



**Virginia Medicaid**

Department of Medical Assistance Services



**Direct Health Care Services  
Cost Report Instruction Guide  
for Local Education Agencies**

**Commonwealth of Virginia  
Department of Medical Assistance Services (DMAS)**

Effective July 1, 2022

# TABLE OF CONTENTS

SECTION I: Overview _____	3
Introduction _____	3
Reimbursement Available for Costs of Providing Health Care Services that are Related to a Student’s IEP and those that are Not IEP-Related _____	4
Contact Information _____	5
SECTION II: Applicable Laws, Regulations and Guidance _____	6
Requirements for Expenditure Reporting _____	6
SECTION III: Overview of Cost Reporting Process _____	8
A. Direct Service Interim Claims _____	8
<i>Interim Payment Rates</i> _____	8
B. Designate Staff to Access the Cost Report System _____	8
C. Schedule and Deadlines for Cost Reports _____	9
D. Important Note about Pre-Populated Information _____	10
SECTION IV: Allowable Costs for Direct Health Care Services _____	11
A. Salary and Benefit Expenditures _____	11
<i>Allowable Personnel Expenditures</i> _____	12
<i>Personnel Costs are Reported by Quarter</i> _____	13
B. Contracted Staff Costs _____	14
<i>Contracted Staff Costs are Reported by Individual and Quarter</i> _____	15
C. Non-Personnel Costs _____	16
D. Medicaid Eligibility Percentages _____	17
<i>Medicaid Eligibility Percentage related to IEP Health Care Services</i> _____	17
<i>Medicaid Eligibility Percentage related to Non-IEP (Expansion) Health Care Services</i> _____	18
SECTION V: Application of Random Moment Time Study (RMTS) Percentages _____	19
SECTION VI. Certification of Public Expenditures _____	20
SECTION VII. Record Retention Policy _____	21
APPENDIX A: Certification of Public Expenditure _____	22
APPENDIX B: Service Types _____	23
APPENDIX C: LEA Designee Form _____	25
APPENDIX D: Indirect Cost Guidance _____	27
APPENDIX E: Glossary of Terms _____	30

# SECTION I: OVERVIEW

## Introduction

Virginia's Local Educational Agencies (LEAs), including the Virginia School for the Deaf and Blind at Staunton (VSDB) provide a range of school-based health services to students in order to ensure their safety, attendance and academic performance in the school setting. Some of the students receiving these services are covered by Virginia's Medicaid program or Virginia's Children's Health Insurance Program (known as Family Access to Medical Insurance Services or FAMIS), and some of the school-based health services provided are covered under one or both of these programs as direct health care services. The Department of Medical Assistance Services (DMAS) oversees the Medicaid and FAMIS programs for Virginia, and LEAs that meet DMAS provider screening and enrollment requirements may seek Medicaid and FAMIS program cost-based reimbursement for costs associated with:

1. Providing covered direct health care services to Medicaid and FAMIS eligible students;
2. Providing specialized transportation services to and/or from a location where a covered direct health care service is rendered for a Medicaid or FAMIS eligible student, if the need for the service and for the specialized transportation are both included in the student's Individualized Education Program (IEP) plan; and
3. Performing administrative activities that support access to covered services for Medicaid eligible students.

This manual provides LEAs with instructions for determining costs associated with number 1 above (providing covered direct health care services to Medicaid and FAMIS eligible students). For instructions on determining allowable costs associated with providing specialized transportation services and performing administrative activities, LEAs should consult the *LEA Instruction Guide for Medicaid Claiming of Costs Associated with Specialized Transportation*.

Medicaid and FAMIS cover the following health-related direct services provided by LEA providers when the services are medically necessary and provided by a Medicaid qualified practitioner pursuant to all requirements described in the *DMAS LEA Provider Manual*.

- Speech Language Therapy (SLP)
- Occupational Therapy (OT)
- Physical Therapy (PT)
- Nursing
- Behavioral Health
- Audiological Services
- Medical Evaluation
- Personal Care

Final reimbursement for these services is determined by the School Based Direct Services Cost Report. DMAS pays 95 percent of the federal share of the certified costs for these services. **If a participating LEA submits interim claims for services provided, but does not complete the required cost report, the LEA must refund all interim payments received.**

### **Reimbursement Available for Costs of Providing Health Care Services that are Related to a Student's IEP and those that are Not IEP-Related**

Effective July 1, 2022, DMAS has expanded the opportunity for LEAs to receive reimbursement for all medically necessary health care services rendered to students, regardless of whether the services are provided related to a student's IEP. The opportunity to participate in the expanded, non-IEP service reimbursement is optional, and LEAs may choose to participate in either one or both service categories: IEP services and/or Non-IEP services. The DMAS reimbursement methodology calculates the Medicaid allowed amount separately and mutually exclusively for each service category, so participation in one service category has no impact on the LEAs reimbursement in the other. The two reimbursement opportunities are kept mutually exclusive through:

- a. **RMTS percentages** that separately capture and quantify the percent of time LEA staff spend providing health care services pursuant to an IEP vs. non-IEP. The RMTS percentages are statewide, meaning that the same percentages are applied in the cost settlement calculation for all participating LEAs.
- b. **Medicaid Eligibility Percentages** that separately quantify the percent of LEA students who are enrolled in Medicaid and FAMIS from the LEA's special education student

population and from the LEA's total division-wide enrollment. The Medicaid Eligibility Percentages are specific to each LEA.

## Contact Information

Virginia Department of Medical Assistance Services (DMAS)  
600 East Broad Street  
Richmond, Virginia 23219  
804-625-3662

Virginia Department of Education (VDOE)  
James Monroe Building  
101 N. 14<sup>th</sup> Street  
Richmond, Virginia 23219  
800-292-3820

The University of Massachusetts Chan Medical School (UMASS) is the contractor engaged by DMAS to manage the cost settlement process (DMAS contractor).

University of Massachusetts Chan Medical School (UMASS)  
Health Care Financing Solutions  
333 South Street  
Shrewsbury, MA 01545  
800-535-6741

## SECTION II: APPLICABLE LAWS, REGULATIONS AND GUIDANCE

All LEAs participating in the DMAS Direct Service claiming program must comply with applicable federal and state laws, regulations and guidance, including, but not limited to:

- Section 1902(a) of the Social Security Act;
- Code of Federal Regulation (C.F.R.) Titles 42 and 45;
- OMB Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (2 C.F.R. §200);
- OMB Circular A-133 Audits of States, Local Governments, and Non-Profit Organizations; and
- GS-102, Fiscal Records (December 2017), of the Library of Virginia Record Retention Policy

### Requirements for Expenditure Reporting

Unless otherwise indicated in this guide, the LEA must ensure that the cost report includes only expenditures incurred during the report period (i.e. the date of the service related to an allowed expenditure determines the period in which the expenditure will be reported).

Following this rule, prepaid expenditures must be reported on the cost report that covers the period that includes the date of service associated with the expenditure.

Expenditures must be excluded from the cost report in all expenditure categories in any of the following situations:

- LEAs must **exclude** restricted federal funding from the report of actual LEA expenses. Only state/local funding sources may be included. This includes exclusion of any costs funded through a federal grant or from other federal funds, including Individuals with Disabilities Education Act (IDEA) and all federal funding sources such as the Coronavirus Aid, Relief, and Economic Security Act (CARES) funds;
- LEAs must **exclude** state or local funds that were a required match to receive a federal grant or other federal funds, which are considered part of the federal funding percentage related to staff salary (2 C.F.R. § 200.306);
- LEAs must **exclude** costs for Medicaid billing vendors that are paid on a contingency fee (percentage based); and

- LEAs must **exclude** any expenditures, including staff salary, that are included in the LEA's Indirect Cost Rate. See Appendix D for additional details and excluded account object codes.
- Costs for services provided without corresponding interim claims must be **excluded**. The LEA must demonstrate that interim claims are submitted for each category of covered, direct health care services for which the LEA seeks cost reimbursement, and that each individual rendered service claimed must be categorized as IEP or non-IEP. For costs, including employed and contracted staff salary and benefits, supplies, materials, equipment, and travel expenditures, associated with specific service categories to be included in a particular quarter's report, there must be evidence that interim claims for each included service category have been submitted, processed, categorized as IEP or non-IEP and paid through the DMAS Medicaid Management Information System (MMIS). The staff job descriptions and other related costs associated with each service type grouping are detailed in Appendix B.  
\* Note: Medicaid billing costs may be included only in quarters where paid interim claims exist for at least one of the covered service types.
- Additional exclusions that are applicable to specific sections of the cost report are indicated in those sections to follow.

## SECTION III: OVERVIEW OF COST REPORTING PROCESS

### A. Direct Service Interim Claims

The LEA must demonstrate that interim claims are submitted for each rendered service within each category of service for which the LEA is seeking cost-based reimbursement. Each individual rendered service claimed must also be categorized as IEP or non-IEP. Interim claims are submitted through DMAS's claims processing system (MMIS) following electronic claims submission requirements as posted on the DMAS website (<https://www.dmas.virginia.gov>) and in the *LEA Provider Manual* (<https://vamedicaid.dmas.virginia.gov/>). All interim claims for dates of service occurring within the fiscal year that is the subject of the cost report must be submitted within 1 year of the date of service, or by March 15 of the following claim reporting year, whichever is earlier.

#### *Interim Payment Rates*

DMAS will make interim payments during the year based on claims submitted and approved for payment. DMAS publishes a "maximum fee schedule" and list of procedure codes that apply for the Medicaid and Schools program. LEAs may elect to receive reduced interim payments by submitting charges for services below the maximum interim rate. This will not affect final reimbursement but will prevent overpayment. The LEA should not bill in excess of the cost to provide the service.

### B. Designate Staff to Access the Cost Report System

LEAs must designate appropriate LEA staff to access the web-based system and complete the cost report on behalf of the LEA by completing the Cost Report Designee form (see sample form in Appendix C). Completed forms should be signed, scanned and e-mailed to UMASS at [RMTSHelp@umassmed.edu](mailto:RMTSHelp@umassmed.edu).



## C. Schedule and Deadlines for Cost Reports

The annual cost reporting process will follow the schedule and observe the deadlines indicated below:

Date	Event	Responsibility
July 30	Virginia Department of Education (VDOE) provides certified December 1 “Child Count” data to UMASS and LEAs	LEAs
July 30 - October 30	Each LEA uploads their certified December 1 “Child Count” file and their December 1 division-wide total enrollment file, if applicable) to Medicaid Eligibility Matching System and completes the matching process	LEAs
October 30	Cost Report system is opened for LEAs to submit their information. The following data is pre-populated to the Cost Reports: <ul style="list-style-type: none"> <li>• Random Moment Time Study (RMTS) Percentages</li> <li>• Salary &amp; Benefit Expenditures for Direct Health Care Services staff members (as submitted by LEAs in their AAC)</li> <li>• LEA Indirect Cost Rates</li> <li>•</li> </ul>	UMASS
November 30	LEAs submit their completed Cost Reports	LEAs
March 15	Deadline to submit interim claims (that are within 1 year of the service date) for the fiscal year	LEAs
April 1	Final interim claim data from MMIS is applied to the cost settlement system	UMASS
April 15	Final settlements are calculated and Certification of Public Expenditure (CPE) notices are sent to LEAs	UMASS
June 30	In the order in which CPEs are signed and returned to UMASS, LEA final settlements are submitted to DMAS for claiming to CMS and disbursement of funds to the LEAs or recoupment of overpayments from LEAs as required	UMASS & DMAS

If the payment reconciliation indicates that costs are in excess of interim payments, DMAS will pay the difference to the LEA. If interim payments exceed costs, DMAS will recoup the overpayment using one of the following methods:

1. Offset all future claim payments from the LEA until the amount of the overpayment is recovered;
2. Recoup an agreed upon percentage of the overpayment to ensure recovery within one year; or
3. Recoup an agreed upon dollar amount from future claim payments to ensure recovery of the overpayment within one year.

The LEA may also request the option of making a direct payment to DMAS.

#### **D. Important Note about Pre-Populated Information**

The cost reporting process includes some pre-population of data where possible, to make the process as administratively simple as possible for LEAs and also to ensure the integrity of the data. However, **LEAs are ultimately responsible for the accuracy of all information** included and therefore must verify that all pre-populated information is accurate and make any adjustments that are necessary.

## SECTION IV: ALLOWABLE COSTS FOR DIRECT HEALTH CARE SERVICES

This section provides instructions for the accurate reporting of allowable costs in the annual cost report. Allowable cost categories described in this section include:

- A. Salary and benefit expenditures
- B. Contracted staff costs
- C. Non-personnel costs
  - a. Materials and supplies
  - b. Employee travel
  - c. Capital equipment depreciation costs
- D. Medicaid eligibility percentages

### A. Salary and Benefit Expenditures

The LEA will report salary and benefit expenditures of direct services staff participating in one of two Direct Services RMTS pools: 'Nursing, Psychological & Medical Services' or 'Therapy Services'. Salary and benefit expenditures are reported in one of the following ways:

- If the LEA submitted and certified their quarterly Administrative claim data by October 15 following the end of the fiscal year, the LEA's salary and benefit expenditures for Direct Services staff reported in the LEA Administrative Activity Claims (AAC) will be automatically pre-populated into each LEA's Direct Services cost report, or
- For any quarter(s) where the AAC claim has not yet been submitted and certified, UMASS will pre-populate the LEA's cost report with all qualifying personnel data (names, employee ID numbers, job descriptions and funding percentages) from the Random Moment Time Study (RMTS) participant list data for both of the cost pools for Direct Service personnel for each quarter. LEAs will need to manually add salary and benefit costs for these staff members into the cost report system.

For the cost report, include only:

- DMAS qualified practitioners,
- Direct service personnel working under the direction of Medicaid qualified practitioners, and

- Clerical personnel responsible for interim billing.

Personnel costs for a particular staff member may only be included in the Cost Report for a specified quarter when all the following conditions have been met:

1. The staff member was included on the RMTS participant list in either the RMTS 'Nursing, Psychological & Medical Services' or 'Therapy Services' participant pools and available for random assignment of a RMTS sample moment during quarter;
2. The staff member was indicated in the RMTS participant list as being a minimum of one percent funded from state or local funds;
3. The staff member was working or using employer-paid benefit time during the claiming period. (Please note: Submission of a Change of Status (COS) request indicating that a staff member was terminated or out of work on unpaid time off removes that staff member from RMTS participation. No costs associated with such staff may be included for those periods of time.)
4. The provider qualifications to perform Medicaid-covered direct services must have been met for any period of costs included in the report. This includes holding an active license, if applicable.

### *Allowable Personnel Expenditures*

LEAs can include expenditures that are staff costs related to each staff member's performance of the job position that qualified that staff member for participation and reimbursement in the DMAS School-Based Services program. Any personnel costs related to a staff member's employment for separate and unrelated duties must be excluded. For example:

- Stipends paid for supervision of extracurricular activities (such as an athletic coach or club advisor) should be excluded from the claim.
- Federal rules prohibit including the costs of professional licensing fees.
- For staff who hold two part-time job positions where only one is qualified for Medicaid participation, only those costs attributable to the salary and benefits earned for the job position related to Medicaid participation may be included (e.g., a part-time occupational therapy assistant OTA also works part time in the cafeteria).

## *Personnel Costs are Reported by Quarter*

Personnel costs are reported by quarter, broken down into the following cost categories:

1. **Actual Quarterly Salary** - The staff member's actual salary amount for the period (without reduction for federal or other funding; the claim system will calculate the state/local share based on the funding percentages indicated). All actual quarterly expenditures incurred during the quarter (i.e. the "service date" that an expenditure is related to determines the reporting period, not the "check date" when payment was issued). Expenditures must have already been incurred (paid) to be claimed.
2. **Federally Funded Percentage** - The percentage of a staff member's salary that is funded from federal grant(s). This includes any state or local funds that were a required match to receive the federal grant. These dollars should also be considered part of the federal funding percentage. A percentage between 0.00 and 100 must be reported. The field may not be left blank.
3. **State/Local Funded Percentage** - The percentage of a staff member's salary that is funded from state and local funding. Any state or local funds that were used as a required match to receive a federal grant are excluded from reporting in this category and should instead be reported as part of the federally funded percentage. A percentage between 0.00 and 100 must be reported. The field may not be left blank.
4. **IDEA Funded Percentage** - The percentage of a staff member's salary that is funded from IDEA. This includes any state or local funds that were a required match to receive the IDEA grant. These dollars should also be considered part of the IDEA funding percentage. A percentage between 0.00 and 100 must be reported. The field may not be left blank.
5. **Other Funding Percentage** - The percentage of a staff member's salary that is funded from any sources not categorized above. This includes any state or local funds that were a required match to receive this funding. These dollars should also be considered part of the other funding percentage. A percentage between 0.00 and 100 must be reported. The field may not be left blank.
6. **Other Funding (Specify)** - If a percentage greater than 0.00 is reported in the Other Funding Percentage field, then a brief description of the funding source must be provided in this field, up to 100 characters.
7. **Medicare Tax** - The actual employer-paid Medicare tax for the staff member.

8. **Pension or Retirement** - The actual employer-paid retirement contribution for the staff member.
9. **Social Security Tax - Employer** - The actual employer paid social security tax for the staff member.
10. **Health Insurance** - The actual employer-paid health insurance amount for the staff member.
11. **Dental Insurance** - The actual employer-paid dental insurance amount for the staff member.
12. **Workers' Compensation** - The actual employer-paid workers' compensation insurance contribution for the staff member
13. **Unemployment** - The actual employer-paid unemployment contribution for the staff member.
14. **Life Insurance** - The actual employer-paid life insurance contribution for the staff member.
15. **Disability Insurance** - The actual employer-paid disability contribution for the staff member.
16. **Other Benefits** - The total amount of any actual employer-paid benefits for the staff member not categorized above. (Note: Federal rules prohibit including the costs of professional licensing fees).

## **B. Contracted Staff Costs**

LEA's who utilize contracted staff in the provision of Medicaid-qualified services may include the costs of contractors in the cost report when the contractor meets all requirements for reimbursement, including holding an active license, if applicable. Direct service contracted staff are not included in the RMTS participant list.

In situations where a contracted agency/company provides more than one individual contractor to the LEA, the quarterly payment amount to the agency/company must be broken out by individual contracted staff member. The individual staff member information must be provided, including:

1. First and Last Name
2. Job Position
3. License Number

#### 4. License Type

##### *Contracted Staff Costs are Reported by Individual and Quarter*

Contracted staff costs are reported by individual and quarter, broken down into the following cost categories:

1. **Actual Quarterly Payment** - The contracted staff member's actual payment amount for the period (without reduction for federal or other funding; the claim system will calculate the state/local share based on the funding percentages indicated). All actual quarterly expenditures incurred during the quarter (i.e. the "service date" that an expenditure is related to determines the reporting period, not the "check date" when payment was issued). Expenditures must have already been incurred (paid) to be claimed.
2. **Federally Funded Percentage** - The percentage of a staff member's payment that is funded from federal grant(s). This includes any state or local funds that were a required match to receive the federal grant. These dollars should also be considered part of the federal funding percentage. A percentage between 0.00 and 100 must be reported. The field may not be left blank.
3. **State/Local Funded Percentage** - The percentage of a staff member's payment that is funded from state and local funding. Any state or local funds that were used as a required match to receive a federal grant are excluded from reporting in this category and should instead be reported as part of the federally funded percentage. A percentage between 0.00 and 100 must be reported. The field may not be left blank.
4. **IDEA Funded Percentage** - The percentage of a staff member's payment that is funded from IDEA. This includes any state or local funds that were a required match to receive the IDEA grant. These dollars should also be considered part of the IDEA funding percentage. A percentage between 0.00 and 100 must be reported. The field may not be left blank.
5. **Other Funding Percentage** - The percentage of a staff member's payment that is funded from any sources not categorized above. This includes any state or local funds that were a required match to receive this funding. These dollars should also be considered part of the other funding percentage. A percentage between 0.00 and 100 must be reported. The field may not be left blank.

6. **Other Funding (Specify)** - If a percentage greater than 0.00 is reported in the Other Funding Percentage field, then a brief description of the funding source must be provided in this field, up to 100 characters.

### C. Non-Personnel Costs

Costs incurred during the fiscal year for materials and supplies, employee travel expenses and capital that are related to the cost of providing Medicaid-covered health care services may be reported. All requirements for reporting expenditures listed in Section II of this guide apply to non-personnel costs.

- *Materials and Supplies* are allowable if used exclusively for the delivery of health care services. The cost of materials and supplies used in the performance of Medicaid Administrative activities must not be included in the Direct Services cost report. Only materials and supplies used in Medicaid covered services for which the LEA is including personnel/contracted provider costs which are supported by interim claims can be included. Note: Any items with a per unit cost in excess of \$5,000 and a useful life of at least one year is considered a capital asset and should not be included in the Materials and Supplies section.
- *Employee Travel Expenses* are allowable for costs incurred by the LEA for staff travel to deliver health care services. Only travel by personnel/contracted providers to deliver Medicaid covered services which are supported by interim claims can be included. LEAs must maintain a mileage log that clearly identifies mileage associated with the delivery of health care services and other uses by personnel/contracted providers whose costs are included in the cost report. LEAs may calculate the cost by using the IRS mileage rate in effect at the time or by prorating the cost of operating the vehicle based on mileage.
- *Capital Equipment Depreciation Costs* are allowable if used exclusively for the delivery of health care services for which the LEA is including personnel/contracted provider costs which are supported by interim claims. Capital equipment costs should be depreciated if the value is over \$5,000 and the estimated useful life is at least one year. LEAs must use the depreciation schedule to record all capital items. Copies of purchase invoices are required to be uploaded into the Cost Report system LEAs must use the straight-line method of depreciation calculated by the Cost Report system. All capital items with remaining useful life will be carried forward from the previous fiscal year, however LEAs are responsible for reviewing these assets and indicating a disposal date on any assets no longer in active use and ownership of the LEA. This



section **excludes** specialized transportation vehicles. Please see the Specialized Transportation Expenditures section of the *LEA Instruction Guide for Medicaid Claiming of Administrative Costs and Costs Associated with Specialized Transportation*.

## **D. Medicaid Eligibility Percentages**

For the Direct Service cost report reimbursement calculation, two separate Medicaid Eligibility Percentages are used. For each percentage, LEAs must complete an “eligibility match” in the UMASS system to support the student statistics reported in the cost report, which determine the applicable Medicaid Eligibility Percentages for the category(s) of direct services for which the LEA is seeking reimbursement (IEP and/or non-IEP).

LEAs must report student statistics for one or both of the Medicaid Eligibility Percentages (IEP and/or non-IEP) based on the LEA’s participation in that portion of the reimbursement program as evidenced by paid interim claims. The two populations of students are not mutually exclusive, as a student with an IEP might also encounter health care services for a medical need that arises outside of their IEP program.

### *Medicaid Eligibility Percentage related to IEP Health Care Services*

Statistics for this section are based on the VDOE certified, unduplicated December 1 Special Education Child Count who have Medicaid-covered services for whom the LEA seeks reimbursement included in their IEP. LEAs must upload this list of students from their VDOE-certified child count list of students to the Eligibility Matching System where designated LEA staff can access the information, review the preliminary matching results, and complete the matching process. For all students matched to Medicaid enrollment, LEAs must indicate whether FERPA parental consent was in place at any point during the cost report period for each student. (For detailed instructions on preparing the list of students, required data elements, and completing the matching process, LEAs should refer to *LEA Instruction Guide for Medicaid Eligibility Matching*.) The LEAs report the finalized matching results, which totals the number of students from the Child Count file who have Medicaid-covered services for whom the LEA seeks reimbursement included in their IEP who were enrolled in Medicaid, Medicaid Expansion or FAMIS as of December 1 of the cost report year and for whom the LEA had FERPA parental consent to share the students’ health care records with DMAS. The cost report system calculates the resulting eligibility percentages to be used in the calculation of the allowable expenditures related to providing IEP health care services.

## *Medicaid Eligibility Percentage related to Non-IEP (Expansion) Health Care Services*

Statistics for this section are based on the LEA's total enrollment as of December 1 who received services for which the LEA seeks reimbursement of provider costs of the cost report year. LEAs upload this list from their December 1 division-wide enrollment roster to the Eligibility Matching System where designated LEA staff review the preliminary matching results and complete the matching process. For all students, LEAs must indicate whether FERPA parental consent was in place at any point during the cost report period for each student. (For detailed instructions on preparing the list of students, required data elements, and completing the matching process, LEAs should refer to *LEA Instruction Guide for Medicaid Eligibility Matching*.) The LEAs report the finalized matching results, which totals the number of students from the total enrollment roster who received services for which the LEA seeks reimbursement of provider costs who were enrolled in Medicaid, Medicaid Expansion or FAMIS as of December 1st of the cost report year and for whom the LEA had FERPA parental consent to share the students' health care records with DMAS. The cost report system calculates the resulting eligibility percentages to be used in the calculation of the allowable expenditures related to providing Non-IEP health care services.

**Note:** The medical records of all the Medicaid, Medicaid Expansion or FAMIS students with parental consent counted in the eligibility statistics are subject to audit.

School Divisions must utilize the Student Medicaid Eligibility Matching system provided by UMASS on behalf of DMAS for determining their eligibility statistics. For further information about using the UMASS Student Medicaid Eligibility Matching system, please contact UMASS at 1-800-535-6741 or [RMTSHelp@UMassmed.edu](mailto:RMTSHelp@UMassmed.edu). This requires a Data Management/Security Agreement between the LEA and UMASS.

# SECTION V: APPLICATION OF RANDOM MOMENT TIME STUDY (RMTS) PERCENTAGES

LEAs seeking reimbursement for the cost of providing direct health care services must participate in the random moment time study during the October-December, January-March and April-June quarters. All Medicaid-qualified staff involved in the delivery of direct health care services (except contractors) for which the LEA seeks reimbursement must participate quarterly in the time study.

The RMTS quantifies the percentage of time LEA staff spent performing reimbursable direct health care work activities. Reimbursement is available for both the cost of providing Medicaid-covered services pursuant to an IEP, as well as for other medically necessary services outside of an IEP (expansion services). (Note: There is no requirement for an LEA to participate in both IEP and non-IEP reimbursement, as these two aspects of the program are measured, and reimbursement is calculated, separately). The RMTS quantifies these two percentages, IEP service time and non-IEP service time, separately; and the Cost Report system performs the calculations to apply the percentages to the reported costs from each LEA, as follows.

- On a quarterly basis, if the LEA has paid interim claims for in-district IEP services for the quarter, then allowable in-district costs will be multiplied by the IEP RMTS percentage to determine the Medicaid-related portion of those costs for the quarter.
- On a quarterly basis, if the LEA has paid interim claims for in-district non-IEP services for the quarter, then allowable in-district costs will be multiplied by the non-IEP RMTS percentage to determine the Medicaid-related portion of those costs for the quarter.

## SECTION VI. CERTIFICATION OF PUBLIC EXPENDITURES

Certification of Public Expenditure letters (See Appendix A) should be printed on LEA letterhead, signed by an officer of the LEA, such as a Superintendent or appropriate designee, and sent to the DMAS Contractor by the appropriate deadline so that the LEA's cost report can be processed. Cost reports are processed in the order in which the CPE letters are received.

Signed certification letters must be scanned and emailed to:

Email: [VACostReport@umassmed.edu](mailto:VACostReport@umassmed.edu)

## SECTION VII. RECORD RETENTION POLICY

The federal government regularly audits the Medicaid and FAMIS programs, and all costs are subject to audit review by DMAS and other state and federal agencies. LEAs are responsible for ensuring that the appropriate documentation can be produced in the event of an audit or other request by DMAS or other state or federal compliance agency. Failure to do so may result in a recoupment or termination from the program. LEAs must follow a 6-year record retention policy by adding one year to the 5-year period as prescribed in section GS-102, Fiscal Records (December 2017), of the Library of Virginia Record Retention Policy.

Below is the link for your reference:

[http://www.lva.virginia.gov/agencies/records/sched\\_state/index.htm](http://www.lva.virginia.gov/agencies/records/sched_state/index.htm)

# APPENDIX A: CERTIFICATION OF PUBLIC EXPENDITURE

<b>Governmental Provider Name and Address:</b>			
ABC Public Schools	National Provider Identifier:	1234567890	
100 Main Street	Reporting Period From:	07/01/2022	
Anytown, Virginia 02010	Reporting Period To:	06/30/2023	

<b>Type of Report:</b>		<b>Total Computable Expenditure by Type:</b>	
<input type="checkbox"/>	Partial Period Report	IEP Medical Services:	\$103,050.16
<input checked="" type="checkbox"/>	Final Cost Report	Non-IEP Medical Services:	\$0.00
<input type="checkbox"/>	Amended Cost Report	Total:	\$103,050.16

<b>Claimed Expenditures:</b>
This statement is of expenditures that the undersigned certifies are allocable and allowable to the State Medicaid Program under Title XIX of the Social Security Act (the Act), and in accordance with all procedures, instructions and guidance issued by the single state agency and in effect during the year ended 06/30/2023

**INTENTIONAL MISREPRESENTATION OR FALSIFICATION OF ANY INFORMATION CONTAINED HEREIN MAY BE PUNISHABLE BY FINE AND/OR IMPRISONMENT UNDER FEDERAL AND/OR STATE LAW.**

## CERTIFICATION STATEMENT BY OFFICER OF THE SCHOOL DIVISION

I certify that:

- I have examined this statement, the accompanying supporting exhibits, the allocation of expenses and services, and the attached worksheets for the reporting period specified above and that to the best of my knowledge and belief they are true and correct statements prepared from the books and records of the school division in accordance with applicable instructions.
- The expenditures included in this statement are based on the actual cost of recorded expenditures.
- The school division is responsible for billing for services for which expenditures have been included in the cost report. Failure to bill for services delivered during the reporting period by the time the costs are submitted will result in disallowance of costs by service type for any category of services not supported by the records of paid interim claims.
- The required amount of State and/or local funds were available and used to pay for total computable allowable expenditures included in this statement, and such State and/or local funds were in accordance with all applicable Federal requirements for the non-Federal share match of expenditures (including that the funds were not Federal funds in origin, or are Federal funds authorized by Federal law to be used to match other Federal funds, and that the claimed expenditures were not used to meet matching requirements under other Federally funded programs).
- No expenditures claimed directly in this report are duplicative of any costs included in the report through the application of the Indirect Cost Rate.
- Federal matching funds are being claimed on this report in accordance with the cost report instructions provided by the Department of Medical Assistance Services (DMAS) effective for the above reporting period.
- The school division is responsible for maintaining all the documentation supporting the expenditures reported in the cost report. Failure to provide supporting documents during audits may lead to audit findings and payback of the federal matching funds received by the school division and payment of any fines or penalty imposed by the pertinent federal and/or state agency.
- I am the superintendent of the school division or have been officially authorized by the superintendent to sign this form and I have made a good faith effort to assure that all information reported is true and accurate.
- I understand that this information will be used as a basis for claims for Federal funds, and possibly State funds, and that falsification and concealment of a material fact may be prosecuted under Federal or State civil or criminal law.

Superintendent (or designee) Signature

Date

\_\_\_\_\_

\_\_\_\_\_

Superintendent (or designee) Name

Job Title of Signatory

\_\_\_\_\_

\_\_\_\_\_

## APPENDIX B: SERVICE TYPES

This table identifies the staff and other related costs associated with each “service type” grouping:

Service Type	Staff Job Description(s)	Other Related Costs
Audiology	<ul style="list-style-type: none"> <li>• Audiologist</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment, supplies, materials, and travel related to audiology services</li> </ul>
Behavior Analysis	<ul style="list-style-type: none"> <li>• Behavior Analyst</li> <li>• Assistant Behavior Analyst</li> <li>• Behavior Technician</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment, supplies, materials, and travel related to behavior therapy services</li> </ul>
Behavioral / Psychological Health	<ul style="list-style-type: none"> <li>• Clinical Psychologist</li> <li>• School Psychologist</li> <li>• Psychiatrist</li> <li>• Clinical Social Worker</li> <li>• School Social Worker</li> <li>• Substance Abuse Treatment Practitioner</li> <li>• Psychiatric Clinical Nurse Specialist</li> <li>• Psych Technician</li> <li>• Professional Counselor</li> <li>• Marriage and Family Therapist</li> <li>• School Counselor</li> <li>• Licensed psychiatric/mental health nurse practitioners</li> <li>• Psychiatric clinical nurse specialists</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment, supplies, materials, and travel related to behavioral / psychological health services</li> </ul>

Service Type	Staff Job Description(s)	Other Related Costs
Medical Evaluation	<ul style="list-style-type: none"> <li>• Physician</li> <li>• Nurse Practitioner</li> <li>• Physician Assistant</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment, supplies, materials, and travel related to medical evaluation services</li> </ul>
Nursing	<ul style="list-style-type: none"> <li>• Licensed Practical Nurse (LPN)</li> <li>• Registered Nurse (RN)</li> <li>• Nurse Practitioner</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment, supplies, materials, and travel related to nursing services</li> </ul>
Occupational Therapy	<ul style="list-style-type: none"> <li>• Occupational Therapist</li> <li>• Occupational Therapy Assistant</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment, supplies, materials, and travel related to occupational therapy services</li> </ul>
Personal Care Services	<ul style="list-style-type: none"> <li>• Personal Care Assistant</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment, supplies, materials, and travel related to personal care services</li> </ul>
Physical Therapy	<ul style="list-style-type: none"> <li>• Physical Therapist</li> <li>• Physical Therapy Assistant</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment, supplies, materials, and travel related to physical therapy services</li> </ul>
Speech Therapy	<ul style="list-style-type: none"> <li>• Speech Therapist</li> </ul>	<ul style="list-style-type: none"> <li>• Equipment, supplies, materials, and travel related to speech therapy services</li> </ul>
Medicaid Billing Services*	<ul style="list-style-type: none"> <li>• Billing Personnel</li> </ul>	<ul style="list-style-type: none"> <li>• Materials and supplies for Medicaid billing</li> </ul>

\* Note: Medicaid billing costs may be included only in quarters where paid interim claims exist for at least one of the covered service types



# APPENDIX C: LEA DESIGNEE FORM

## State of Virginia Department of Medical Assistance Services

600 East Broad Street Richmond, Virginia 23219

Phone: 804-371-2446

### LEA Authorization of Designated Program Contacts

The purpose of this form is to identify the individuals designated by the school division to deliver information necessary for the administration of the following processes on behalf of the school division.

LEA Name: \_\_\_\_\_

**Student Eligibility Matching:** The below personnel are authorized to Upload your School Divisions' student roster into the Student Medicaid Eligibility Matching System, and also who is authorized to review the student data within the matching system and make decisions about 'Possible Matches.' These designees can both be the same person, or the different functions can be separated between more than one individual.

Uploader Name: (Also Reviewer (Y/N))		Email:	
Reviewer Name:		Email:	
Reviewer Name:		Email:	
Reviewer Name:		Email:	

**Administrative Activity Claim Coordinator:** Responsible for submitting the quarterly staff salary and benefit information and other allowed expenditure data for the quarterly AAC claims.

Name:		Email:	
Name:		Email:	
Name:		Email:	
Name:		Email:	

**Cost Report Preparer:** Responsible for submitting the annual Direct Medical Services and Transportation Cost Report information for the school Division.

Name:		Phone:	
Email:			

### School Division Authorization:

\_\_\_\_\_  
Printed Name

\_\_\_\_\_  
Title of Division Representative

\_\_\_\_\_  
Signature

\_\_\_\_\_  
Date

Please submit completed form to:

University of Massachusetts  
Attn: School Based Medicaid Program  
Email: [RMTSHelp@UMASSmed.edu](mailto:RMTSHelp@UMASSmed.edu)  
Phone: 1-800-535-6741  
Fax: 1-508-856-7643

# APPENDIX D: INDIRECT COST GUIDANCE

It is the responsibility of all participating LEAs to ensure that there is no duplication of expenditures claimed directly and indirectly in Medicaid and School Administrative Activity Claims (AACs) and Direct Service Cost Reports. This requirement is consistent with the CMS Medicaid School-Based Administrative Claiming Guide published May 2003 (Section 6.E., page 45).

## Exclusion of Expenditures from AAC Claims and Cost Reports

LEA costs that are reported on the Annual School Report Financial Section (ASRFIN) in the following account codes are included in the calculation of each LEA's Indirect Cost Rate by VDOE, and therefore the LEA must exclude them from direct claims in Administrative Activity Claims and Direct Service Cost Reports:

Function Code	Account Name	Account Description
62120	Administration: Executive Administration Services	Activities associated with the overall general administration of, or executive responsibility for, the LEA, including the Superintendent, Assistant Superintendent and other staff who report directly to the Superintendent.
62140	Administration: Personnel Services	Activities concerned with maintaining the school system's staff. This includes such activities as recruiting and placement, staff transfers, in-service training, health services, and staff accounting.
62150	Administration: Planning Services	Activities, other than general administration, that supports each of the other instructional and supporting service programs. These activities include planning, research, development, evaluation, and information.
62160	Administration: Fiscal Services	Activities concerned with the fiscal operations of the LEA. This function includes budgeting, receiving and disbursing, financial and property accounting, payroll, inventory control, internal auditing and managing funds.
62170	Administration: Purchasing Services	Activities concerned with purchasing supplies, furniture, equipment, and materials used in schools or school system operations.

62180	Administration: Reprographics	Activities such as printing and publishing administrative publications such as annual reports, school directories, and manuals. Activities also include centralized services for duplicating school materials and instruments such as school bulletins, newsletters, and notices.
62190	Administration: Data Processing	No longer in use
64100	Operation & Maintenance: Management and Direction	Activities involved in directing, managing, and supervising the operation and maintenance of school plant facilities.
64200	Operation & Maintenance: Building Services	Activities concerned with keeping the physical plant clean and ready for daily use. Include operating the heating, lighting, and ventilating systems, and repairing and replacing facilities and equipment. Also, include the costs of building rental and property insurance.
64300	Operation & Maintenance: Grounds Services	Activities involved in maintaining and improving the land (but not the buildings). Include snow removal, landscaping, grounds maintenance, etc.
64400	Operation & Maintenance: Equipment Services	Activities involved in maintaining equipment owned or used by the LEA. Include such activities as servicing and repairing furniture, machines, and movable equipment.
64500	Operation & Maintenance: Vehicle Services (other than pupil transportation)	Activities involved in maintaining general-purpose vehicles such as trucks, tractors, graders, and staff vehicles. Include such preventive maintenance activities as repairing vehicles, replacing vehicle parts, cleaning, painting, greasing, fueling, and inspecting vehicles for safety.
64600	Operation & Maintenance: Security Services	Activities concerned with maintaining order and safety in school buildings, on the grounds, and in the vicinity of schools at all times. Include police activities for school functions, traffic control on the grounds and in the vicinity of schools, building alarm systems, and hall monitoring services.

64700	Operation & Maintenance: Warehouse Services	Activities such as receiving, storing, and distributing supplies, furniture, equipment, materials, and mail.
68300	Technology: Administration	Include technology-related expenditures that directly support activities concerned with establishing and administering policy for operating the LEA.
68600	Technology: Operation and Maintenance	Include technology-related expenditures that directly support activities concerned with keeping the physical plant open, comfortable, and safe for use, and keeping the grounds, buildings, and equipment in effective working condition.
<i>Exclude all expenditures reported under the following Object Code, for ALL function codes:</i>		
<b>Object Code</b>	<b>Account Name</b>	<b>Account Description</b>
2800	Terminal Leave Costs	Include annual and sick leave payments for personnel who terminate employment. Only employer-paid benefits payments made on the behalf of retirees, including retiree health insurance and health care credits, should be reported under this object code. Also, report pension/retirement plans that are specific to your locality under this object code in the appropriate functions as well as the cost for contract buyouts.

# APPENDIX E: GLOSSARY OF TERMS

**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, known as FAMIS in Virginia

**CMS** - Centers for Medicare & Medicaid - the federal agency that gives DMAS the authority 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, which determines the total Medicaid-allowable costs the LEA incurred that year

**CPE** - Certified Public Expenditure

**DMAS** - Virginia's Department of Medical Assistance Services, the Commonwealth's Medicaid Agency

**DSC** - Direct Service Claiming

**FAMIS** - Virginia's Children's Health Insurance Program

**FERPA** - The Family Educational Rights and Privacy Act

**HIPAA** - Health Insurance Portability and Accountability Act

**IDEA** - Individuals with Disabilities Education Act

**IEP** - Individualized Education Program

**Interim Claim** - Individual service claims submitted to VAMMIS every time a Medicaid-qualified service is provided to a Medicaid eligible student. Interim claims are billed at interim rates, which are an initial reimbursement to the LEA that is later "settled" to cost during the cost settlement process

**LEA** - Local Education Agency

**VAMMIS** - Virginia's Medicaid Management Information System

**Provider Portal** - Online website for LEAs to conduct business with DMAS

**Reimbursable Service** - A covered service that has been provided and that meets the requirements for reimbursement, including medical necessity

**RMTS** - Random Moment Time Study

**Service Category** - Health care services provided pursuant to an IEP or Not related to an IEP

**Service Type** - As defined in Appendix B, service type refers to provider discipline areas, such as physical therapy, nursing, speech therapy, etc.

**UMass** - University of Massachusetts Medical School; UMass administers the School-Based Medicaid Program on behalf of DMAS

**VDOE** - Virginia Department of Education