

Status Report to the West Virginia Board of Education

West Virginia Code § 18-2-5b
Medicaid Eligible Children

FY 2016



Office of Special Education
Division of Teaching and Learning



**WEST VIRGINIA BOARD OF EDUCATION
2016-2017**

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To provide an annual status report on Medicaid reimbursement to the West Virginia Board of Education.

In March, 1990, West Virginia Code §18-2-5b authorized West Virginia local education agencies to become Medicaid providers in order to participate in federal Medicaid reimbursement for billable services that are special education or related services.

Development of the program was a collaborative effort of the West Virginia Department of Education (WVDE) and the West Virginia Department of Health and Human Resources (WVDHHR).

The purpose of this report is to provide information regarding the implementation of West Virginia Code §18-2-5b Medicaid Eligible Children, for the fiscal year July 1, 2015, to June 30 2016. The report contains an overview of the activities conducted in order to maximize funding to the state education system, highlights in FY 2016 and the total reimbursement per county.

West Virginia Code 18-2-5b Medicaid Eligible Children

(a) The state board shall become a Medicaid provider and seek out Medicaid eligible students for the purpose of providing Medicaid and related services to students eligible under the Medicaid program and to maximize federal reimbursement for all services available under the Omnibus Budget Reconciliation Act of one thousand nine hundred eighty-nine, as it relates to Medicaid expansion and any future expansions in the Medicaid program for Medicaid and related services for which state dollars are or will be expended: Provided, That the state board may delegate this provider status and subsequent reimbursement to regional educational service agencies (RESA) and/or county boards: Provided, however, That annually the state board shall report to the Legislature the number and age of children eligible for Medicaid, the number and age of children with Medicaid coverage, the types of Medicaid eligible services provided, the Medicaid dollars reimbursed; and the problems encountered in the implementation of this system and that this report shall be on a county by county basis and made available no later than the first day of January, one thousand nine hundred ninety-two, and annually thereafter.

Overview

In 1975, Congress passed the Education for All Handicapped Children Act, subsequently reauthorized as the Individuals with Disabilities Education Act (IDEA), mandating the provision of special education and health related services to eligible students with disabilities. IDEA governs special educational services, parental rights, individualized education programs (IEPs), and the requirement that children be provided a free appropriate public education (FAPE).

In 1988, Congress amended Title XIX of the Social Security Act to include Section 1903(c) which prohibits the Medicaid program from denying reimbursement for services that are in a child's individualized education program (IEP) or individualized family services plan (IFSP) under IDEA. IDEA also provides that any non-educational public agency, including Medicaid, is obligated under Federal or State law to "pay for any services that are considered special education or related services." The provision is maintained in the most recent reauthorization of IDEA 2004 [612(a)(12)(A)(i)]. It emphasizes Medicaid's financial responsibility for covered services provided in the school setting for children who have an IEP or IFSP.

West Virginia Code §18-2-5b enacted on March 5, 1990, requires the county school districts to be enrolled as Medicaid group providers, to seek out Medicaid eligible students and to maximize reimbursement for all Medicaid covered services. This provider status and subsequent reimbursement is delegated to county boards of education. The costs of providing health care and services to individuals that meet specific eligibility criteria are shared by the state and federal governments. The respective shares or "matching rates" are calculated annually by the federal government and are based on the state's per capita income. For school-based Medicaid reimbursement, the West Virginia Department of Education (WVDE) certifies the state match using state education funds.

During the federal fiscal year (October 1, 2015 to September 30, 2016), the Federal Medical Assistance Percentage (FMAP) for West Virginia was 71.42% while the state's match was 28.58%. For July 1, 2015, to September 30, 2015, the FMAP was 71.35%, while the state's match was 28.65%.

For the fiscal year July 1, 2015, to June 30, 2016, the total federal portion of the fee-for-service payments to the LEAs was \$8,804,435.82. The WVDE certified that \$3,529,169.02 was available as the state's match, and was not utilized for other federal programs.

The Billing Process in West Virginia

West Virginia has fifty-seven local education agencies (LEAs) which includes the fifty-five counties, West Virginia Schools for the Deaf and Blind and the Office of Institutional Education Programs. Each of the fifty-seven districts is enrolled with two separate providers. One provider account includes all direct service, with the other account including ancillary services. The LEAs are served by eight multi-county Regional Education Service Agencies (RESAs). Each RESA has identified a Medicaid billing specialist, who works with their respective LEAs to identify eligible students, collect billing information and electronically submit claims for Medicaid reimbursable services. LEAs may enter into a contractual agreement with RESA in regard to the services requested of the Medicaid billing specialist.

Molina Medicaid Solutions, a service contracted by WVDHHR, processes the received claims as paid or denied. The West Virginia Bureau for Medical Services remits all of the federal Medicaid reimbursement for paid claims directly to the LEAs.

During the fiscal year 2016, West Virginia's State Plan covered the following services when identified in a student's IEP and listed on the student's Medicaid Service Care Plan:

Direct Services:

- Audiological Services
- Occupational Therapy
- Physical Therapy
- Nursing Services
- Psychological Services
- Speech Language Pathology Services

Ancillary Services:

- Targeted Case Management
- Personal Care Services
- Specialized Transportation

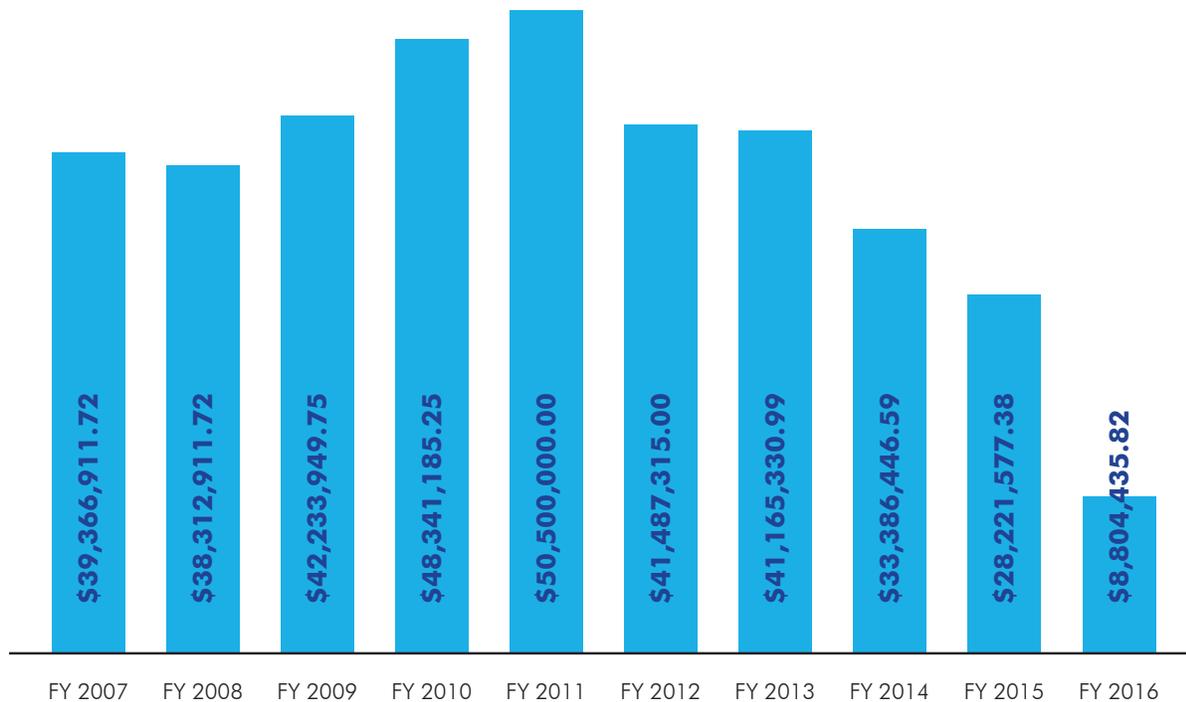
Fiscal Year 2016 Federal Medicaid Reimbursement by County and Service

COUNTY	Direct Services	Ancillary Services	FY2016 TOTAL	FY2015 TOTAL	NET CHANGE
Barbour	\$4,563.44	\$30,144.14	\$34,707.58	\$149,731.68	\$(115,024.10)
Berkeley	\$39,937.50	\$572,705.32	\$612,642.82	\$1,388,733.59	\$(776,090.77)
Boone	\$4,403.42	\$332,739.06	\$337,142.48	\$753,042.84	\$(415,900.36)
Braxton	\$34,068.26	\$21,678.08	\$55,746.34	\$103,773.22	\$(48,026.88)
Brooke	\$21,853.36	\$194,207.62	\$216,060.98	\$649,736.86	\$(433,675.88)
Cabell	\$3,897.65	\$532,421.92	\$536,319.57	\$1,714,533.18	\$(1,178,213.61)
Calhoun	\$165.86	\$13,316.65	\$13,482.51	\$77,854.19	\$(64,371.68)
Clay	\$8,547.65	\$132,022.82	\$140,570.47	\$301,759.25	\$(161,188.78)
Doddridge	\$2,728.32	\$33,141.36	\$35,869.68	\$135,765.22	\$(99,895.54)
Fayette	\$40,588.81	\$106,007.00	\$146,595.81	\$787,728.25	\$(641,132.44)
Gilmer	\$3,020.63	\$48,785.96	\$51,806.59	\$139,252.89	\$(87,446.30)
Grant	\$8,956.13	\$130,727.26	\$139,683.39	\$352,869.33	\$(213,185.94)
Greenbrier	\$21,105.81	\$251,738.53	\$272,844.34	\$705,586.01	\$(432,741.67)
Hampshire	\$18,594.90	\$134,143.87	\$152,738.77	\$574,551.67	\$(421,812.90)
Hancock	\$34,834.33	\$355,817.93	\$390,652.26	\$761,827.41	\$(371,175.15)
Hardy	\$7,944.05	\$68,469.79	\$76,413.84	\$378,765.56	\$(302,351.72)
Harrison	\$24,438.23	\$403,281.63	\$427,719.86	\$758,858.73	\$(331,138.87)
Jackson	\$10,728.41	\$72,972.50	\$83,700.91	\$332,976.06	\$(249,275.15)
Jefferson	\$29,814.18	\$113,305.27	\$143,119.45	\$484,786.42	\$(341,666.97)
Kanawha	\$28,760.81	\$524,721.93	\$553,482.74	\$1,763,179.02	\$(1,209,696.28)
Lewis	\$4,865.72	\$56,550.48	\$61,416.20	\$182,266.19	\$(120,849.99)
Lincoln	\$11,198.32	\$160,228.68	\$171,427.00	\$551,623.42	\$(380,196.42)
Logan	\$18,235.67	\$86,721.67	\$104,957.34	\$234,586.36	\$(129,629.02)
Marion	\$32,617.73	\$252,522.65	\$285,140.38	\$637,081.46	\$(351,941.08)
Marshall	\$18,589.53	\$447,172.27	\$465,761.80	\$935,957.11	\$(470,195.31)
Mason	\$10,693.22	\$112,652.41	\$123,345.63	\$373,754.91	\$(250,409.28)
McDowell	\$7,076.90	\$65,611.21	\$72,688.11	\$300,666.43	\$(227,978.32)
Mercer	\$12,468.76	\$152,992.03	\$165,460.79	\$723,416.70	\$(557,955.91)
Mineral	\$14,863.86	\$116,488.57	\$131,352.43	\$479,737.83	\$(348,385.40)
Mingo	\$17,992.91	\$80,372.70	\$98,365.61	\$459,869.34	\$(361,503.73)
Monongalia	\$9,380.50	\$246,190.91	\$255,571.41	\$627,165.97	\$(371,594.56)
Monroe	\$645.04	\$19,923.83	\$20,568.87	\$152,624.82	\$(132,055.95)
Morgan	\$10,735.72	\$29,601.52	\$40,337.24	\$443,528.92	\$(403,191.68)
Nicholas	\$10,535.24	\$62,684.41	\$73,219.65	\$424,580.38	\$(351,360.73)
Ohio	\$26,296.26	\$430,302.81	\$456,599.07	\$710,728.88	\$(254,129.81)
Pendleton	\$8,371.77	\$94,810.71	\$103,182.48	\$351,124.69	\$(247,942.21)
Pleasants	\$2,517.29	\$19,912.54	\$22,429.83	\$111,979.48	\$(89,549.65)
Pocahontas	\$6,842.25	\$23,740.58	\$30,582.83	\$76,438.10	\$(45,855.27)
Preston	\$11,706.26	\$62,313.56	\$74,019.82	\$369,110.24	\$(295,090.42)
Putnam	\$6,323.69	\$106,881.37	\$113,205.06	\$445,720.71	\$(332,515.65)
Raleigh	\$38,381.12	\$161,489.62	\$199,870.74	\$1,135,421.99	\$(935,551.25)
Randolph	\$7,443.76	\$57,821.93	\$65,265.69	\$413,878.58	\$(348,612.89)
Ritchie	\$970.64	\$50,204.56	\$51,175.20	\$191,138.52	\$(139,963.32)
Roane	\$2,095.00	\$50,728.31	\$52,823.31	\$316,490.94	\$(263,667.63)
Summers	\$3,926.23	\$35,555.71	\$39,481.94	\$160,689.32	\$(121,207.38)
Taylor	\$5,596.16	\$63,185.54	\$68,781.70	\$271,142.76	\$(202,361.06)
Tucker	\$172.23	\$16,595.70	\$16,767.93	\$75,677.04	\$(58,909.11)
Tyler	\$4,101.17	\$77,812.79	\$81,913.96	\$240,013.39	\$(158,099.43)
Upshur	\$18,727.37	\$179,372.28	\$198,099.65	\$839,998.26	\$(641,898.61)
Wayne	\$17,069.27	\$53,724.48	\$70,793.75	\$884,744.87	\$(813,951.12)
Webster	\$12,337.70	\$54,038.92	\$66,376.62	\$227,713.03	\$(161,336.41)
Wetzel	\$14,900.74	\$141,701.56	\$156,602.30	\$434,005.48	\$(277,403.18)
Wirt	\$4,316.29	\$8,793.31	\$13,109.60	\$109,632.68	\$(96,523.08)
Wood	\$32,456.52	\$296,219.30	\$328,675.82	\$1,351,245.68	\$(1,022,569.86)
Wyoming	\$4,391.42	\$77,393.28	\$81,784.70	\$528,965.92	\$(447,181.22)
OIEP	\$-	\$-	\$-	\$46,368.45	\$(46,368.45)
WVSDDB	\$21,980.97	\$-	\$21,980.97	\$87,177.15	\$(65,196.18)
TOTALS	\$779,774.98	\$8,024,660.84	\$8,804,435.82	\$28,221,577.38	\$(19,417,141.56)

Fiscal Year 2016 Federal Medicaid Reimbursement by Type

Type	FY2016 Total
Audiology	\$3,579.94
Ancillary (Specialized Transportation, Personal Care Services, and Targeted Case Management (TCM))	\$8,024,660.84
Physical Therapy	\$110,360.57
Occupational Therapy	\$170,758.79
Speech Language Therapy	\$345,420.52
Psychological	\$90,492.22
Nursing Services	\$59,162.94
TOTAL	\$8,804,435.82

Annual West Virginia Medicaid Reimbursements from 2007 - 2016



Highlights in FY 2016

The State Plan Amendment (SPA) was approved on November 14, 2014 and was effective as of July 1, 2014. This plan was in development for several years. One major impact of the SPA was the elimination of reimbursements for annual Individualized Education Program (IEP) development. This was the largest area of Medicaid reimbursement to local districts. An initial IEP was billed at \$703.66 and an annual IEP was billed at \$171.97. Prior to FY15, each Medicaid eligible student would have one billable IEP per year. The School Based SPA can be found on-line at the following link.

<http://www.dhhr.wv.gov/bms/CMS/SMP/Documents/SPAs/SPAs%202012/SWIFT-091220124038-FinalResponse-WV-SPA12-006.pdf>

The SPA changed Care Coordination to Targeted Case Management (TCM). Care Coordination was billed as a monthly service at a rate of \$98.41 per month. TCM was billable in a fifteen minute unit based on specific activities that was billable at a rate of \$14.35 per unit.

The West Virginia Bureau for Medical Services (BMS) within the WVDHHR created a specific policy for implementation of School-Based Health Services based on the SPA Chapter 538 of the BMS Medicaid Provider Manual. This policy became effective August 1, 2015. The policy can be found on-line at the following link.

<http://www.dhhr.wv.gov/bms/Pages/Chapter-538-School-Based-Health-Services.aspx>

The bulk of Medicaid reimbursements for fee-for-service billing are derived from ancillary services. Ancillary services include Transportation, Personal Care Services and Targeted Case Management.

Ancillary reimbursement received in FY2015 for IEPs billed during FY2014 was \$4,331,631. Since IEP billing was no longer allowed for dates of service after July 1, 2014, there were no reimbursements for IEP services received during FY2016. **IEP billing was eliminated yielding a reduction of \$4.3 million in fee-for-service reimbursements received in FY16 versus FY15.**

The SPA also changed transportation billing. During the FY 2016, specialized transportation could only be billed on days the student received a Medicaid service. The billing also changed from round trips to one-way trips. An additional restriction began on August 1, 2015 requiring the bus to be specially equipped with a lift. **Transportation billing yielded a reduction of \$2.3 million in fee-for-service reimbursements received in FY16 versus FY15.**

The new policy changed Personal Care Services from a full/half day billing to billing for 15 minute units dependent upon specific type of services performed for the student. The full day rate was \$192.68. The new unit rate was \$4 per unit with a maximum of 28 units per instructional day. This would yield a maximum of \$112.00 per day if every minute was qualified as a billable service. **Personal Care Services billing yielded a reduction of \$4.2 million in fee-for-service reimbursements received in FY16 versus FY15.**

In addition to the SPA changes to TCM described above, the new policy changes further limited TCM to a maximum of five units per instructional day. The policy also reduced the number of students eligible for TCM services. Teachers who were providing special education services only for academic reasons were not allowed to bill for TCM related to those services. This limited the TCM billing to activities related to medical necessity and therefore, reduced the number of students that were eligible to receive TCM services. **Targeted Case Management billing yielded a reduction of \$7.4 million in fee-for-service reimbursements received in FY16 versus FY15.**

The total amount of ancillary billing received in FY15 was \$26,212,661, which was reduced to only \$8,024,661 in FY16*. Ancillary services combined experienced a total reduction of \$18,188,000 in fee-for-service reimbursements received in FY16 versus FY15. *FY16 totals include some payments for services provided during FY15 that were not impacted by the new policy changes.

The new policy based on the SPA also requires Speech-Language Pathologists (SLPs) to be licensed by the WV Board of Examiners Speech-Language Pathology & Audiology to bill for assessment and therapy. SLPs certified by the West Virginia Department of Education and Speech Assistants (SLPAs) are only allowed to bill fee-for-service if supervised by an SLP licensed by the Board of Examiners Speech-Language Pathology & Audiology.

Due to letters received from the WV Board of Examiners Speech-Language Pathology & Audiology, the SLPs with such licensure had concerns regarding how such indirect supervision would impact their license and did not feel comfortable with such a requirement. **Therefore, the SLPs with the certification through WVDE and the SLPAs did not bill fee-for-service during FY16, which was a reduction of \$666,553 over FY15 billing.** However, the costs for the SLPAs and SLPs with WVDE certification will be claimed on the cost report and the LEAs will ultimately receive funding for providing the services.

The fee-for-service reimbursement for each district was compared across FY15 and FY16. This data was shared with the Special Education Director for each district. **The comparison indicated an average yield of 31% in FY16 of their reimbursement total from FY15.**

District Cost Settlement

The most significant change in the SPA was the implementation of a cost settlement process that will determine the ultimate amount of Medicaid revenue that an LEA will receive for a particular fiscal year. Previously, all Medicaid revenue had been based solely on the fee-for-service billing submitted by the LEA. Under the new methodology, the LEA submits an annual cost report which calculates the overall cost to the LEA for performing the Medicaid eligible services.

On a quarterly basis, the LEAs submit a roster of staff performing Medicaid eligible services to Public Consulting Group (PCG), DHHR's contractor. The individuals listed on the rosters receive e-mails notifying them they have been selected for a "random moment" and must submit information regarding exactly what they were doing at that exact moment of the day. Based on the responses submitted, PCG determines what percentage of the time spent by the staff statewide is spent on Medicaid eligible services.

On the annual cost report, the LEAs report the actual cost associated with the staff reported on the quarterly rosters and the random moment allowable cost percentage is applied to those reported costs. Several other factors are considered on the cost report to determine the total cost to the LEA for performing Medicaid allowable services to eligible students.

The total cost from the cost report is compared to the amount the LEA billed through fee-for-service billing for the same dates of service. If the cost from the cost report exceeds the amounts billed through fee-for-service billing, DHHR will owe the LEA the difference. In contrast, if the amount on the cost report is less than the amounts billed through fee-for-service, the LEA will owe DHHR the difference.

See a calculation example on the following page.

The first year where the cost settlement process was fully in place was for the 2014-15 school year. County boards completed their annual cost reports for the 2014-15 year in February 2016. The cost settlement amounts have not yet been finalized for 2014-15. There were initial delays due to the need to develop custom queries from the Molina billing system and the need to wait until all fee-for-service claims for the fiscal year to be submitted (counties have one year from the data of service to submit the claim). Estimated settlements were released in September, but those estimates are currently being revised for IEP paybacks made during the fiscal year and to correct an interpretation regarding the conversion of round-trips to one-way trips for one of the specialized transportation ratios utilized in the cost settlement calculation.

District Cost Settlement Calculation Example

1	Total Direct Service Costs of Eligible School-Based Providers	\$ 1,000,000
2	Random Moment Time Study percentage of Medicaid allowable activities	45%
3	Calculated cost of Medicaid allowable activities	\$ 450,000
4	Direct service contractor costs	\$ 100,000
5	Sub-total	\$ 550,000
6	Unrestricted indirect cost rate (15%)	\$ 82,500
7	Sub-total	\$ 632,500
8	IEP Ratio (Number of Medicaid eligible students with a direct Medicaid covered service in their IEP divided by the total number of students with a direct Medicaid covered service in their IEP)	50% \$ (316,250)
9	July-September Federal Medical Assistance Percentage (FMAP) (#8 * 25% * 71.09%) FMAP for FY2015	\$ 56,206
10	October-June Federal Medical Assistance Percentage (FMAP) (#8 * 75% * 71.35%) FMAP for FY2015	\$ 169,233
11	Gross Cost Settlement Amount (#9 + #10)	\$ 225,439
12	Medicaid interim payments received	\$ 200,000
13	Medicaid cost settlement	\$ 25,439

Based on the latest 2014-15 cost settlement amounts, it is estimated that DHHR will owe the LEAs an additional \$4.4 million. The amount varies significantly among LEAs. The largest amount received will be Kanawha County who is due \$752,216 from DHHR and the largest payable is Greenbrier County, who owes DHHR \$246,532 for the 2014-15 year.

Many of the factors that resulted in the county boards of education owing funds back to DHHR for the 2014-15 year have already been resolved during the 2015-16 year. The LEAs billed far less on the fee-for-service side during the 2015-16 year due to additional billing procedures implemented in August 2015 (as previously discussed). Assuming that the annual cost reports are similar for the 2015-16 school year, the annual cost settlements for the 2015-16 year should be far more favorable to the LEAs. It is likely that DHHR will owe additional funds to all LEAs on the 2015-16 cost settlement.

The 2015-16 cost settlement should be performed during the spring or early summer of 2017. The cost report for 2015-16 is due December 31, 2016.

Administrative allowable responses are also collected in the Random Moment Time Study. Administrative staff are those who may provide Medicaid related administrative activities that benefit students. These activities include services such as Medicaid eligibility determination, outreach, referral, coordination and monitoring of Medicaid services. The revenue generated from the Medicaid Administrative Claiming (MAC) program will be distributed quarterly based on a quarterly cost report and is not cost-settled annually. MAC claims have not yet been paid for FY15 or FY16 pending the approval of the cost implementation guide by federal Center for Medicaid Services (CMS).

Information by county and by month for FY 2016 may be obtained by contacting:

Terry Riley – Coordinator
Office of Special Education
Division of Teaching and Learning
West Virginia Department of Education
Building 6, Room 717
1900 Kanawha Boulevard East
Charleston, WV 25305

Phone: 304-558-2696 extension 53223

E-mail: tjriley@k12.wv.us

Site: <http://wvde.state.wv.us/osp/medicaid.html>

Information on the Cost Settlement Process may be obtained by contacting:

Amy Willard – Executive Director
Office of School Finance
Division of Finance and Administration
West Virginia Department of Education
Building 6, Room 215
1900 Kanawha Boulevard East
Charleston, WV 25305

Phone: 304-558-6300

E-mail: awillard@k12.wv.us

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