XXIX Payments for Non-covered Services Provided Under the Early and Periodic Screening, Diagnosis, and Treatment Program (EPSDT)

When services within the definition of medical services as shown in Section 1905(a) of the Act, but not covered in Kentucky's title XIX state plan, are provided as EPSDT services, the state agency shall pay for the services using the following methodologies:

(1) For services which would be covered under the state plan except for the existence of specified limits (for example, hospital inpatient services), the payment shall be computed in the same manner as for the same type of service which is covered so long as a rate or price for the element of service has been set (for example, a hospital per diem). These services, described as in Section 1905(a) of the Social Security Act, are as follows:

(a) 1905(a)(l), inpatient hospital services, including services provided by a residential pediatric recovery center;
(b) 1905(a)(2)(A), outpatient hospital services, including services provided by a residential pediatric recovery center;
(c) 1905(a)(2)(B), rural health clinic services;
(d) 1905(a)(2)(C), federally qualified health center services;
(e) 1905(a)(3), other laboratory and X-ray services;
(f) 1905(a)(4)(B), early and periodic screening, diagnosis, and treatment services;
(g) 1905(a)(4)(C), family planning services and supplies;
(h) 1905(a)(5)(A), physicians services;
(i) 1 905(a)(5)(B), medical and surgical services furnished by a dentist;
(j) 1905(a)(6), medical care by other licensed practitioners;
(k) 1905(a)(7), home health care services;
(l) 1905(a)(9), clinic services;
(m) 1905(a)(l0), dental services;
(n) 1905(a)(11), physical therapy and related services;
(o) 1905(a)(12), prescribed drugs, dentures, and prosthetic devices; and eyeglasses;
(p) 1905(a)(13), other diagnostic, screening, preventive and rehabilitative services;
(q) 1905(a)(15), services in an intermediate care facility for individuals with intellectual disabilities ;
(r) 1905(a)(16), inpatient psychiatric hospital services for individuals under age 21;
(s) 1905(a)(1 7), nurse-midwife services;
(t) 1905(a)(18), hospice care;
(u) 1905(a)(19), case management services; and
(v) l905(a)(28), freestanding birth centers.

(2) For all other uncovered services as described in Section 1905(a) of the Social Security Act which may be provided to children under age 21, the state shall pay a percentage of usual and customary charges, or a negotiated fee, which is adequate to obtain the service. The percentage of charges or negotiated fee shall not exceed 100 percent of usual and customary charges, and if the item is covered under Medicare, the payment amount shall not exceed the amount that would be paid using the Medicare payment methodology and upper limits. Services subject to payment using this methodology are as follows:

(a) Any service described in one (1), above, for which a rate or price has not been set for the individual item (for example, items of durable medical equipment for which a rate or price has not been set since the item is not covered under Medicaid);
(b) 1905(a)(8), private duty nursing services;
(c) 1905(a)(20), respiratory care services;
(d) 1905(a)(21), services provided by a certified pediatric nurse practitioner or certified family nurse practitioner (to the extent permitted under state law and not otherwise covered under I 905(a)(6); and

3) For medically-necessary evaluative, diagnostic, preventive, and treatment services listed in Section 1905(a) of the Social Security Act, the state shall pay in accordance with items (1) or (3), as applicable, except that for governmental providers the payment shall be a fee-for-service system designed to approximate cost in the aggregate with settlement to reconciled cost. The following describes the methodology utilized in arriving at the rates.

(a) Medicaid providers are paid according to the Kentucky Medicaid Fee Schedule and its modifiers which are maintained by the department and paid through the fee-for-service system. "Except as otherwise noted in the plan, state-developed fee schedule rates are the same for both governmental and private providers of covered services. The agency's current fee schedule rate was set as of January, 2010 and is effective for services provided on or after that date. All rates are published on the KY Medicaid web site at https://www.chfs.ky.gov/agencies/dms/Pages/feesrates.aspx

(b) Fee for new services are established based on the fees for similar existing services. If there are no similar services the fee is established at 75% of estimated average charge.

(c) Fees for particular services can be increased based on administrative review if it is determined that the service is essential to the health needs of Medicaid recipients, that no alternative treatment is available, and that a fee adjustment is necessary to maintain physician participation at a level adequate to meet the needs of Medicaid recipients. A fee may also be decreased based on administrative review if it is determined that the fee may exceed the Medicare allowable amount for the same or similar services, or if the fee is higher than Medicaid fees for similar services, or if the fee is too high in relation to the skills, time and other resources required to provide the particular service.

(d) Medicaid Services Provided in Schools are services that are medically necessary and provided in schools to Medicaid recipients in accordance with an Individualized Education Program, (IEP) or an Individual Family Service Plan (IFSP). Covered services include the following as described in Attachment 3.1-A pages 7.1.7(b)-7.1.7(e):

1. Audiology
2. Occupational Therapy
3. Physical Therapy
4. Behavioral Health Services
5. Speech
6. Nursing Services
7. Respiratory Therapy
8. Transportation

The interim payment to the Local Education Agencies for services (Paragraph (d) 1-7) listed above are based on the physician fee schedule methodology as outlined in Kentucky Medicaid Fee Schedule.

(e) Direct Medical Services Payment Methodology
Beginning with cost reporting period August 1, 2008, the Department for Medicaid Services (DMS) will begin using a cost-based methodology for all Local Education Agencies (LEAs). This methodology will consist of a cost report, time study and reconciliation. If payments exceed Medicaid-allowable costs, the excess will be recouped.

Once the first year's cost reports are received, and each subsequent year, the Department will examine the cost data for all direct medical services to determine if an interim rate change is justified.

(f) Community Health Workers and state: Reimbursement will be based on the Physician Fee Schedule reimbursement methodology.

To determine the Medicaid-allowable direct and indirect costs of providing direct medical services to Medicaid-eligible clients in the LEA, the following steps are performed:

1. Direct costs for direct medical services include unallocated payroll costs and other unallocated costs that can be directly charged to direct medical services. Direct payroll costs include total compensation of direct services personnel listed in the descriptions of the covered Medicaid services delivered by school districts in Attachment 3.1-A pages 7.1.7(b) - 7.1.7(e).

   Other direct costs include costs directly related to the approved direct services personnel for the delivery of medical services, such as purchased services, direct materials, supplies and equipment.

   Medical devices and equipment are only allowable for the provision of direct medical services. For items not previously approved, the LEA must use a pre-approval process to determine suitability, coverage, and reimbursement of medical supplies, material, and equipment. The following process must be followed by the schools at a minimum:

   1) The medical device must be approved and effective (i.e., not experimental) and within the scope of the school based services shown as covered in the Medicaid state plan;

   2) The use of the device must be determined suitable for the individual; and

   3) The service or device must be approved by one of the covered medical professionals and reviewed by the Kentucky Department for Medicaid Services.

   These direct costs are accumulated on the annual cost report, resulting in total direct costs. The cost report contains the scope of cost and methods of cost allocation that have been approved by the Centers for Medicare & Medicaid Services (CMS).

2. The net direct costs for each service is calculated by applying the direct medical services percentage from the CMS-approved time study to the direct cost in 1 above.

   A time study which incorporates a CMS-approved methodology is used to determine the percentage of time medical service personnel spend on IEP-related medical services, and general and administrative time. This time study will assure that there is no duplicate claiming relative to claiming for administrative costs

3. Indirect costs are determined by applying the school district's specific unrestricted indirect cost rate to its net direct costs. Kentucky public school districts use predetermined fixed rates for indirect costs. The Department of Education (KDE) is the cognizant agency for the school districts, and approves unrestricted indirect cost rates for school districts for the US Department of Education (USDE). Only Medicaid-allowable costs are certified by providers. Providers are not permitted to certify indirect costs that are outside their unrestricted indirect cost rate.

4. Net direct costs and indirect costs are combined.

5. Medicaid's portion of total net costs is calculated by multiplying the results from Item 4 by the ratio of the total number of students with Medicaid Individualized Education Program (IEP) or an Individual Family Service Plan (IFSP) receiving services to the total number of students with an IEP or an IFSP.

(f) Transportation Services Payment Methodology

Effective dates of services on or after August 1, 2008, providers will be paid on a interim cost basis. Providers will be reimbursed interim rates for School Based Health Services (SBHS) Specialized Transportation services at the lesser of the provider's billed charges or the interim rate. The interim rate will be a per mile amount determined by the Department of Education Division of School Finance based on data collected from school districts. This interim rate will be an average of each school district's actual cost per mile. On an annual basis, a cost reconciliation and cost settlement will be processed for all over and under payments.

Transportation to and from school may be claimed as a Medicaid service when the following conditions are met:

1. Special transportation is specifically listed in the IEP as a required service;
2. A medical service is provided on the day that specialized transportation is provided; and
3. The service billed only represents a one-way trip.

Transportation costs included on the cost report worksheet will only include those personnel and non-personnel costs associated with special education. The cost identified on the cost report includes the following:

1. Bus Drivers
2. Mechanics
3. Substitute Drivers
4. Fuel
5. Repairs & Maintenance
6. Rentals
7. Contract Use Cost
8. Vehicle Depreciation

The source of these costs will be audited Chart of Accounts data kept at the school district and the Department of Education level. The Chart of Accounts is uniform throughout the State of Kentucky. Costs will be reported on an accrual basis.

1. A rate will be established and applied to the total transportation cost of the school district or the Department of Education. This rate will be based on the *Total IEP Special Education Department (SPED) Students in District Receiving Specialized Transportation* divided by the *Total Students in District Receiving Transportation*. The result of this rate (%) multiplied by the *Total District or Department of Education Transportation Cost* for each of the categories listed above will be include on the cost report. It is important to note that this cost will be further discounted by the ratio of *Medicaid Eligible SPED IEP One Way Trips* divided by the total number of *SPED IEP One Way Trips*. This data will be provided from transportation logs. The process will ensure that only one way trips for Medicaid eligible Special Education children with IEP's are billed and reimbursed for.

2. Indirect costs are determined by applying the school district's specific unrestricted indirect cost rate to its net direct costs. Kentucky public school districts use predetermined fixed rates for indirect costs. The Department of Education (KDE) is the cognizant agency for the school districts, and approves unrestricted indirect cost rates for school districts for the US Department of Education (USDE). Only Medicaid-allowable costs are certified by providers. Providers are not permitted to certify indirect costs that are outside their unrestricted indirect cost rate.

3. Net direct costs and indirect costs are combined.

(g) Certification of Funds Process

On an annual basis, each provider will certify through its cost report its total actual, incurred Medicaid allowable costs/expenditures, including the federal share and the nonfederal share. Providers are permitted only to certify Medicaid-allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate.

(h) Annual Cost Report Process

For Medicaid services listed in Paragraph (d) 1-8 provided in schools during the state fiscal year, each LEA provider must complete an annual cost report. The cost report is due on or before April 1 following the reporting period.

The primary purposes of the cost report are to:

1. Document the provider's total CMS-approved, Medicaid-allowable costs of delivering Medicaid coverable services using a CMS-approved cost allocation methodology.
2. Reconcile annual interim payments to its total CMS-approved, Medicaid-allowable costs using a CMS approved cost allocation methodology.

The annual SBHS Cost Report includes a certification of funds statement to be completed, certifying the provider's actual, incurred costs/expenditures. All filed annual SBHS Cost Reports are subject to desk review by Department for Medicaid Services (DMS) or its designee.

(i) The Cost Reconciliation Process

The cost reconciliation process must be completed by DMS within twenty-four months of the end of the reporting period covered by the annual SBHS Cost Report. The total CMS-approved, Medicaid-allowable scope of costs based on CMS-approved cost allocation methodology procedures are compared to the LEA provider's Medicaid interim payments delivered during the reporting period as documented in the Medicaid Management Information System (MMIS), resulting in a cost reconciliation.

For the purposes of cost reconciliation, the state may not modify the CMS-approved scope of costs, the CMS-approved cost allocation methodology procedures, or its CMS-approved time study for cost-reporting purposes. Any modification to the scope of cost, cost allocation methodology procedures, or time study for cost-reporting purposes requires approval from CMS prior to implementation; however, such approval does not necessarily require the submission of a new state plan amendment.

(j) The Cost Settlement Process

EXAMPLE: For services delivered for the period covering August 1, 2007, through July 31, 2008, the annual SBHS Cost Report is due on or before April 1, 2009, with the cost reconciliation and settlement processes completed no later than July 31, 2010.

If a provider's interim payments exceed the actual, certified costs for Medicaid services provided in schools to Medicaid clients, the provider will remit the federal share of the overpayment at the time the cost report is submitted. DMS will submit the federal share of the overpayment to CMS within 60 days of identification.

If the actual, certified costs of a LEA provider exceed the interim payments, DMS will pay the federal share of the difference to the provider in accordance with the final actual certification agreement and submit claims to CMS for reimbursement of that payment in the federal fiscal quarter following payment to the provider.

The Department for Medicaid Services (DMS), Kentucky Department of Education (KDE) and individual schools wish to share in the responsibility for promoting access to health care for students in the public school system, preventing costly or long term health care problems for at risk students, and coordinating students' health care needs with other providers. Many of these activities, when performed by school staff, meet the criteria for Medicaid school-based administrative claiming and may be reimbursable. For this purpose we have produced the Kentucky School Based Time Study document to set out the method for these reimbursements.

XXX 1905 (a)(29) Medication-Assisted Treatment (MAT)

The reimbursement for unbundled prescribed drugs and biologicals used to treat opioid use disorder will be reimbursed u sing the same methodology as described for prescribed drugs located in Attachment 4.19-B, pages 20.1-20.1(a), for drugs that are dispensed or administered.

8. Personal care services coverable and performed by individuals qualified under 42 CFR § 440.167;
9. Services performed by licensed practitioners within the scope of their practice for individuals with behavioral health (mental health and substance abuse) disorders, as defined under state law, and coverable as medical or other remedial care under 42 CFR § 440.60;
10. Diagnostic, screening, preventive, and rehabilitative services covered under 42 CFR § 440.130;
11. Medical nutritional services provided by a qualified professional under 42 CFR § 440.60;
12. Sports related or other injury assessment and therapy provided by a qualified professional under 42 CFR § 440.60.
13. Assessments and independent evaluations are covered as necessary to assess or reassess the need for medical services in a child's treatment plan and must be performed by any of the above licensed practitioners within the scope of practice.
14. Audiology
15. Transportation (IEP only)

A. Cost Reimbursement Methodology for School-Based Services.

Final reimbursement is based on the certified reports that are submitted using the methodology allowed under the Kentucky School-Based Cost Report reviewed by the Centers for Medicare and Medicaid Services (CMS).

To determine the Medicaid-allowable costs of providing School-Based Services to Kentucky Medicaid members, the following steps are performed:

Direct costs of providing School-Based Services include payroll costs and other costs that can be directly charged to School-Based Services, including costs that are integral to School-Based Services. Direct costs are recorded on a modified accrual basis consistent with the Kentucky Department of Education chart of accounts, and the source data is the School Based Services Provider's accounting and payroll systems. Direct payroll costs include total compensation (i.e., salaries and benefits and contract compensation) of direct services personnel listed in the descriptions of the covered Medicaid services delivered by School-Based Services providers under Item 4.b. EPSDT in Supplement to Attachment 3.1-A/B. Direct costs do not include salaries for staff who do not meet the qualifications required under item 4.b.EPSDT in Supplement to Attachment 3.1-A/B.

Other direct costs include costs directly attributed to activities performed by the personnel who are approved to deliver School-Based Services, such as, travel, materials and supplies. Additional direct costs include purchased services. These direct costs are accumulated on the annual Kentucky School-Based Cost Report. .

Direct costs do not include room and board.

(1) Direct costs for School-Based Services from Item 1 above are reduced by any federal payments for those costs, resulting in adjusted direct costs for School-Based Services.

(2) Adjusted direct costs from Item 2 above are then allocated to identify Medicaid-reimbursable costs for School-Based Services according to the Random Moment Time Study (RMTS) results that are identified according to the process described in the Kentucky RMTS Implementation Plan, approved by CMS.

(3) Indirect costs are calculated using the unrestricted indirect cost rate set by the Kentucky Department of Education as the cognizant agency or other allowable rates per OMB 2 CFR Part 225: Cost Principles for State, Local, and Indian Tribal Governments (OMB Circular A-87). Indirect costs are equal to adjusted direct costs multiplied by the unrestricted indirect costs rate. These indirect costs are then added to the adjusted direct costs to determine the total direct costs.

(4) Medicaid-allowable costs are identified by applying the applicable Medicaid Enrollment Ratio to the total direct costs. For those costs allocated by the RMTS as being covered services, the quarterly Medicaid Enrollment ratio is the number of Medicaid-enrolled children, ages 15-18, per county. To determine the MER for each participating school district, Kentucky utilizes calculations. These quarterly calculations utilize the following reports:

- A countywide report of all Medicaid-enrolled ages 5-18 provided by the Department of Medicaid. This report provides just the number of Medicaid-enrolled.
- DMS also provides a master detail listing of all Medicaid-enrolled ages 5-18, which include the name, date of birth and social security number of each of the Medicaid participants residing in each of the participating school district counties.
- A school district report of all enrolled students between the ages of 5-18. This report is generated by the statewide enrollment reporting database. The report lists the student name, date of birth, and social security number.
- The end of the school year enrollment report submitted by each individual school district.

To calculate the MER for participating school districts where there is only one school district located in the county. The MER is determined by dividing the DMS countywide report by the school district's year-end total enrollment.
To calculate the MER for participating school districts where there are multiple school districts located in the same county. The KDE performs a computerized match where the district generated student list is compared to the DMS master list. The MER is determined by dividing the number of Medicaid-enrolled matches by the end of the school year enrollment.

The School-Based Services Providers' temporary rate is the rate for a specific service, which is provisional in nature, pending the completion of a cost reconciliation and a cost settlement for that period. This rate is for direct medical services, per unit of service, on a per visit basis Claims filed by School-Based Services Providers to Medicaid Management Information System (MMIS) as part of this process, are paid at 70% of the submitted costs, and are temporary rates for cost settlement purposes only.

All qualified providers of Non-IEP/IFSP services that have been approved under Attachment 3.1-A of the Medicaid state plan are paid the same as providers and services outside of the school based setting (with the same fee schedules as the rest of the state). All rates are published on the agency's website: https://chfs.ky.gov/agencies/dms/Pages/feesrates.aspx.

(a) IEP/IFSP Medicaid Services Provided in Schools are services that are medically necessary and provided in schools to Medicaid recipients in accordance with an Individualized Education Program, (IEP) or an Individual Family Service Plan (IFSP), or are otherwise medically necessary. Covered services are the following as described in Attachment 3.1-A pages 7.1.7(a)-7.1.7(e):

1. Audiology
2. Occupational Therapy
3. Physical Therapy
4. Behavioral Health Services
5. Speech
6. Nursing Services
7. Respiratory Therapy
8. Transportation

Beginning with cost reporting period August 1, 2020, the Department for Medicaid Services (DMS) will begin using a cost based methodology for all Local Education Agencies (LEAs). This methodology will consist of a cost report, time study and reconciliation. If payments exceed Medicaid-allowable costs, the excess will be recouped.

Cost Reconciliation timeline:

a) Cost Report Training to be Conducted in February
b) Cost Report Opens March 1st
c) Cost Report Closed March 31st
d) Validation is Completed by June 30th
e) Cost Settlement Calculated September

Once the first year's cost reports are received, and each subsequent year, the Department will examine the cost data for all direct medical services to determine if an interim rate change is justified.

(b) All costs described within this methodology (IEP/IFSP) are for Medicaid services provided by qualified practitioners that have been approved under Attachment 3.1-A of the Medicaid state plan.

(c) Certification of Funds Process

Each School-Based Services Provider certifies on an annual basis through its completed School-Based Cost Report its total actual, incurred Medicaid-allowable costs, including the federal share and the nonfederal share. These costs do not include any indirect costs that are not included in the unrestricted indirect cost rate set by the Kentucky Department of Education as the cognizant agency.

A. Annual Cost Report Process

Each School-Based Services Provider annually will complete a School-Based Cost Report for all services delivered during the previous state fiscal year covering July 1 through June 30. Cost reports are due to the State no later than June 30th of the year following the close of the year during which the costs included in the Cost Report were accrued. The annual cost report includes the certification of funds, as described in Section C above. Submitted cost reports are subject to desk review by the single state agency or its designee.