

ANNUAL LEGISLATIVE REPORT

- SUBJECT:** Annual report (CY 2009) 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 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 annual report presents information on the development, implementation and on-going operations of the DOE school-based claiming (SBC) program.

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. Because the contractual arrangement has proven to be invaluable for SBC operations, the contract was renewed until June 30, 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, Med-QUEST Division (MQD). The agreement reflects the interagency terms and conditions for operationalizing the SBC program. Effective May 2009, the MOA was renewed until June 30, 2010.

A significant achievement in the operationalization of the SBC program is the 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 date, the data exchange process has been extremely effective resulting in minimal claim rejection.

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. On-going efforts are being conducted to ensure that the eCSSS system design includes a service documentation component that meets Medicaid requirements.

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. The parental authorization process was conducted three times throughout the year producing an eligible population of approximately 2500 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 November 2009, interaction with MQD was initiated to review strategies for the implementation of an administrative claiming program. Once operational, administrative claiming will significantly increase SBC reimbursement.

REQUIRED REPORT ITEMS:

1. The current balance of federal share payments issued by the DHS/MQD = \$1,149,548
2. No additional funding was secured.
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.