LEGISLATIVE REPORT

SUBJECT: July, 2010 report on the medicaid school-based claiming program.


ACTION REQUESTED: Report quarterly on the Department of Education’s (DOE) effort to establish and implement a federal maximization program for medicaid-eligible health services that it provides to Hawaii’s school-aged children.

As required in S.B. 1394, Act 141, this report presents information on the development, implementation and on-going operations of the DOE school-based claiming (SBC) program. Pursuant to the reporting requirements of Act 141, the following items are presented:

1. The amount of Medicaid federal reimbursement received for federal fiscal year 2010 (October 1, 2009 – September 30, 2010);
2. The amount of additional funding that has been secured;
3. The amount of claims pending;
4. The amount of additional federal funding that is projected to be secured over the next five years; and
5. Plans for the reinvestment of additional federal funds to expand needed services to the state’s children.

FINDINGS:
As permitted under Act 141, the DOE procured and contracted with a third party administrator (University of Massachusetts Medical School) to provide expertise to the department for the development, implementation and maintenance of a federal maximization program that includes claiming for direct services and administrative costs effective January 15, 2006. The contract with the third party administrator was renewed as of March, 2010.

Additional effort to meet statute requirements includes the execution of a Memorandum of Agreement (MOA) between the DOE and the Department of Human Services, MedQUEST Division (MQD). Recently renewed until June 30, 2013, the agreement reflects the interagency terms and conditions for operationalizing the SBC program.

Further support for the implementation and on-going operation of the SBC program was provided by the Hawaii State Legislature, 2006. Given that Act 141 is silent regarding the provision of resources needed to operationalize the SBC program, the Legislature
approved the DOE’s appropriation request for positions and funds to support program operations. Additional legislative support was provided by the passage of Act 244 creating a federal maximization revolving fund effective June 26, 2006. The fund enables the department to ensure that collected revenue is used to support special education activities.

Another significant achievement in the operationalization of the SBC program is the development of a data exchange process between DOE and University of Massachusetts Medical School. The exchange process creates an interface with the department’s information system (eCSSS). It allows for current and retroactive claim processing, obtaining parental consent to claim for services provided, and verifying joint Medicaid/special education eligibility.

To achieve full reimbursement potential, all Medicaid program requirements must be met. One such requirement is the documentation of services rendered. A service documentation component is being integrated into the eCSSS design to ensure that supportive information exists verifying an allowable service was provided to an eligible student. Full integration of the documentation component is projected to be completed by June 2011.

Before the DOE can submit any claims for services provided to special education students, the rules under the Family Rights and Privacy Act (FERPA) require the DOE to obtain parental consent before sharing personal information included in the child’s Individualized Education Program (IEP) such as student name, birth date, and type of service provided with the state Medicaid agency. A parental authorization process has been implemented that will increase the eligible student population in which the DOE can submit claims for. The parental authorization process was carried out in April, 2010 resulting in approximately 400 new eligible students.

Under the SBC program, the DOE is allowed to claim federal Medicaid reimbursement for administrative costs associated with supporting direct health services as well as performing other administrative activities such as Medicaid outreach. As of June 2010, further interaction with MQD has been conducted to review strategies for the implementation of an administrative claiming program.

REQUIRED REPORT ITEMS:
1. Medicaid reimbursement received for federal fiscal year 2010 is $1,007,388. The current balance of federal maximization revolving fund is $1,530,904.
2. Amount of additional funding secured – N/A.
3. Currently there are no claims pending.
4. Now that the SBC program is operational, it is estimated that the DOE will receive approximately $7 million in reimbursement by 2013.
5. The passage of Act 244 (Session Laws of Hawaii 2006) creating an SBC program revolving fund enables the DOE to ensure that collected revenue will be used to support special education activities.
A Bill for an Act Relating to Education.

Be It Enacted by the Legislature of the State of Hawaii:

SECTION 1. The department of education provides important health services to Hawaii's school-aged children, including:

1. Speech/language therapy;
2. Occupational/physical therapy;
3. Health-related transportation;
4. Mental health and other behavioral services;
5. Counseling;
6. Diagnostic and assessment services; and
7. Nursing and health aide services.

The purpose of this Act is to authorize the department of education to establish and implement a federal revenue maximization program for all medicaid-eligible health services that it provides to Hawaii's school-aged children.

SECTION 2. (a) The department of education, in collaboration with the department of human services and the department of health, shall establish a federal revenue maximization program to:

1. Identify medicaid-eligible health services provided through the department of education to students, directly or through contracted providers; and
2. Submit claims for federal reimbursement for such services through the department of human services.

In establishing the federal revenue maximization program, the superintendent of education and the director of human services shall execute a memorandum of agreement to develop and implement a federal revenue maximization program for medicaid-eligible school health federal reimbursement.

The department of education may contract with a third party to administer this program. The third-party contract shall be established either at no cost to the State or on a contingency-fee basis with no up-front costs to the State, including but not limited to costs to train staff, adapt data collection systems, and comply with the federal Health Insurance Portability and Accountability Act.

(b) The federal revenue maximization program shall identify, at a minimum:

1. The service recipient and the recipient's medicaid number;
2. The service provider (either the department of education in total or by contracted provider);
3. The services received, including when, where, and for what diagnosis; and
4. Billing charges for the services provided.

(c) The department of health, in collaboration with the department of human services and the department of education, shall identify sources of funding, including medicaid-eligible health services and reimbursable health services, to establish and provide school-based or school-linked health services at schools in federally-designated underserved areas.

(d) The department of education shall:

1. Procure and contract for the development, implementation, and maintenance of the federal revenue maximization program, including any required information technology system or interfaces with the department of education's existing system;
2. Claim the maximum reimbursement allowable under medicaid for both administrative costs and school health services arising on and after January 1, 2006; and
3. File retroactive claims for the preceding eight quarters, as permitted by available documentation or other back-up information that can be reasonably obtained.

(e) The department of human services and the department of health shall provide technical assistance and support to the department of education in its efforts to obtain federal medicaid school-health reimbursements under this Act.

SECTION 3. The department of education shall submit to the legislature quarterly reports that include:

1. The amount of medicaid federal reimbursement received for federal fiscal years 2004-2005 to 2009-2010;
2. The amount of additional funding that has been secured;
3. The amount of claims pending;
4. The amount of additional federal funding that is projected to be secured over the next five years; and
5. Plans for the reinvestment of additional federal funds to expand needed services to the state's children.

The department of education shall also submit an annual report to the legislature no later than twenty days prior to the convening of each of the regular sessions of 2006 to 2010.

SECTION 4. This Act shall take effect upon its approval.

(Approved June 21, 2005.)
§302A-1403 Authority to secure federal funds. The department, the charter school administrative office, director of finance, and governor may take such steps and perform such acts as may be necessary or proper to secure any such federal funds for the purposes specified in sections 302A-1401 and 302A-1402. [L 1996, c 89, pt of §2; am §2016, c 298, §20]

§302A-1404 Federal indirect overhead reimbursements. (a) The department and the charter school administrative office, as appropriate, may retain and expend federal indirect overhead reimbursements for discretionary grants in excess of the negotiated rate for such reimbursements as determined by the director of finance and the superintendent or the director of finance and the executive director of the charter school administrative office.

(b) Beginning July 1, 2004, and for each fiscal year thereafter, the department of education may set aside $100,000 of federal impact aid moneys received pursuant to this section to:

1. Establish and fund a permanent, full-time military liaison position within the department of education; and

2. Fund the joint venture education program to facilitate interaction between the military community and the department of education.

The military liaison position established under paragraph (1) shall be exempt from chapter 76 but shall be eligible to receive the benefits of any state or federal employee benefit program generally applicable to officers and employees of the State. [L 2000, c 234, pt of §2; am L 2004, c 147, §2; am §2016, c 298, §21]

Cross References

Federal funds; general fund offset, see §29-25.

§302A-1405 Federal grants search, development, and application revolving fund. (a) There is established a federal grants search, development, and application revolving fund into which shall be deposited the department's share of federal indirect overhead reimbursements, pursuant to section 302A-1404. Unless otherwise provided by law, all other receipts shall immediately be deposited to the credit of the general fund of the State. The department may expend funds in the federal grants search, development, and application revolving fund to search for discretionary grants and develop program applications to secure additional revenues for the department. Moneys in the revolving fund may be expended for consultant services and operational expenses, including the creation and hiring of temporary staff.

(b) The department shall prepare and submit an annual report on the status of the federal grants search, development, and application revolving fund to the legislature. The annual report shall include but not be limited to a list of the grant applications to the federal agencies and the grant awards received. [L 2000, c 234, pt of §2]

§302A-1406 Department of education federal revenue maximization program revolving fund; established. (a) There is established in the state treasury the department of education federal revenue maximization program revolving fund to be administered by the department. Moneys from the revolving fund shall be expended by the department for medicaid-eligible services provided by the department and administrative costs related to the department of education federal revenue maximization program.

(b) The department of education federal revenue maximization program revolving fund shall consist of:

1. Federal revenue collected by the department for administering and operating the department of education federal revenue maximization program;
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(2) Legislative appropriations;
(3) All interest earned on the deposit or investment of moneys in the department of education federal revenue maximization program revolving fund; and
(4) Any other moneys made available to the department of education federal revenue maximization program revolving fund from other sources. [L 2006, c 244, §2]

PART VI. PROVISIONS AFFECTING FACILITIES

A. FACILITIES AND EQUIPMENT

Note

L 2005, c 186, §2 provides:
"SECTION 2. The department of education shall be responsible for ensuring that asbestos testing is conducted prior to any exterior or interior renovations or painting of school facilities at all department of education schools, except charter schools, provided that the surfaces have not previously been tested."

[§302A-1501] Noise and climate control at school facilities. (a) The department shall plan for, and request appropriations necessary to implement, acoustic noise control and air conditioning of existing and new school facilities in areas that are susceptible to extremes of temperature or affected by aircraft, traffic, and other noise. The department shall develop appropriate standards and consider local conditions for deciding whether acoustic noise control and air conditioning of existing and new school facilities are required for effective classroom instruction. In all cases where acoustic treatment of school facilities is planned, the department shall utilize the services of individuals qualified by training and experience to recommend appropriate noise control procedures and components. Acoustic noise control and air conditioning shall be given equal weight as all other factors in the criteria used by the department in setting priorities for school construction and renovations.

(b) In any case where air conditioners are installed in a particular school, the department may require that the approximate cost of electricity and maintenance for air conditioners not installed by the department of accounting and general services be paid by a private entity until the department establishes temperature and noise standards and a policy relating to air conditioning. [L 1996, c 89, pt of §2]

Cross References

Indoor air quality program, see §§321-411 to 321-413.

[§302A-1502] School inspection program. The department of education, in consultation and cooperation with the department of health and the department of accounting and general services, shall establish a school inspection program to maintain high levels of hygiene, sanitation and health, safety, maintenance, and physical appearance for each school for the benefit of students, administrators, and staff. The program shall include but not be limited to the following:

(1) The utilization of checklists that reflect basic standards;
(2) The involvement of students, parents, and staff; and
(3) Regularly scheduled announced inspections and unannounced inspections of school grounds, restrooms, cafeterias, locker rooms, classrooms, and other facilities. [L 1996, c 89, pt of §2]