



STATE OF MICHIGAN
DEPARTMENT OF COMMUNITY HEALTH
LANSING

JENNIFER M. GRANHOLM
GOVERNOR

JANET OLSZEWSKI
DIRECTOR

February 12, 2008

Dear School Based Services Provider:

This letter provides a brief overview of the upcoming changes to the Medicaid School Based Services (SBS) Fee-For-Service (FFS) and Administrative Outreach programs. Formal proposed changes to the published Medicaid policy will be issued later this spring 2008 for your review and comment.

Changes for the 2008/2009 school year include:

- A new reimbursement methodology that is cost-based, provider specific and annually reconciled has been approved by the federal Centers for Medicare and Medicaid Services (CMS) effective July 1, 2008. During year one (for dates of service July 1, 2008 through June 30, 2009), each SBS provider (ISDs and Detroit Public Schools) will be reimbursed an ISD-specific interim monthly payment based on a percentage of the previous year's payments. Providers will be reconciled to actual costs based on the submitted annual cost reports.

Beginning July 1, 2008, ISDs and local school districts will need to begin capturing Medicaid-allowable cost data for certain health services costs and staff to support this new reimbursement process.

The new methodology will also require that a new time study be conducted to determine the amount of time staff spend delivering school based direct medical services. The proposed time study methodology is still under review by CMS, but we anticipate it will involve all the staff that are currently participating in the quarterly administrative outreach time studies, as well as non-federally-funded paraprofessionals/aides and targeted case managers. A detailed Medicaid policy bulletin will be issued for your review and comment after CMS approval of the time study methodology is obtained. The Public Consulting Group (PCG), in conjunction with MDCH, will be conducting state wide training regarding the changes in the reimbursement methodology, time studies, cost collection and coverage parameters.

- Personal care services will be a new covered service under the SBS FFS program, effective July 1, 2008. Personal care services are those services that assist a student with activities of daily living, such as toileting, eating, dressing, grooming, ambulating, etc. and are often provided by paraprofessionals or aide staff within the schools. For Medicaid reimbursement, the need for one-on-one personal care services must be documented in the IEP/IFSP.
- There are final CMS federal regulations that were issued in December 2007, to eliminate all Medicaid FFS transportation reimbursement and the Administrative Outreach Program reimbursement effective September 1, 2008. We will forward any new information to you regarding this regulation as it becomes available and will issue a final Medicaid Policy Bulletin notice in the near future.

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If you have any further questions or concerns, please contact Linda Sowle at (517) 241-8398 or by e-mail at sowlel@michigan.gov.

Sincerely,

A handwritten signature in black ink that reads "Paul Reinhart". The signature is written in a cursive, flowing style.

Paul Reinhart, Director
Medical Services Administration