



DEPARTMENT OF HEALTH
Dennis R. Schrader, Acting Secretary

STATE DEPARTMENT OF EDUCATION
Dr. Karen Salmon, Superintendent

December 8, 2020

Hon. Guy Guzzone, Chair
Senate Budget and Taxation Committee
3 West Miller Senate Office Building
Annapolis, MD 21401

Hon. Maggie McIntosh, Chair
House Appropriations Committee
121 House Office Building
Annapolis, MD 21401

Re: 2020 Session Joint Chairmen’s Report (pg. 170): Medicaid Claims for School Based Health Services

This letter is submitted in accordance with the request on page 170 of the Joint Chairmen’s Report (JCR) – Operating Budget (April 2020) that “MSDE and MDH provide additional detail on the five areas identified in the 2019 JCR as necessary to implement Medicaid claims for school-based health services.”

The April 2020 JCR references the 2019 JCR as follows: "A 2019 Joint Chairmen’s Report (JCR) report found that the State and local education agencies (LEA) would need to take several steps to initiate Medicaid claiming for school-based health services." To clarify current Maryland Medicaid policy, school districts, nonpublic schools, and local lead agencies presently bill and receive payments (with federal matching funds) for Medicaid reimbursable services. Medicaid pays for health care services, case management, and coordination for services rendered to Medicaid eligible participants as part of an Individualized Education Program (IEP) or Individual Family Services Plan (IFSP), pursuant to the Individuals with Disabilities Education Act (IDEA). The Maryland State Department of Education (MSDE) is responsible for providing the state share of these costs via an intergovernmental transfer to the Maryland Department of Health (MDH). Reimbursable service coordination activities include an initial IEP/IFSP team meeting and assessment, periodic review meetings, and ongoing monthly service coordination.

As discussed in the 2019 JCR, Maryland Medicaid does not currently employ an *administrative claiming* program for school-based services. Such a program would be a major programmatic change from the current fee-for-service model, requiring the steps outlined in MSDE and MDH’s response to the 2019 JCR.

In December of 2018, the U.S. Department of Health and Human Services Office of Inspector General (OIG) issued a broad audit report with respect to Medicaid school-based administrative claiming.¹ The audit pointed to vulnerabilities in school-based administrative claiming methodologies and deficiencies in time study methodologies at

¹ “Vulnerabilities Exist in State Agencies’ Use of Random Moment Sampling to Allocate Costs for Medicaid School-Based Administrative and Health Services Expenditures”
<https://oig.hhs.gov/oas/reports/region7/71804107.pdf>

both the state and federal level, causing a significant volume of improper payments. The OIG report recommended that the Centers for Medicare and Medicaid Services (CMS) issue new guidance to states on school-based administrative claiming. CMS concurred with the audit's findings, and is now undertaking corrective action, to include an updated version of the claiming guide. The guide was last updated in 2003, and therefore, predates the major changes in federal and state Medicaid policy over the last decade.

As of this date, CMS has not issued updated guidance on school-based administrative claiming. Until the state is in receipt of updated, compliant federal guidance, it is not possible to assess feasibility, cost/savings, or timeline for the steps outlined in the 2019 JCR response on school-based administrative claiming implementation. Any analysis or planning based on the standing federal guidance would be noncompliant according to the federal OIG, and expose the state to major audit risk.

Once CMS issues updated school-based administrative claiming guidance, MSDE and MDH will be in a better position to assess opportunities related to school-based administrative claiming.

Sincerely



Karen B. Salmon, Ph.D.
State Superintendent of Schools, MSDE



Dennis R. Schrader
Acting Secretary, MDH