

MSB's Massachusetts AAC Claims Outline

- I. Filing Deadline and Certification¹
 - a. Submit claims via AAC upload system
 - b. Submitted Quarterly with the final deadline for all claims in a fiscal year of midnight on October 15 following the close of the fiscal year. Deadlines hold regardless of holidays and weekends. Exceptions granted for the October 15 deadline in only extraordinary circumstances and must be requested at least 10 days prior to submission deadlines
 - i. Q1 July 1 - Sept 30
 1. Upload deadline Oct 15
 2. CPE deadline October 20
 - ii. Q2 Oct 1 – Dec 31
 1. Upload deadline January 15
 2. CPE deadline January 20
 - iii. Q3 Jan 1 – March 31
 1. Upload deadline April 15
 2. CPE deadline April 20
 - iv. Q4 Apr 1 - June 30
 1. Upload deadline July 15
 2. CPE deadline July 20
 - c. CPE signed by officer of the LEA
 - i. School Superintendent
 - ii. Business Manager
- II. Claim Calculation²
 - a. Claim Header Info
 - i. Expenditures must be actual expenditures in the quarter in which the expenditure occurred
 1. The check date of the expenditure determines the reporting period, not the service date that the expenditure may have been for.
 2. Exception: Pre-paid expenditures must be claimed in the period in which the services were rendered.
 3. LEAs must exclude restricted federal funding from the report of actual LEA expenses and only state/local funding sources may be included. LEAs must exclude expenditures that were used to satisfy a federal matching requirement.
 - ii. If certain expenses exceed benchmarks, the claim will be flagged for review and an e-mail will be sent to the Uploader to provide additional information for those expenditures. Additional information must be received before the claim submission deadline in order for the claim to be included in the submission.³
 - iii. CPE letters must be submitted by the deadline regardless of whether an approval e-mail has been provided on the upload.⁴
 - b. Quarterly Claim Calculation Summary
 - i. Annual Capital Calculation
 - ii. Enter unrestricted indirect cost rate

¹ AAC instruction guide, Revised February 2016, p. 2

² Id., p. 3

³ Id., p. 23, Appendix III

⁴ Id.

1. Calculated by the Department of Elementary and Secondary Education (DESE)
 2. If no indirect cost rate published for the fiscal year of the claim, submit claims using the most recently published rates available
- iii. Cost Pool 1- Direct Service Providers/Medicaid Billing Personnel
1. Must meet the provider qualifications
 2. Perform Medicaid-Covered direct services as prescribed in the students' IEP
 3. Participant in the quarterly RMTS and salary costs must not be duplicative of those costs reimbursed through the application of the Indirect Cost Rate (Refer to RMTS manual)⁵
 4. Covered Providers list⁶
 5. Those who are acting as Medicaid Billing Personnel are also included in Cost Pool 1 regardless of their credentials, but subject to some exclusions based on the application of the Indirect Cost Rate.⁷
- iv. Cost Pool 2 Administrative Only staff
1. Participant in the quarterly RMTS
 2. Expected to perform Medicaid Administrative Activities during the time study quarter
 3. Salary costs must not be duplicative of those costs reimbursed through the application of the indirect Cost Rate (Refer to RMTS manual)
 4. Administrative Staff List⁸
 5. If personnel perform direct services related to the categories listed in Cost Pool 1 but do not meet the provider qualifications, they should be included in Cost Pool 2.
- v. Cost Pool 3 - Direct ABA Service Providers
1. Must meet Provider qualifications
 2. Expected to deliver Medicaid-Covered direct services as prescribed in the students' IEPs. Student(s) must be identified with a disability of autism.
 3. Participant in the quarterly RMTS and salary costs must not be duplicative of those costs reimbursed through the application of the indirect Cost Rate (Refer to RMTS manual)
 4. Direct ABA Service Provider List⁹
- vi. Specialized Transportation gross claim amount
- c. Quarterly Claim Calculation Detail¹⁰
- i. Three claim calculation pages
 1. Direct Services Cost Pool
 2. Administrative Only Cost Pool
 3. ABA providers Cost Pool
 - ii. On each page:
 1. Pool number
 2. Activity Codes
 3. Statewide percentage of time spent on each activity code as provided by MassHealth from RMTS results
 4. Total cost pool amount
 5. Medicaid Eligibility Percentages for certain activity codes, but not others.¹¹

⁵ MassHealth School-Based Medicaid Provider Bulletin 28, July 2015

⁶ AAC instruction guide, Revised February 2016, pp. 4,5

⁷ Id., p. 5 Also see II.f, below, p. 8

⁸ Id., pp. 5, 6

⁹ Id., pp. 6, 7

¹⁰ Id., p. 7

¹¹ Id., p. 7

- a. Financial responsibility in regards to calculation of Medicaid eligibility rate
 - i. Medicaid reimbursement flows to the public entity that has the financial responsibility for providing services to the student regardless of where the student attends school.
 - ii. In general, if a student is residing in one district and attending school in another district and the district where the student resides is paying for the student to attend school in the other district, only the district in which a student resides may file a Medicaid claim or include that student on its enrollment roster for the purpose of determining the Medicaid Eligibility Percentage.
 - iii. Exception- If a student is attending a regional vocational/technical or agricultural school district or charter school, only the regional vocational/technical or agricultural school district or charter school is eligible to file a Medicaid claim on behalf of the student. The sending school district may not submit claims for such student or include that student on the enrollment roster for purposes of determining the Medicaid Eligibility Percentage.
- b. Calculating Medicaid eligibility percentage
 - i. Gather quarterly school district enrollment information as of the fifth day of the quarter. This may include only those students for whom the LEA is financially responsible who are between the ages of 3 and 22 years.
 - ii. Access the MassHealth School Based Medicaid web based matching system to determine eligible students
 - iii. Using the result of the data match, calculate the quarterly ratio of Medicaid-eligible students to the total number of students for whom the LEA is eligible to include in their statistics as to school district enrollment
 - iv. Medicaid eligibility percentage reported on claim calculation:
 - 1. Total students in district on 5th day of quarter
 - 2. Total Medicaid Students
 - 3. Total CHIP-Stand Alone Students
 - 4. Total CHIP-MA Expansion Students
- c. Enter the General Administrative Factor to allocate the amount of time spent performing general administrative activities to the amount of time spent performing Medicaid administrative activities. A separate factor is calculated for each Cost Pool.
- d. Quarterly Specialized Transportation Calculation¹²
 - i. Definition - transportation in a vehicle that is specially equipped or staffed to accommodate students with specialized medical needs to transport them to school or to receive medical services from a provider outside of school.
 - ii. Allowable costs:
 - 1. Expenditure to a transportation provider/company for specialized transportation only

¹² Id., p. 11

2. The rent/lease of a specialized vehicle claimed in the quarter in which the expenditure was made, provided that expenditure is not duplicative of those already reimbursed through the application of the Indirect Cost Rate
 3. Salaries of drivers of specialized transportation vehicles owned/rented/leased and operated by the school district
 4. Maintenance and repair costs for specialized transportation vehicles owned/rented/leased and operated by the school district, provided that expenditure is not duplicative of those already reimbursed through the application of the Indirect Cost Rate
 5. Regular school transportation and the cost of bus monitors who are not tending the medical needs of a child are not reimbursable and cannot be included on a claim.
- iii. Calculating the specialized transportation percentage:
1. Gather quarterly school district special education enrollment information as of the fifth day of the quarter. Special Education enrollment only includes those special education students for whom the LEA is financially responsible
 2. From the quarterly special education enrollment information, identify the number of students who receive specialized transportation services
 3. From the list of special education students who receive specialized transportation, identify the number of students who have specialized transportation in their IEP for a medical reason.
 4. Using the total from the previous two steps, calculate the quarterly ratio of special education students with transportation in their IEP for a medical reason to the total number of Special Education students receiving specialized transportation services. The resulting percentage is the Specialized Transportation Percentage.
 5. Calculate the Special Education Medicaid Eligibility Percentage:
 - a. Gather quarterly school district special education enrollment information as of the 5th day of the quarter including only those special education students for whom the LEA is financially responsible between the ages of 3 and 22 years.
 - b. Access the School-Based Medicaid web-based matching system
 - c. Using the result of the data match, calculate the quarterly ratio of Special Education Medical eligible students in the school district to the total number of Special Education students for whom the school district is fiscally responsible to yield the Special Education Medicaid Eligibility Percentage.
 6. Apply the statewide average of time spent receiving Medicaid covered services from RMTS
 7. Calculate the gross claim amount for specialized transportation by multiplying the columns as listed in the guide.
- e. Annual Capital Calculation¹³
- i. Annual calculation once per fiscal year and applied to the calculation of all quarterly claims within the fiscal year.
 - ii. Acquisition cost of buildings and fixed assets
 1. In active use and occupancy by the LEA during the claims period
 2. Report the actual acquisition cost of capital asset not insured values or replacement values

¹³ Id., p. 13

- a. Where actual cost records have not been maintained, a reasonable estimate of the original acquisition cost may be used
 - b. Include costs related to the following:
 - i. Acquisition of the building
 - ii. Acquisition of fixed assets
 - iii. Land improvements, such as paved parking areas, fences and sidewalks
 - iv. Buildings' components, such as plumbing system, heating system and air-conditioning system
 - c. Excluded costs
 - i. Equipment merely attached or fastened to the building, but not permanently fixed to it which is used as furnishing, decoration or for specialized purposes
 - ii. Cost of land
 - iii. Any portion of the cost of buildings and equipment borne or donated by the federal government, regardless of where title was originally vested or where it presently resides.
 - d. Allowable Major Movable Valuation Costs- The acquisition costs of the school district's equipment that is not included in the value of building and fixed assets
 - e. Excluded Major Movable Valuation
 - i. The cost of land
 - ii. Any portion of the cost of buildings and equipment borne or donated by the federal government, regardless of where title was originally vested or where it presently resides.
 - iii. Any portion of the cost of buildings and equipment contributed by or for the government unit or a related donor or organization in satisfaction of a federal matching requirement.
3. Net Interest Expense
- a. District's budgeted interest expense for the fiscal year associated with land, equipment and school building acquisition, construction, fabrication, reconstruction and remodeling minus earned interest. Federal Guidance:
 - i. The interest is associated with financing provided (other than tax or user fee sources) by a bona fide third party external to the municipality or school district
 - ii. The assets are used in support of the Medicaid program
 - iii. Earnings of debt-service reserve funds or interest earned on borrowed funds pending payment of the construction or acquisition costs are used to offset the current period's cost or the capitalized interest, as appropriate.
 - iv. Earnings subject to being reported to the IRS under arbitrage requirements should be excluded from the annual capital calculation.
 - v. For debt arrangements over \$1 million, unless the municipality or school district makes an initial equity contribution to the asset purchase of 25% or more, the municipality or school district shall reduce claims for interest costs by an amount equal to imputed interest earning on excess cash flow, to be calculated as follows:

1. Annually, non-federal entities shall prepare a cumulative (from the inception of the project) report of monthly cash flows that included inflows and outflows, regardless of the funding source
 - a. Inflows are
 - i. Depreciation expense
 - ii. Amortization of capitalized construction interest
 - iii. Annual interest cost
 - iv. For cash flow calculations, the annual inflow figures shall be divided by the number of months in a year (i.e., usually 12) that the building is in service
 - b. Outflows are
 - i. Initial equity contributions
 - ii. Debt principal payments (less the pro rata share attributable to the unallowable costs of land)
 - iii. Interest payments
2. Where cumulative inflows exceed cumulative outflows:
 - a. interest shall be calculated on the excess inflows for that period and be treated as a reduction to allowable interest cost
 - b. The rate of interest to compute earnings on excess cash flows shall be the three month US Treasury bill closing rate as of the last business day of that month
 - vi. Interest attributable to fully depreciated assets is unallowable.
- b. The LEA may include no other interest expenses on the claim
4. Sum of the total annual budgeted school district wide salaries and total annual budgeted district wide fringe benefits
5. Capital percentage rate
- f. Quarterly Detailed Expenditure Report¹⁴ Completed for Cost Pools 1, 2 & 3
 - i. Include personnel information and salary costs for:
 1. Individuals eligible to participate in the RMTS for that quarter and
 2. Were included on the participant list submitted for that quarter
 3. Salary costs must not be duplicative of those costs reimbursed through the application of the Indirect Cost rate. Indirect costs are calculated on the Chart of Accounts and included in the calculation of each LEA's Indirect Cost Rate by DESE and must be excluded from direct claims in Administrative Activity Claims and Direct Service Cost Reports:¹⁵
 - a. Administration - 1000 Series - Specifically includes:
 - i. 1210
 - ii. 1220
 - iii. 1230
 - iv. 1410

¹⁴ Id., p. 16

¹⁵ Id., p. 68, Appendix VIII

- v. 1420
 - vi. 1430
 - vii. 1450
 - b. School Security (3600)
 - c. Maintenance - 4000 series - All
 - d. Employee Insurance (5200) - Only exclude costs when related to salaries in the excluded 1000 series codes
 - e. Retired Employee Insurance (5250)
 - f. Other Insurance (5260)
 - g. Rental Lease (5300)
 - h. Other Fixed Charges (5500)
4. Conditions
- a. If an individual started working for the LEA after the date the participant list was due, her costs may be included in the claim only if she was included on the RMTS participant list for the following quarter
 - b. If a person employed by the LEA changes from a job that is not included in RMTS to a job that is included after the date the RMTS list was due, that person may be included in the claim with the salary and fringe benefits on and after the effective date of the new position, only if she is included on the RMTS participant list for the following quarter
 - c. If a person is hired by the LEA as a substitute and subsequently becomes a full-time employee after the list was due, that person may be included in the claim with the salary and fringe benefits on and after the effective date of the new full time position, only if she was included on the RMTS participant list for the following quarter
 - d. If an employee's salary was 100% federally funded that person was not included in the RMTS, but the 100% federal funding ends after the RMTS list was due, that person may be included in the claim with the salary and fringe benefits after the end of the date of the 100% federal funding only if she is included on the RMTS participant list for the following quarter
 - e. If an employee was included in the RMTS and then was on a long-term leave of absence and not included on the RMTS list for one or more quarters, for the quarter of the employee's return to work the leave of absence ended after the RMTS list was due, that person's salary and fringe benefits can be included in the quarter after the leave of absence ends only if she is included on the RMTS participant list for the following quarter
 - f. If the claim is for the quarter 7/1 to 9/30, include all participants for whom the LEA has costs and who were included on the participant list for any of the prior three quarter's RMTS. If an individual started working for the LEA after the last RMTS, her costs may be included in the claim only if she is included on the RMTS list for the following quarter.
5. Personnel in all three cost pools must be submitted in the claim exactly as they were submitted for the RMTS participant list. No changes to any staff member's job description, Medical Yes/No designation or cost pool are allowed in the claim

6. Only actual fringe benefit costs may be included. The use of an allocated fringe benefit percentage is not allowed.
- ii. Other related costs
 1. Materials
 - a. Actual quarterly material and supply expenditures attributed to each cost pool
 - b. Include only material and supply costs funded by state/local revenue that are used to assist in the performance of reimbursable Medicaid administrative activities
 - c. The cost of materials and supplies used in the delivery of health-related services should not be included.
 2. Out of District Tuition - See calculation of same below.
 3. Purchased services for Cost Pool 2 only
 - a. Enter actual quarterly purchased services expenditures attributed to Cost Pool 2 that are related to the delivery of Medicaid administrative activities
 - b. The cost of purchased services used in the delivery of health-related services should not be included.
- g. Quarterly Out of district Tuition¹⁶
 - i. Conditions for the allowance of out of district tuition expenditures
 1. The placement must be prescribed in the student's IEP and appropriately authorized
 2. The student must be receiving medically necessary Medicaid covered medical services which are included in the cost of the tuition while attending the out of district program as prescribed in the student's IEP
 3. The out of district expenditure was not paid to another public school district
 4. The out of district expenditure was not funded by federal grants or was not a required state or local match on federal grants
 5. The out of district expenditure was not paid to the Judge Rotenberg Center.
 - ii. Excluded costs
 1. Tuition expenditures for Out of District placements that are for educational purposes or for programs that do not provide Medicaid covered services are not allowable
 2. Tuition expenditures for students who do not have Medicaid-covered medical services in their IEPs are not allowable
 - iii. Expenditure reporting - Out of District tuition expenditures must be reported by:
 1. Organization
 2. Program Type
 3. Program Name
 4. Elementary and Secondary Education Program Code
 - iv. For tuition expenditures for students who are also clients of DCF, DMH or DYS, Cost Shares must be broken out in the correct Cost Share Tuition program by reporting the appropriate Cost Share program in the Organization field
 - v. For pre-paid tuition for the entire year, the amount must be divided by four and one quarter of the tuition reported in each quarter the child attends school.

¹⁶ Id., p. 18