



COMMONWEALTH of VIRGINIA
Department of Medical Assistance Services

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October 30, 2008

Dear Medicaid Coordinator

During the course of settling the IEP Related School Based Services Cost Reports for the fiscal year ending June 30, 2007, Clifton Gunderson identified a potential compliance problem related to the submission of claims for services. More than 20 school divisions have been sent a management letter this week from Clifton Gunderson with the following finding.

Finding:

- **During the course of our review it was determined that costs were reported with no or minimal claims. 12 VAC 30-80-75 G. states "Providers should submit claims in accordance with the school division manual and shall be paid an interim rate for approved claims." It is recommended that the provider properly file claims for all services for which costs are reported on the Medicaid cost report or delete costs for personnel who furnished covered services to Medicaid recipients for whom claims were not submitted. The Department of Medical Assistance Services will audit future cost reports with no or minimal claims for services and disallow any costs for personnel who furnished covered services to Medicaid recipients for whom claims were not submitted. Billing can be submitted for a year after the date of service.**

The finding in the management letter did not affect the FY07 cost settlements, but it puts school divisions on notice relative to future cost reports beginning with the FY08 cost report. The purpose of this letter is to provide guidance to all school divisions regarding the requirement to submit claims and how the failure to do so may affect reimbursement. There is separate guidance for the medical services cost report and the transportation cost report.

Medical Services Cost Report

Under the reimbursement methodology for medical services, school divisions will receive full reimbursement (the federal share) for the costs of all covered services provided to Medicaid or FAMIS eligible special education students (with parental consent) furnished by qualified practitioners as determined by the cost report. Information from the claims is not used in determining reimbursable costs, but school divisions are still required to submit claims to reasonably support the reimbursable costs.

When Medicaid covered services are furnished to Medicaid or FAMIS eligible special education students by qualified practitioners, the practitioner needs to document services as required in the Provider Manual and the school division needs to submit a claim for those services. Both of these provisions are

subject to audit. If a practitioner does not document the services furnished or the school division does not submit claims for that practitioner, then the costs for that practitioner should not be included on the cost report.

Note that it is not necessary for claims to be submitted on behalf of all practitioners on the cost report. If a practitioner does not furnish any covered services to Medicaid or FAMIS eligible special education students, he or she may still be included on the cost report as long as claims are submitted for other practitioners who do furnish covered services to Medicaid or FAMIS eligible special education students.

As noted above, many school divisions reported costs in FY07 for which there were no or minimal claims to support the reimbursable costs. This will not be acceptable for FY08 cost reports, which are due at the end of November. School divisions who have not submitted claims for FY08 can still correct this. Claims can be submitted up to 12 months after services are furnished. Most services furnished in FY08 are less than 12 months old. Claims information to be sent to school divisions by October 31, 2008 for use with the FY08 cost report will only have claims paid thru September 30, 2008. DMAS will rerun the FY08 claims report for claims paid thru March 31, 2009 and use this claims report to determine compliance with the claim submission requirement and to settle FY08 cost reports. Any claims for services furnished in FY08 but paid after March 31, 2009 will be included in the payment reports for FY09 cost reports and identified as prior year payments.

If school divisions are identified as having no or minimal claims, Clifton Gunderson will ask for additional documentation for each practitioner on the cost report. School divisions will be asked to certify for each practitioner on the cost report whether he or she furnished covered services to Medicaid or FAMIS eligible special education students. If the answer is yes, the school will be asked to identify paid claims submitted on behalf of the practitioner. If the school division cannot provide documentation, costs for those practitioners will be disallowed.

Schools are expected to make a “good faith effort.” If a few claims are missed, this does not affect the validity of the reimbursement based on the cost report. Statewide time study statistics are used to determine reimbursable costs so there may be variations between school divisions in the relationship of costs to claims. Reimbursable costs are also based on the percentage of Medicaid and FAMIS IEP students as a percent of total IEP students in the school division without regard to specific services. This may overstate costs for some services and understate costs for others. These issues will be taken into account in evaluating compliance with the claims submission requirement.

Transportation Cost Report

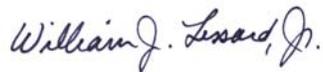
The transportation cost report uses reimbursable percentages calculated by dividing Medicaid or FAMIS covered trips by total trips. School divisions must use the transportation log available on the DOE web site at <http://141.104.22.210/VDOE/Instruction/Sped/medformspage.html#cost> or similar documentation to document both the Medicaid and FAMIS covered trips and the total trips. DMAS has recently revised the transportation log and I recommend that you download the current version.

In addition, school divisions must submit claims for all Medicaid and FAMIS covered trips. Units of service (transportation trips) from the paid transportation claims will be included on the payment report furnished by DMAS. These units of service should be the source for the numbers of Medicaid or FAMIS covered trips entered on Section 1 of the Transportation Cost Report where the reimbursable percentages are calculated. Units of service from the paid transportation claims should either agree with the transportation log or be less than the numbers documented in the transportation log. They should not be higher than the numbers in the log unless they represent paid claims for prior years.

For the FY07 transportation cost reports, the instructions were to base the reimbursable trips solely on the transportation log. Instructions for the transportation cost report to be used for FY08 have been revised to indicate that reimbursable trips should be based on transportation units from the payment report. School divisions who have not submitted transportation claims for FY08 can still correct this. Claims can be submitted up to 12 months after services are furnished. Most services furnished in FY08 are less than 12 months old. Claims information to be sent to school divisions by October 31, 2008 for use with the FY08 cost report will only have claims paid thru September 30, 2008. DMAS will rerun the FY08 claims report for claims paid thru March 31, 2009 and use these numbers to settle FY08 cost reports. School divisions who have no transportation units on the payment report as of September 30, 2008 should still submit a transportation cost report if they intend to submit claims for FY08 transportation services. Any claims for services furnished in FY08 but paid after March 31, 2009 will be included in the payment reports for FY09 cost reports and identified as prior year paid claims.

If you have any questions, please call John Jurgens at (804) 371-2446 or e-mail john.jurgens@dmass.virginia.gov or Anne Morrow at Clifton Gunderson at (804) 270-2200 or anne.morrow@cliftoncpa.com.

Sincerely,

A handwritten signature in cursive script that reads "William J. Lessard, Jr.".

William J. Lessard, Jr., Director
Provider Reimbursement Division