

## LEGISLATIVE REPORT

- SUBJECT:** September, 2009 report on the medicaid school-based claiming program.
- REFERENCE:** S.B. No. 1394, S.D. 2, H.D. 2, C.D. 1, Act 141 (Session Laws of Hawaii 2005)
- 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 2008 (October 1, 2007 – September 30, 2008);
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.

Additional effort to meet statutory requirements includes the execution of a Memorandum of Agreement (MOA) between the DOE and the Department of Human Services, Med-QUEST Division (MQD), effective until June 30, 2010. 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 will enable the department to ensure that collected revenue will be 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 new 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.

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 new parental authorization process has been implemented that will increase the eligible student population in which the DOE can submit claims for.

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. Interaction with MQD has been initiated to review strategies for the implementation of an administrative claiming program.

#### REQUIRED REPORT ITEMS:

1. The current balance of federal share payments issued by the DHS/MQD = \$1,017,239
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.