



Michigan Department of Community Health  
Medical Services Administration

**SCHOOL BASED SERVICES  
FEE-FOR-SERVICE  
EXPENDITURE REPORTING OVERVIEW**

**Background:**

This document is to serve as a brief overview of the new expenditure reporting methodology. For detailed instructions on cost reporting, downloading the cost reports, downloading the summary software, and submission of reports please refer to the training documents on the School Based Services Provider Specific website.

The Centers for Medicare and Medicaid (CMS) mandated that the Medicaid-participating Local Educational Agencies (LEAs), Public School Academies (PSAs), charter schools and Intermediate School Districts (ISDs), henceforth referred to as “schools”, utilize a cost-based, provider specific, and annually reconciled reimbursement methodology in order to receive federal funding. Federal matching funds are available for certain medically necessary health-related/direct medical services, administrative outreach program (AOP) services, personal care services, targeted case management, and specialized transportation provided to children under the age of 21. Direct medical services include such services as physical therapy services, occupational therapy services, nursing services, speech therapy services to name a few. Covered services are detailed in the Medicaid Provider Manual, School Based Services (SBS) Chapter located on the Michigan Department of Community Health website at [www.michigan.gov/mdch](http://www.michigan.gov/mdch), scroll down to the “More Topics” area and click on the Medicaid Provider Manual. Once the manual is opened follow the bookmarks to the three School Based Services chapters. The three chapters are as follows:

- ❖ School Based Services
- ❖ School Based Services Administrative Outreach Program Claims Development
- ❖ School Based Services Random Moment Time Study

**LEA/PSA/ISD Information:**

Expenditure reporting responsibilities:

The “schools” must complete and return the appropriate expenditure reports and maintain the necessary documentation to verify all amounts recorded for a period of not less than seven years. Any supplies, materials, or purchased services must be medically related and documentation must be maintained. Lack of documentation will result in a disallowance of these costs in the event of an audit.

The Intermediate School Districts (ISDs) must run the summary application software provided to aggregate all of the “schools” reports into one ISD level summary report. The data file must then be electronically transmitted to MDCH via the State Single Sign On utility. With each annual Summary report a cost certification form must be completed by the ISD, signed, and either mailed or faxed to MDCH at the address listed below. The ISD is responsible for the making sure that all “schools” under the ISD have completed and submitted their MAER reports. If a “school” does not complete and return their expenditure report it will negatively impact the federal dollars received by the ISD. It is the responsibility of the ISD to recover any revenues that may have been distributed to their “schools” in error.

**General Instructions:**

Effective for dates of service on or after July 1, 2008, two different expenditure reports are utilized to capture the expenditure/cost data for the Fee-For-Service School Based Services program: 1) the Medicaid Allowable Expenditure Report (MAER) and, 2) the quarterly financial worksheets distributed by Public Consulting Group (PCG). The MAER will be completed annually by the “schools” and

submitted to the Michigan Department of Community Health (MDCH), the financials will be completed quarterly by the “schools” and submitted to PCG.

- **MAER Report** – This Medicaid allowable direct medical services expenditures and specialized transportation expenditures are reported utilizing the Medicaid-Allowable Expenditure Report (MAER). This MAER cost report and training documents are housed on the Michigan Department of Community Health (MDCH) School Based Services Provider Specific website at: [http://www.michigan.gov/mdch/0,1607,7-132-2945\\_42542\\_42543\\_42546\\_42551-151025--\\_00.html](http://www.michigan.gov/mdch/0,1607,7-132-2945_42542_42543_42546_42551-151025--_00.html). The expenditures reported on the MAER reports must reflect only non-federal dollars. The expenditures reported cannot include Section 51 (a) (6) or American Recovery and Reinvestment Act (ARRA) funds. The training documents detail the allowable subset of costs that may be reported on both the Direct Medical and the Specialized Transportation cost reports.

The Specialized Transportation cost reporting via the MAER serves only to establish a per trip cost. The “schools” must report the allowable specialized transportation cost and the correlating trips. These trips should be the total one-way trips (two allowed per day) that relate to the costs reported. The best way to achieve this trip count is to count actual one way trips provided; however, an estimate of trips can be calculated by multiplying the number of special education children receiving special education transportation times the total school days times two trips per day. Using the estimated methodology may significantly lower the per trip calculation. MDCH will pull from the Medicaid claims processing system the actual submitted transportation shadow claims to determine the allowable transportation units (one-way trips) that will be multiplied times the per trip rate for the school year.

The MAER reports must be completed, summarized, and submitted to MDCH via the SSO within six months of the close of the school fiscal year (December 31<sup>st</sup>).

- **PCG Excel Financial Worksheets** - Personal care services and targeted case management expenditures are reported utilizing Excel financial worksheets distributed by Public Consulting Group. These are the same financial worksheets utilized when reporting Administrative Outreach Program (AOP) staff costs. The financial worksheets will be completed on a quarterly basis and returned to PCG. The annual totals from these worksheets will be calculated and populated on the MMF Summary Software.

The expenditures reported for calculating the Medicaid allowable costs include actual non-federal expenditures incurred during the school fiscal year. Purchased services and other expenditures reported for direct medical services must be “medically-related.” Medically-related costs for any object code are defined as the cost for a service, supply, or equipment whose primary or customary use is for a medical purpose and would not be useful in the absence of an illness or injury.

Once the expenditure reports are completed the file must be saved (the file automatically saves to a comma separated file) and then electronically transmitted to the ISD. If the “schools” do not have the capability to electronically transfer the file to their ISD the MAER must be printed and mailed or faxed to the ISD for input. Once the ISD has received all of their “schools” expenditure reports and reviewed them for reasonableness they will download and run the Summary Software Application from the SSO. Instructions for downloading this application are located on the School Based Services Provider Specific website location given above. This application will summarize all of the MAER expenditure reports into an ISD summary level data file. The MAER summary data file must then be transmitted to MDCH along with a completed and signed cost certification form.

**Cost Certification:**

Upon receipt the ISD will summarize all of their "schools" cost reports by running the summary software. The summary software will be populated with the Personal Care Services expenditures, the Targeted Case Management expenditures, the Cognizant Agency Indirect Cost Rate and the Medicaid IEP Eligibility Rate. The ISD must review the data for accuracy and reasonableness. Once the expenditure data is reviewed and agreed to the ISD must electronically transmit the summary data file to MDCH via the SSO and then mail, or fax, the cost certification form to MDCH (see address and fax number below). Once MDCH receives both the summary data file and the cost certification form, the audit review and initial settlement process will begin.

**Settlement Process:**

Beginning with the initial cost data submission and with every successive submission the ISD must submit an electronic data file of the summary data and a signed cost certification form. Revisions to the cost data can be done at any time prior to receiving the Notice of Program Reimbursement (NPR) for the final settlement. Revisions must be done to the appropriate cost year that the adjustment applies to.

**Technical Assistance:**

Any questions related to the MDE coding or cost categories should be directed to the Finance Management Unit at the following address and telephone numbers:

Michigan Department of Education  
Office of Special Education and Early Intervention Services  
Finance Management Unit  
P.O. Box 30008  
Lansing, Michigan 48909

Telephone: (517) 373-6309 (regarding federal funds)  
(517) 241-4517 (regarding state funds)

Any questions related to the MDCH (Michigan Department of Community Health) coverage or policy should be directed to:

Michigan Department of Community Health  
Bureau of Program Policy and Actuarial Services  
Program Policy Division  
School Based Services Policy  
P.O. Box 30479  
400 S. Pine, 7<sup>th</sup> Floor  
Lansing, MI 48909

Telephone: (517) 241-8398

Any questions related to the Medicaid cost settlement process, cost revisions, website forms or expenditure reporting should be directed to:

Michigan Department of Community Health  
Bureau of Financial Management and Administrative Services  
Hospital and Health Plan Reimbursement Division

Special Program Section  
P.O. Box 30479  
400 S. Pine, 5<sup>th</sup> Floor  
Lansing, MI 48909

Telephone: (517) 335-1355

Any questions related to the financial worksheets for personal care services or targeted case management should be directed to:

Public Consulting Group, Inc.  
100 W. Monroe Suite 1200  
Chicago, IL 60606

Telephone: 1-(877)-395-5017

**Mailing Instructions:**

The email should contain in the subject line MAER and the appropriate school fiscal year that the report is for (i.e. "MAER FYXXXX"). The completed MAER summary data file should be electronically transferred to MDCH via the address below:

Electronic submission email address- [RateSetting@michigan.gov](mailto:RateSetting@michigan.gov)

The completed and signed cost certification form should be mailed or faxed to:

Michigan Department of Community Health  
Bureau of Financial Management and Administrative Services  
Hospital and Health Plan Reimbursement Division  
Special Program Section  
P.O. Box 30479  
400 S. Pine, 5<sup>th</sup> Floor  
Lansing, MI 48909

Telephone: (517) 335-5330  
Fax: (517) 241-7408