service as listed in their IEPs.

2. Can health-related purchased services for both Medicaid-eligible and non-Medicaid-eligible students be reported?
   Yes. Contracted health services and contracted tuition costs are subjected to the LEA’s IEP ratio to determine Medicaid Allowable (MA) costs, so it is appropriate to include costs for both MA- and non-MA-eligible students. It is also important that any students for which costs are reported should be included in the IEP ratio, with the total of all students with a health-related service in their IEP included in the denominator and total number of MA-eligible students with a health-related service in their IEP included in the numerator.

3. How can an LEA claim contracted Approved Private School (APS) tuition costs on their annual cost report, if they receive partially funded Pennsylvania Department of Education (PDE) slots?
   First, the LEA must confirm whether the student enrolled in the APS is in a PDE partially funded slot or whether the LEA is responsible for paying the full tuition for the student. For example, the LEA sends Student A and Student B to an APS with an annual tuition rate of $75,000. Student A is in a PDE partially funded slot, with PDE paying for 60 percent of the tuition and the LEA paying 40 percent. Student B is funded 100 percent by the LEA. The LEA would claim $105,000 of tuition on its annual cost report ($30,000 for Student A and $75,000 for Student B).

4. Will the APS receive any School-Based ACCESS Program (SBAP) reimbursements for providing the LEA with documentation to submit direct service claims or for participating in the LEA’s RMTS staff pool?
   Since APSs are no longer eligible to participate as MA providers in the SBAP as of January 1, 2015, they cannot receive direct reimbursement. However, a funding agreement may be established between the LEA and APS.

5. Can the LEA include costs paid to an APS for administrative support as part of the LEA’s annual cost report?
   No. Cost reports are used to determine Medicaid allowable costs for direct medical services only.
6. If an LEA is billed separately for health-related services such as occupational therapy or 1:1 aide services, outside of the annual APS tuition rate, can the LEA include costs incurred as both contracted health services and contracted tuition for the same student? 
   Yes, if the LEA provides payments to an APS for both tuition and separate health-related service(s) for the same student, the LEA may include both tuition and contracted costs on their cost report. As in Question #3, the LEA must first determine whether the student is in a PDE partially funded slot or not.

7. How does the LEA know which APS staff to include on its Random Moment Time Study Direct Service Staff Pool list? 
   If an LEA plans to claim contracted health services, it must include contracted staff members who perform direct health-related services. LEAs would need to work with APSs to identify those direct service staff.