

## **Table of Contents**

**State Name: Virginia**

**State Plan Amendment (SPA) #: 21-0017**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS-179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

**DEPARTMENT OF HEALTH & HUMAN SERVICES**

Centers for Medicare & Medicaid Services  
601 E. 12th St., Room 355  
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

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September 25, 2023

Cheryl J. Roberts, Director  
Department of Medical Assistance Services  
600 East Broad Street, Suite 1300  
Richmond, VA 23219

Re: Virginia State Plan Amendment 21-0017

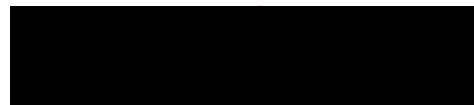
Dear Ms. Roberts:

The Centers for Medicare & Medicaid Services (CMS) has reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) 21-0017. This amendment allows payment of medical assistance services delivered to Medicaid-eligible students when such services qualify for reimbursement by the Virginia Medicaid program. These services may be provided by school divisions, regardless of whether the student receiving care has an individualized education program or whether the health care service is included in a student's individualized education program. In addition, the state included new transportation and personal care service language.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act and Code of the Federal Regulations 42 CFR §440. This letter is to inform you that Virginia Medicaid SPA 21-0017 was approved on September 25, 2023, with an effective date of July 1, 2022.

If you have any questions, please contact Margaret Kosherzenko at 215-861-4288 or via email at [Margaret.Kosherzenko@cms.hhs.gov](mailto:Margaret.Kosherzenko@cms.hhs.gov).

Sincerely,



Ruth A. Hughes, Acting Director  
Division of Program Operations

cc: Emily McClellan

**TRANSMITTAL AND NOTICE OF APPROVAL OF  
STATE PLAN MATERIAL  
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 1 — 0 0 1 7

2. STATE

V A

3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL SECURITY ACT

XIX  XXI

TO: CENTER DIRECTOR  
CENTERS FOR MEDICAID & CHIP SERVICES  
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

7/1/2022

5. FEDERAL STATUTE/REGULATION CITATION

42 CFR 440

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2022 \$ 571,250  
b. FFY 2023 \$ 2,284,998

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 3.1A&B, Supp 1: revised pages 5.0, 5.1, 5.2, 5.3  
Attachment 4.19-B, revised pages 9b, 9c, 9d, 9e, 9f  
4.19-B new pages 9f.1, 9f.2, 9f.3, and 9f.4

8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION OR ATTACHMENT (If Applicable)

Attachment 3.1A&B, Supp 1: revised pages 5.0, 5.1, 5.2, 5.3

Attachment 4.19-B, revised pages 9b, 9c, 9d, 9e, 9f

9. SUBJECT OF AMENDMENT

School Services

10. GOVERNOR'S REVIEW (Check One)

- GOVERNOR'S OFFICE REPORTED NO COMMENT  
 COMMENTS OF GOVERNOR'S OFFICE ENCLOSED  
 NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL

OTHER, AS SPECIFIED:  
Secretary of Health and Human Resources

11. SIGNATURE OF STATE AGENCY OFFICIAL

12. Cheryl Roberts

13. TITLE  
Director

14. DATE SUBMITTED  
9/15/2021

15. RETURN TO

Department of Medical Assistance Services  
600 East Broad Street, #1300  
Richmond VA 23219

Attn: Policy, Regulations, and Manuals Supervisor

**FOR CMS USE ONLY**

16. DATE RECEIVED  
October 18, 2021

17. DATE APPROVED  
**September 25, 2023**

**PLAN APPROVED - ONE COPY ATTACHED**

18. EFFECTIVE DATE OF APPROVED MATERIAL  
July 1, 2022

19. SIGNATURE OF

20. TYPED NAME OF APPROVING OFFICIAL  
Ruth A. Hughes

21. TITLE OF APPROVING OFFICIAL  
Acting Director, Division of Program

22. REMARKS

Operations

**STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**

State of VIRGINIA

**AMOUNT, DURATION, AND SCOPE OF MEDICAL  
AND REMEDIAL CARE AND SERVICES PROVIDED TO THE CATEGORICALLY NEEDY  
and MEDICALLY NEEDY**

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- I. Local Education Agencies (LEAs) are Virginia school divisions that operate local public primary and secondary schools in Virginia, and the Virginia School for the Deaf and Blind (VSDB). LEAs may enroll with DMAS as providers of LEA School Based Services. LEA School Based Services are covered for individuals up to age 21 under the EPSDT benefit.
- II. LEA School Based Services are services listed in a recipient's Individualized Education Program (IEP) or services for which medical necessity has otherwise been established, and are covered under one or more of the service categories described in Section 1905(a) of the Social Security Act. These services are necessary to correct or ameliorate physical or behavioral illnesses or conditions.

Individual providers that order or refer students for services must be licensed under the applicable State practice act or comparable licensing criteria by the Virginia Department of Education, and shall meet applicable qualifications under 42 CFR Part 440. Identification of illnesses or conditions, and services necessary to correct or ameliorate such conditions is done by practitioners qualified to make those determinations within their licensed scope of practice.

- III. Individual service rendering providers must be employed by the LEA or under contract to the LEA. Covered services include:
  - Physical therapy, occupational therapy and services for individuals with speech, hearing, and language disorders provided by licensed practitioners within the scope of practice as defined under state law and regulations and staff under the supervision of a licensed healthcare professional in accordance with state law and covered under 42 CFR §440.110.
  - Nursing services provided by licensed nurses within the scope of practice as defined under state law and regulations, and covered under 42 CFR §440.60.

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- Behavioral health services provided by licensed practitioners within the scope of practice as defined under state law and regulations and staff under the supervision of a licensed healthcare professional in accordance with state law, and covered as physicians' services under 42 CFR §440.50, or medical or other remedial care under §440.60.
- Personal care services covered under 42 CFR §440.167 and performed by persons under supervision of a licensed health care professional acting within the scope of practice as defined under state law and regulations. This licensed professional develops a written plan for meeting the needs of the child, and provides training and direct supervision to the personal care assistant based on the plan of care.
- Medical evaluation services provided by licensed physicians, nurse practitioners and physician assistants within the scope of practice as defined under state law and regulations and covered as physicians' services under 42 CFR §440.50 or medical or other remedial care under §440.60.
- Transportation services are covered as school-based services as allowed under 42 CFR §431.53 and described at State Plan Attachment 3.1-D. To be covered as school-based services, transportation must be listed as a needed service within the child's individualized education program (IEP) plan. Transportation must be provided by the school division or an entity contracted by the school division. Transportation is covered for a child who requires transportation on a specially adapted school vehicle to or from a school or school-contracted provider, on days when the student is receiving a billed Medicaid covered service. Children requiring an aide during transportation on a specially adapted vehicle shall have this stated in the IEP.

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Local Education Agency (LEA) providers.

Effective on and after July 1, 2022, DMAS will use the following methodology to determine the reimbursement for Local Education Agency (LEA) providers delivering the following covered 1905(a) and EPSDT services:

- Physical therapy, occupational therapy and services for individuals with speech, hearing, and language disorders and EPSDT services provided by licensed practitioners within their scope of practice as defined under state law and regulations and by staff under the supervision of a licensed healthcare professional in accordance with state law
- Nursing services provided by licensed nurses within the scope of practice as defined under state law and regulations
- Mental health services (including Applied Behavior Analysis) provided by qualified professionals within the scope of practice as defined under state law and regulations, and staff under the supervision of a licensed healthcare professional in accordance with state law, and covered as physicians' services or medical or other remedial care
- Personal care services performed by persons under supervision of a licensed health care professional acting within the scope of practice as defined under state law and regulations.
- Medical evaluation services provided by licensed physicians, nurse practitioners and physician assistants within the scope of practice as defined under state law and regulations and covered as physicians' services or medical or other remedial care.
- Transportation services when transportation is listed as a needed service within the child's individualized education program (IEP) plan. The following methodology will determine the direct medical services reimbursement for LEA providers.

All costs described within this methodology are for Medicaid services provided by qualified personnel or qualified health care professionals who have been approved under Attachments 3.1-A and 3.1-B of the Medicaid State Plan.

For providing medical services covered under the State Plan other than specialized transportation services, LEAs will be reimbursed using the following procedure:

- LEAs will submit interim claims through Virginia's Medicaid Management Information System (VAMMIS) for covered medical services provided to enrolled Medicaid members for which they seek cost reimbursement in their annual Direct Medical Services Cost Report. LEAs will receive an interim payment for claims that are submitted and adjudicated in VAMMIS and shown as "paid". Reimbursement for services billed through interim claims will be determined based on the fee-for-service fee schedule published on the DMAS website at <https://www.dmas.virginia.gov/media/1522/school-codes-modifiers-and-interim-rates.pdf> / LEAs must submit interim claims through VAMMIS no later than five months after the close of the fiscal year in which the costs of providing the services were incurred. Upon completion of the annual cost reconciliation and cost settlement processes performed by each LEA, the LEA's final payment amount will be adjusted based on any over- or underpayments made through the interim claiming process.
- After the conclusion of the applicable fiscal year, each LEA will prepare a Direct Health Care Services Cost Report of the total costs of providing covered medical services to students



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(regardless of students' Medicaid enrollment status). Each LEA will also calculate the proportion of its student population that are enrolled in Medicaid (Medicaid Enrollment Percentage). Each LEA's Direct Medical Services Cost Report and Medicaid Enrollment Percentage, combined with the results of the statewide Random Moment Time Study (RMTS) are used to determine the LEA's gross Medicaid reimbursable amount, also referred to as the Certified Public Expenditure amount. The following steps provide additional detail.

#### Preparing the Direct Services Cost Report

##### Step 1: Determine Total Adjusted Salary Cost

Total salaries and benefits paid to the direct medical providers as well as expenditures for contracted direct medical services providers will be obtained from each LEA's payroll/benefits system for each quarter of the fiscal year. This data will be reported on the required DMAS Medical Services Cost Report Form (Cost Report Form), broken down by cost pools as described in Virginia's CMS-Approved "Random Moment Time Study Implementation Plan for Medicaid School-Based Direct Health Care and Administrative Services" (RMTS Implementation Plan) for all qualified direct medical services providers (i.e., all personnel providing direct medical services covered under the state plan). LEA staff are grouped into three cost pools for RMTS.

1. Pool 1 is for Administrative Only staff and therefore is excluded from Direct Services cost reporting.
2. Pool 2: Nursing, Psychological and Medical Services. This pool includes staff who meet DMAS provider qualifications to perform Medicaid-covered mental and behavioral health services (such as psychologists, social workers, counselors), behavior analysis services (such as behavior analysts and behavior technicians), medical services (such as physicians and nurses) and personal care assistance services. This pool also includes personnel who perform Medicaid billing.
3. Pool 3: Therapy Services. This pool includes staff who meet DMAS provider qualifications to perform Medicaid-covered speech-language pathology and therapy services, occupational therapy services, physical therapy services and audiology services.

Each LEA will report on the Cost Report Form all sources of federal funding, and the total computable personnel costs will be reduced by the amount of that federal funding reported. The personnel cost base will not include any costs applied to staff whose compensation is 100 percent reimbursed by a funding source other than state/local funds. Additionally, any staff members whose compensation is included in the cognizant agency's calculation of the LEA's Indirect Cost Rate are also excluded from being claimed as direct expenditures in all cost pools. The application of Step 1 will result in a Total Adjusted Salary Cost for each LEA.

##### Step 2: Determine Percentage of Time Spent Delivering Medical Services Using a Time Study

The percentage of time spent delivering covered direct medical services to students with an individualized education plan or individualized family services plan (IEP) and to students without an IEP (non-IEP), and the percentage of time spent performing general and administrative (G&A) activities is calculated using the methodology described in the RMTS Implementation Plan. (The methodology used ensures that a sufficient number of direct medical service personnel will be sampled to ensure time study results that

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will have a confidence level of at least 95 percent with a precision of plus or minus five percent overall.) Time spent in G&A activities will be reallocated to direct medical services as follows: The percentage of total time that direct services providers spend in G&A activities will be subtracted from the percentage of total time spent in providing direct medical services (IEP and non-IEP figured separately) divided by 1.0. The quarterly RMTS percentages are captured, and calculated statewide by cost pool, then applied to each LEA's allowable costs for each cost pool (i.e. all LEAs reimbursement is determined using the same, statewide percentages by pool)..

LEA staff are available for random sampling on all scheduled working days and hours, and only on their scheduled working days and hours, including days and hours when students are not in attendance. This method ensures that the full salary and benefit costs claimed for staff are accurately quantified by the RMTS and recognizes that important work activities in support of direct medical services (such as documentation, evaluation report writing, service delivery planning, etc.) and Medicaid Administrative Activities (such as Medicaid training, health services program planning, and care coordination activities) occur on days and hours when students are not in attendance. As outlined in the RMTS Implementation Plan and the LEA RMTS Coordinator Instruction Manual, each LEA's RMTS Coordinator is responsible for submitting and maintaining accurate work schedules for RMTS participants. The use of a single "district" calendar indicating school days and hours is not permitted. This ensures the integrity of the time study and accuracy of its use for cost allocation. This also means that during school vacation periods and other schedule variations, staff who are not scheduled to work will not be available for sampling, while staff who are scheduled to work will continue to be sampled.

#### **RMTS Sampling Periods:**

**Effective on 7/1/2024:** The sampling periods are defined as:

- Quarter 1 = July 1 – September 30
- Quarter 2 = October 1 – December 31
- Quarter 3 = January 1 – March 31
- Quarter 4 = April 1 – June 30

**Effective until 6/30/2024:** The sampling periods are defined as:

- Quarter 1 = July 1 – September 30 \*
- Quarter 2 = October 1 – December 31
- Quarter 3 = January 1 – March 31
- Quarter 4 = April 1 – June 30

\* No time study conducted during this period.

#### **Step 3: Determine Personnel Cost of Delivering Medical Services**

The percentages of time spent delivering direct medical services (from Step 2), determined quarterly, will be multiplied by the applicable cost pool's personnel cost base as determined in Step 1 and used to allocate personnel cost to direct medical services provided to all students pursuant to an IEP, and to direct medical services provided that are unrelated to an IEP (referred to as non-IEP). Quarterly personnel costs are

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summed for the fiscal year and reported on the DMAS Medical Services Cost Report Form.

For claims submitted after the effective date of this SPA, and prior to the CMS approval of the RMTS Implementation Plan, cost will be identified in accordance with a methodology that utilizes the quarterly results of the prospectively approved RMTS and applies them to prior period claims. In other words, in anticipation of a retro-active approval, DMAS has adjusted the RMTS beginning 10/01/2022 so that the time LEA staff spend performing reimbursable Non-IEP direct services is isolated and captured, allowing DMAS to calculate the resulting Non-IEP time percentage per cost pool and apply these results to LEA costs effective as of 07/01/2022. For the quarter 07/01/2022-09/30/2022 and the quarter 07/01/2023-09/30/2023, DMAS plans to apply the average percentages from Q2, Q3 and Q4 of FY2023. Then, as indicated in Step 2 above, DMAS will begin conducting RMTS during all 4 quarters of the year to be used to allocate each quarter's costs as of 07/01/2024.

**Step 4: Determine Non-Personnel Costs of Delivering Medical Services**

Non-personnel costs directly related to the delivery of covered IEP and non-IEP direct medical services will be detailed as line items on the DMAS Medical Services Cost Report Form by each LEA. This includes materials and supplies, purchased services, and medical equipment. These costs are allowable if used exclusively for the delivery of health care services for which the LEA is including allowable personnel costs. Total computable non-personnel costs are reduced by any reimbursement that is from federal funding source.

**Step 5: Determine Indirect Costs of Delivering Medical Services**

Indirect cost related to the delivery of direct medical services will be determined separately for IEP and non-IEP by multiplying each LEA's unrestricted indirect rate assigned by the cognizant agency (the Virginia Department of Education or VDOE) by direct salary and benefit costs of delivering direct medical services as determined under Step 3 and non-personnel costs of delivering direct medical services as determined in Step 4. The indirect cost rate is not applied to contractor costs.

$$\text{Indirect rate} \quad \times \quad (\text{Direct salary and benefit costs} + \text{Non-personnel costs})$$

No costs that are included and reimbursed through the application of the indirect cost rate may be claimed directly by the LEA in any cost category of the Medical Services Cost Report. No additional indirect cost is recognized outside of the indirect cost determined by Step 5.

**Step 6: Total Cost of Delivering Medical Services**

Total Medical Services Costs will be determined by adding costs from steps 3, 4 and 5 for each, IEP and non-IEP, as separate calculations.

**Determining the Medicaid Enrollment Rate for IEP and non-IEP**

**Step 7: Allocate Total Medical Services Cost to Medicaid.**

DMAS will ensure that LEAs only receive reimbursement for costs related to the provision of direct medical services when the services are provided to Medicaid-enrolled students by applying student

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Medicaid enrollment rates that are calculated separately for each LEA, and also separately for services provided related to an IEP and those that are non-IEP. This is accomplished by matching LEA student enrollment data to DMAS Medicaid enrollment data for the two (IEP and non-IEP) student populations in order to create a count of all Medicaid-enrolled students also enrolled in the LEA. The procedure used for determining the Medicaid Enrollment Rate (MER) is as follows:

Medicaid Enrollment Rate (MER) related to IEP Health Care Services

Statistics for this section are based on the VDOE certified, unduplicated Special Education Child Count as of December 1 of the applicable fiscal year. LEAs will upload their VDOE certified child count list of students to an online system that LEA staff can securely use to view their results of a system-generated list of students that are both enrolled in special education with their LEA and enrolled in Medicaid. For each “matched” student listed, the LEA must indicate those students to be included in the calculation of MER. The LEAs report the finalized list of matched students with the parental consent in place. The cost report system calculates the resulting MER to be used in the calculation of the allowable expenditures related to providing IEP medical services to children enrolled with Medicaid.

The calculation of MER for services related to an IEP:

Unduplicated count of LEA students as of December 1 of the applicable fiscal year:	Divided by	Unduplicated December 1 Special Education Child Count of LEA students, certified by VDOE
<ul style="list-style-type: none"><li>• That are included in the LEA’s VDOE-certified Special Education Child Count,</li><li>• For whom the LEA is seeking reimbursement, and</li><li>• Who were matched to the DMAS December 1 enrollment data and determined to be actively enrolled in Medicaid</li></ul>		

Medicaid Enrollment Percentage related to Non-IEP

Statistics for this section are based on the LEA’s total enrollment as of December 1 of the cost report year. LEAs upload their December 1 division-wide enrollment roster to a DMAS online system that LEA staff can securely use to view their results of a system-generated list of students that are both enrolled the LEA and in Medicaid. For each “matched” student listed, the LEA must indicate in the system whether parental consent for sharing the student’s records (for interim claims purposes) was in place.

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The calculation of MER for services not related to an IEP:

Unduplicated count of all LEA students as of December 1 of the applicable fiscal year: <ul style="list-style-type: none"><li>• For whom the LEA is seeking reimbursement, and</li><li>• Who were matched to the DMAS December 1 enrollment data and determined to be actively enrolled in Medicaid</li></ul>	Divided by	Unduplicated count of all LEA students, certified by VDOE
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The cost report system calculates the resulting Medicaid enrollment rate to be used in the calculation of the allowable expenditures related to providing non-IEP medical services to children enrolled with Medicaid.

**Step 8. Cost Settlement of Medical Services**

DMAS shall issue a settlement notice at the conclusion of the reconciliation process that denotes the amount due to or from the LEA. The LEAs receive 95% of the FFP from the settlement for direct medical services. (The State retains 5% of the FFP reimbursement to school divisions for medical and transportation services. The State will settle with each provider, using one of the methods described below for either under- or overpayment associated with school-based services. Settlement will be limited to recovery or payment of only the Federal Financial Participation associated with total computable cost.

- i. If payments made to the LEA through the interim claims process for services delivered during the applicable fiscal year exceed the Certified Public Expenditure amount reported by the LEA, DMAS will recoup the overpayment through offset of future claim payments or through a repayment plan approved by DMAS. All FFP associated with the overpayment will be returned to CMS within one year.
- ii. If the certified costs exceed interim payments made during the applicable fiscal year, DMAS will pay the difference to the LEA provider via EFT or paper check.

For providing specialized transportation services covered under the State Plan as a direct medical service, LEAs will be reimbursed using the following procedure:

School based specialized transportation is defined as a medically necessary service (as outlined in the IEP of an enrolled Medicaid beneficiary) provided in a specially-adapted vehicle that has been physically-adjusted or designed (e.g., wheelchair lifts, ramps, etc.). Costs associated with specialized transportation will be included in a Specialized Transportation Cost Report, which is submitted on a quarterly basis. The approved quarterly payments based on the methodology below will be considered final. Specialized transportation is not subject to cost settlement.

Specialized Transportation may be claimed as a direct service when the following conditions are met:

- The child has a formal written IEP;

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- Specialized transportation is documented in the IEP as a medically necessary service and;
- The child receives a medically necessary Medicaid-covered IEP service in school on the day that the specialized transportation cost is claimed.
- The service billed only represents the costs associated with the trip on the specially adapted transportation for direct medical services (or administrative claiming) as listed in the IEP (e.g., the 1-way trip).

#### Step 1: Develop Specialized Transportation Non-Personnel Cost

Non-personnel costs directly related to the delivery of specialized transportation services will be detailed as line items on the Quarterly Specialized Transportation Cost Report by each LEA. This includes costs of fuel, repairs and maintenance, rentals and contract vehicle use. These costs are allowable if used exclusively for the delivery of specialized transportation services and the LEA must maintain supporting documentation to that effect. Non-personnel costs are reduced by any reimbursement that is not from state or local funding sources. All cost is reported on an accrual basis. All non-personnel costs except contract vehicle costs are eligible for the additional application of the LEA's indirect cost rate. Contractor costs for transportation (same as contractor costs for other medical services) are not eligible to have the LEA indirect cost rate applied.

#### Step 2: Develop Specialized Transportation Personnel Cost

Quarterly salaries and benefits paid for employees directly involved in the delivery of specialized transportation services are obtained from each LEA's payroll/benefits systems and reported on the Quarterly Specialized Transportation Cost Report Form. These costs are allowable if used exclusively for the delivery of specialized transportation services and the LEA must maintain supporting documentation to that effect. Personnel costs are reduced by any reimbursement that is not from state or local funding sources. All cost is reported on an accrual basis.

#### Step 3: Develop Specialized Transportation Contract Cost

Quarterly contract cost (vendor payments) for specialized transportation services are obtained from each LEA's financial system and reported on the Quarterly Specialized Transportation Cost Report Form. These costs are allowable if used exclusively for the delivery of specialized transportation services and the LEA must maintain supporting documentation to that effect. Contract costs are reduced by any reimbursement that is not from state or local funding sources. All cost is reported on an accrual basis.

#### Step 4: Capital Cost

Quarterly depreciation costs for capital assets used in the provision of specialized transportation will be included when the value of the item is over \$5,000 and the estimated useful life is at least 2 years. Straight line, monthly depreciation are applied. These costs are allowable if used exclusively for the delivery of specialized transportation services and the LEA must maintain supporting documentation to that effect. Costs are reduced by any reimbursement that is not from state or local funding sources. All cost is reported on an accrual basis.



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#### Step 5: Determine Indirect Cost

Indirect cost is determined by multiplying each LEA's unrestricted indirect rate assigned by the cognizant agency (VDOE) by total Non-Personnel and Personnel specialized transportation cost, as determined under Steps 1, 2 and 4. The indirect cost rate is not applied to contract costs or contract vehicle use.

Step 6: Total specialized transportation services cost is determined by adding costs from steps 1, 2, 3, 4 and

Step 7: Allocate Total Specialized Transportation Cost to Direct Medical Services Provided to Medicaid-enrolled students.

- a. Determine the percentage of LEA's specialized transportation population with medically necessary specialized transportation directed by an IEP. This will be determined for the quarter based on the number of students receiving medically necessary transportation directed by an IEP to the total number of ALL students transported in a specialized transportation vehicle.
- b. Allocate costs to students receiving medically necessary transportation directed by an IEP. This will be determined for the quarter by multiplying total specialized transportation costs from step 6 by the percentage of specialized transportation population with medically necessary specialized transportation directed by an IEP from step 7(a).
- c. Determine the Medicaid Enrollment Rate (MER) for Specialized Transportation. This will be determined for the quarter based on the ratio of the number of students receiving medically necessary specialized transportation directed by an IEP who are enrolled in Medicaid to the total number of students receiving specialized transportation directed by an IEP (regardless of Medicaid status).
- d. Determine percentage of one-way trips provided on a day when the student received Medicaid-covered IEP services. This will be determined for the quarter based on the number of one-way trips that were provided to a Medicaid enrolled specialized transportation IEP student from step 7(c) on a day when the student received a Medicaid covered IEP service to the total number of one-way trips provided to these same students in the quarter.
- e. Allocate costs to one-way trips provided on a day when Medicaid-covered IEP services were provided. This will be calculated by multiplying the cost of providing medically necessary transportation directed by an IEP from step 7(b) by the percentage of one-way trips provided on a day when the student received Medicaid-covered IEP services from step 7(d).
- f. Allocate Specialized Transportation Cost to Medicaid. This will be determined for the quarter by multiplying the stepped-down allowable cost of specialized transportation provided on a day when Medicaid-covered IEP services were provided from step 7(e) by the MER for Specialized Transportation from step 7(c).

#### Step 8. Reimbursement for Specialized Transportation Services

DMAS shall reimburse LEA's quarterly transportation costs based on the Quarterly Specialized Transportation Cost Report. The LEAs receive 95% of the FFP from the reimbursement for specialized transportation

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services. (The State retains 5% of the FFP reimbursement to school divisions for medical and transportation services.)

**Supporting Documentation**

DMAS requires LEAs to maintain adequate supporting documentation for all reimbursable services, program costs, and eligibility data. These documents are required to be available upon request for audit.

**State Monitoring**

DMAS utilizes multiple levels of review to monitor the school-based services program. The agency's contractor performs oversight activities throughout the year to monitor compliance with Federal and State requirements. DMAS conducts site review audits of LEA's on a cyclical basis. The objective of these audits is to review procedures and supporting documents to ensure compliance with Federal and State requirements. In addition, LEA provider claims are subject to audit by DMAS' Program Integrity Division.

Awareness of Federal Audit and Documentation Regulations: The Virginia State Medicaid agency and any contractors used to help administer any part of the school services program are aware of federal regulations listed below for audits and documentation:

42 CFR § 431.107 Required provider agreement

42 CFR § 447.202 Audits

45 CFR § 75.302 Financial management and standards for financial management systems