

State Supplement A to Attachment 3.1A

14. Specific school based services provided by school districts or local education agencies certified by the State Department of Education. Services include EPSDT screens (periodic, inter-periodic and partial); skilled nursing services (including school health services as well as delegated nursing services which are tasks in accordance with the New Mexico Board of Nursing that may be delegated by the RN to unlicensed school personnel. Delegated staff may include, but is not limited to, school or contracted staff, such as health assistants, teachers, teacher assistants, therapists, school administrators, administrative staff, cafeteria staff, or personal care aides); behavioral health services; case management; occupational therapy; physical therapy; speech pathology; audiology services; nutritional counseling; and transportation to and from medically necessary services. School based services are services that are listed in a Medicaid beneficiary's Individual Education Program (IEP), Individual Family Service Plan (IFSP), a Section 504 Accommodation Plan pursuant to 34 C.F.R. 104.36, an Individual Health Care Plan (IHCP), or are otherwise medically necessary as appropriate for each covered service. The service must be medically necessary and coverable under one or more of the service categories described in Section 1905(a) of the Social Security Act, as well as necessary to correct or ameliorate defects or physical or mental illnesses or conditions discovered by an EPSDT screen.
15. Special rehabilitation services which are evaluative, diagnostic and treatment in nature and necessary to correct any defects or conditions or to teach compensatory skills for deficits that directly result from a medical condition. These services include obtaining, interpreting and integrating the above evaluative, diagnostic and treatment information appropriate to an individual's Individualized Family Service Plan.

Special rehabilitation services include the following:

- (a) Speech, Language and Hearing: These are services for individuals with speech, language and hearing disorders. The services are provided by or under the direction of a speech pathologist or audiologist, as the result of a referral by a physician as defined in 42 CFR 440.110(c). These services mean evaluations to determine an individual's need for these services and recommendations for a course of treatment; and treatments to an individual with a diagnosed speech, language or hearing disorder adversely affecting the functioning of the individual.
- (b) Occupational Therapy: These services are prescribed by a physician or other licensed practitioner of the healing arts within the scope of his or her practice and provided by or under the direction of a qualified occupational therapist as defined in 42 CFR 440.110(b). These services mean evaluations of problems interfering with an individual's functional performance and therapies which are rehabilitative, active or restorative, and designed to correct or compensate for a medical problem interfering with age appropriate functional performance.
- (c) Physical Therapy: These services are prescribed by a physician or other licensed practitioner of the healing arts within the scope of his or her practice and provided by or under the direction of a qualified physical

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**F. Direct Medical Services for Local Education Agencies**

Local education agencies (LEAs) are reimbursed for the following direct medical services: behavioral health services, case management, nursing services (including school health services), nutritional counseling, occupational therapy, physical therapy, speech-language services (including audiology services); and transportation services.

For the purpose of making interim Medicaid payments to local education agency (LEA) providers, the New Mexico Medicaid School-Based Services Fee Schedule will be applied to claims submitted to the Medicaid Management Information System (MMIS) for the above services. All rates and any updates or periodic adjustments to the fee schedule are published on the New Mexico Human Services Department website under Providers > Fee for Service > Fee schedules, at: <https://www.hsd.state.nm.us/providers/fee-schedules/> Notices of changes to rates will be made as required by 42 CFR 447.205.

For transportation services, an interim rate will be determined based on a rate that represents the actual cost of providing the transportation service, upon final approval of the SPA and cost allocation plan.

(a.) Direct Medical Services Payment Methodology:

Beginning with cost reporting period July 1, 2015, the New Mexico Medical Assistance Division will begin settling Medicaid reimbursement for direct medical services at cost for all Local Education Agencies (LEAs). This reimbursement at cost methodology will include a quarterly Random Moment Time Study, an annual cost report and reconciled settlement. If payments exceed Medicaid-allowable costs, the excess will be recouped. Once the first year's cost reports are received, and each subsequent year, HSD/MAD will examine the cost data for all direct medical services to determine if an interim rate change is justified.

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 for the covered Medicaid services delivered by school districts.

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

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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 medically necessary services, including general and administrative time. This time study will assure that there is no duplicate 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. New Mexico public school districts use predetermined fixed rates for indirect costs. The Public Education Department (PED) 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 applying two separate ratios: a) the total number of Medicaid students divided by the total number of students in the LEA and b) the total number of Medicaid students with an Individualized Education Program (IEP) or Individualized Family Service Plan (IFSP) receiving services divided by the total number of students with an IEP or an IFSP in the LEA.

(b.) Transportation Services Payment Methodology

Effective dates of services on or after July 1, 2015, providers will be paid on an interim cost basis. Providers will be reimbursed interim rates for school-based health services, specialized transportation services at the lesser of the providers billed charges or the interim rate. This reimbursement at cost methodology will include an annual cost report and reconciled settlement. 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 services 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 in the cost report includes the following:

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