

**AHCCCS NOTICE OF PUBLIC INFORMATION
INTENT TO SUBMIT A STATE PLAN AMENDMENT (SPA)**

Name of the Agency: Arizona Health Care Cost Containment System (AHCCCS)

The topic of the public information notice: Inform the public of AHCCCS intent to submit a State Plan Amendment.

SPA Title: School Based Claiming

SPA Overview: This SPA allows school certified psychologists, counselors, and social workers to be reimbursed for services provided to AHCCCS members in schools.

Tribal Consultation:

AHCCCS consulted with the Tribes regarding this SPA on November 4, 2025. Below is a link to more information regarding the tribal consultation meeting:

<https://archive.azahcccs.gov/archive/American%20Indians/Tribal%20Consultations/2025/November%204%202025%20AHCCCS%20Deck.pdf>

State Plan Amendment and Public Comment Period

The proposed SPA is located on the next page of this document.

Public notice was posted on January 12, 2026.

Comments will be accepted through February 12, 2026.

Comments can be submitted through email or postal mail. The addresses where comments may be sent are provided below.

- Email:
publicinput@azahcccs.gov
- Postal Mail:
AHCCCS
Attn: Division of Community Advocacy and Intergovernmental Relations
150 N. 18th Avenue
Phoenix, AZ 85007

- vi. Eye exams and prescriptive lenses.
- vii. Outpatient occupational and speech therapy. The duration, scope and frequency of each therapeutic modality shall be authorized as part of a treatment plan.
- viii. Medically necessary services provided by a licensed Naturopathic Physician within their scope of practice as defined in state law in accordance with 42 CFR 440.60
- ix. AHCCCS Administration, in accordance with the signed Intergovernmental Agreement between AHCCCS and the Arizona Department of Education, shall provide direct Medicaid reimbursement for certain Medicaid services provided by a participating Local Education Agency (LEA). A LEA is a public school district, a charter school not sponsored by a school district and the Arizona School for the Deaf and Blind. Medicaid 1905(a) benefits can be furnished to Medicaid enrolled student beneficiaries that require medical or mental/ behavioral health services identified as medically necessary in an Individualized Education Program (IEP), Individualized Family Service Plan (IFSP), 504 Plan, other individualized health or behavioral health plan, or where medical necessity has been otherwise established.

Furthermore, any 1905(a) benefit/service listed in 4.19-B, page 10 is eligible for reimbursement. Services in a school-based setting must be performed by qualified practitioners as set forth in the State Plan for the services they are providing and shall meet applicable qualifications under 42 CFR Part 440. All enrolled recipients must be allowed the freedom of choice to receive services from any willing and qualified practitioner. Beneficiaries shall receive services delivered in the least restrictive environment consistent with the nature of the specific service(s) and the physical and mental condition of the client. Participation by Medicaid -eligible recipients is optional. Providers shall be registered in accordance with AHCCCS policies. AHCCCS health plans and ALTCS program contractors will continue to provide medically necessary services to all Title XIX members enrolled with AHCCCS and a health plan or program contractor.

Reimbursable Services

The reimbursement methodology for services provided under section 4(b)(viii) are detailed in Attachment 4.19-B of the State Plan. Medicaid covered services under section 4(b)(viii) will only be reimbursable for persons who are at least three years of age and less than 21 years of age and who have a documented medical need as described above. This age limitation is only for services provided to eligible children in schools. All children under age 21 are able to receive EPSDT services based on medical necessity. Those members age 21 to age 22 who are enrolled in Medicaid services are covered within the same service limitations that apply to all eligible AHCCCS members age 21 and older.

In addition to any service limitations detailed in 1905(a) or as otherwise detailed in Attachment 4.19-B, the following limitations are applicable to services provided by participating LEA under this section:

TN No.: 21

000526-0001

Supersedes: 20-01021-0005

Approval Date:

July 20, 2021

Approval Date: _____

Effective Date: October 1, 2021July 1, 2026

A. Personal Care Services.

Definition:

Personal care services are available to a Medicaid-enrolled beneficiary under the age of 21 for whom the services are medically necessary and documented in an IEP/IFSP, 504 plan, other individualized health or behavioral health plan, or where medical necessity has been otherwise established, other medical plans of care, or other service plan approved by the state.

Services:

Personal care services are a range of human assistance services provided to persons with disabilities and chronic conditions, or individuals with physical illnesses and conditions and/or behavioral health problems and conditions, which enables them to accomplish tasks that they would normally do for themselves if they did not have a disability. Assistance may be in the form of hands-on assistance or cueing so that the person performs the task by him/herself.

Providers:

Personal care services must be provided by a qualified provider in accordance with 42 CFR § 440.167.

B. Specialized Transportation

Definition:

Specialized transportation services are available to a Medicaid-enrolled beneficiary under the age of 22 for whom the transportation services are medically necessary and documented in an IEP/IFSP.

Services:

Services must be provided on the same date of service that another Medicaid covered service, required by the student's IEP/ IFSP, is received. Transportation must be on a specially adapted school bus or vanvehicle that has been physically adjusted or designed to accommodate special needs children-to and/or from the location where the Medicaid service is received. Special adaptations are designed to accommodate disabled beneficiaries and may include but are not limited to wheelchair lifts and special hooks/belts to secure wheelchairs. All specialized transportation services provided must be documented in a transportation bus log.

Providers:

The LEA is the only provider of specialized transportation. Based on the individualized needs of an individual child, an specialized transportation bus aide may provide assistance, such as mitigating behavioral issues while the beneficiary is being transported or ensuring that the

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beneficiary remains physically secure while the bus driver is driving. The services of an aide are only provided as part of specialized transportation when Medicaid services are based on the individualized needs of the child and are not covered under another 1905(a) benefit during the school day.

C. School Certified Psychologists, School Certified Counselors, and School Certified Social Workers

Definition:

Behavioral Health Services are available to a Medicaid-enrolled beneficiary under the age of 21 for whom the services are medically necessary and documented in an IEP/IFSP, 504 plan, other individualized health or behavioral health plan, or where medical necessity has been otherwise established, other medical plans of care, or other service plan approved by the state.

Services:

Behavioral health services such as patient follow-up, patient assessment, patient education, or counseling. All services from School Certified Psychologists, School Certified Counselors, and School Certified social workers must be within their scope of practice according to state law.

Providers:

- School Certified Psychologists
- School Certified Counselors
- School Certified Social Workers

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**DIRECT MEDICAID REIMBURSEMENT FOR CERTAIN MEDICAID SERVICES
PROVIDED BY A PARTICIPATING LOCAL EDUCATION AGENCY (LEA)**

A. Reimbursement Methodology for School-Based Health and Related Services.

Local Education Agencies (LEAs) that elect to participate are reimbursed for certain medical services on a cost basis. These services are:

1. Speech-Language Pathology Services
2. Occupational Therapy Services
3. Physical Therapy Services
4. Nursing Services
5. Specialized Transportation Services
6. Behavioral Health Services
7. Personal Care Services
8. Audiology Services
9. Physician Services
10. Nurse Practitioner Services

All costs described within this methodology are for Medicaid services provided by qualified personnel or a qualified healthcare professional listed in Attachment 3.1-A Limitation, paragraph 4.b.ix of the Medicaid state plan.

All reimbursable services must meet the service definitions as described in the AHCCCS Medical Policy Manual (AMPM) and the AHCCCS Fee-For-Service Provider Manual. These services must be:

- Identified in:
 - An Individualized Education Program (IEP);
 - An Individualized Family Service Plan (IFSP);
 - Other Medical Plans of Care:
 - A Section 504 plan;
 - Any other documented individualized health or behavioral health plan or as where otherwise determined medically necessary any has been otherwise established.

B. Direct Medical Payment Methodology

LEAs will be reimbursed on a cost basis consistent with a certified public expenditure (CPE) reimbursement methodology. On an interim basis, LEAs will be reimbursed the federal share of the lesser of the rate contained in the AHCCCS fee-for-service (FFS) schedule or the amount billed by the LEA, minus an AHCCCS administrative fee and a Third Party Administrator (TPA) processing fee as identified in the LEA's participation agreement with the TPA.

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In accordance with the annual cost reconciliation process, the sum of the interim payments before fees are deducted will be reconciled with the federal share of the Medicaid portion of the total costs certified by the LEA.

C. Data Capture for the Cost of Providing Health-Related Services

Total direct and indirect costs, less any federal payments for these costs, will be captured utilizing the following data:

- a. Medicaid School Based Claiming Cost Reports received from LEAs;
- b. Arizona Department of Education (ADE) Unrestricted Indirect Cost Rate (UICR);
- c. The results of the Random Moment Time Studies (RMTS) including:
 - i. The calculated Direct Medical Services IEP/IFSP RMTS percentage;
 - ii. The calculated Direct Medical Service provided under Other Medical Plans of Care RMTS percentage.
- d. LEA specific Medicaid IEP Ratios.
 - i. Medicaid IEP or IFSP Ratio;
 - ii. Medicaid Ratio for Other Medical Plans of Care.

D. Data Sources and Cost Finding Steps

The following provides a description of the data sources and steps to complete the cost finding and reconciliation:

- 1) Allowable Costs: 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 (i.e., salaries and benefits and contract compensation) of direct services personnel listed in the descriptions of the covered Medicaid services delivered by LEAs excluding transportation personnel (costs for transportation personnel are reported as defined in Section E). These direct costs will be calculated on a LEA-specific level and will be reduced by any federal payments for these costs (other than the interim payments), resulting in net direct costs.

The source of this financial data will be audited by the Uniform System of Financial Records (USFR) Chart of Accounts kept at the LEA level. Costs will be reported on an accrual cash basis.

- 2) Indirect costs are determined by applying the LEA's specific UICR to its net direct costs. The Arizona

Department of Education is the cognizant agency for LEAs and approves unrestricted indirect cost rates for LEAs for the United States Department of Education. LEAs are not permitted to certify indirect costs that are outside their unrestricted indirect cost rate. An indirect cost rate is not applied to purchased or contracted costs that already include an indirect cost component. The indirect cost rate is calculated from costs that are not included in the allowable reported expenditures so there is no duplication of costs.

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Indirect Cost Calculation:

Multiply the LEA's specific ADE UICR by to the net direct costs applicable for dates of service in the rate year less reductions.

3) Time Study Percentages: A CMS-approved time study is used to determine the percentage of time that medical service personnel spend on IEP/IFSP -and Other Medical Plans of Care, or where medical necessity has been otherwise established, Direct Medical Services, general and administrative time, and all other activities.

The RMTS methodology will utilize two cost pools.

- Cost pool A for Direct Medical Services (other than personal care services) provided by eligible staff and other medical services providers.
- Cost pool B for Direct Medical Services provided by personal care service providers only.

The RMTS will generate the Direct Medical Services Time Study percentages for each cost pool and percentages for each cost pool will be applied separately to the costs associated with:

- Direct Medical Services provided pursuant to an IEP/IFSP.
- Direct Medical Services provided pursuant to Other Medical Plans of Care or where medical necessity has been otherwise established.

The use of the CMS-approved time study methodology assures that no more than 100 percent of time and costs are captured and that the time study is statistically valid per 2 CFR Part 200.

4) Medicaid Enrollment Ratio Determination

Two distinct Medicaid Enrollment Ratios will be established for each participating LEA - the Medicaid IEP/IFSP Enrollment Ratio and the Medicaid Enrollment Ratio for Other Medical Plans of Care.

Medicaid IEP/IFSP Enrollment Ratio:

To determine the Medicaid IEP/IFSP Enrollment Ratio, LEAs will indicate within the student data file provided to the TPA all students who make up the denominator (all special education students who have at least one IEP/IFSP prescribed reimbursable related service). The TPA will determine the numerator by performing a Medicaid match on that student file. The data and match will be a 'snapshot' of enrollment based on a specific date identified by AHCCCS. the names, gender, and birthdates of students with a Direct Medical Service prescribed on an IEP/IFSP identified from the AHCCCS LEA's Enrollment October 1 Count Report are matched against the Medicaid enrollment file. The numerator will be the number of Medicaid enrolled IEP/IFSP students in the LEA with a Direct Medical Service prescribed a reimbursable direct medical service, as outlined in their on an IEP/IFSP. T and the denominator will be the total number of students in the LEA prescribed with a dDirect mMedical sService prescribed as outlined in their on an IEP/IFSP. The Medicaid IEP/IFSP Ratio will be calculated for each participating LEA on an annual basis.

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Medicaid Enrollment Ratio for Other Medical Plans of Care:

To determine the Medicaid Enrollment Ratio for Other Medical Plans of Care, the TPA will collect student data from and perform a match against the AHCCCS Medicaid enrollment file. the names, gender, and birthdates of all students from the AHCCCS LEA's Enrollment October 1 Count Report are matched against the Medicaid enrollment file. The data and match will be a 'snapshot' of enrollment based on a specific date identified by AHCCCS. The numerator will be the number of Medicaid enrolled students in the LEA and the denominator will be the total number of students in the LEA. The Medicaid Enrollment Ratio will be calculated for each participating LEA on an annual basis.

5) Calculation Medicaid Portion of Costs Associated with Direct Medical Services

Calculation of the Medicaid Direct Medical Service costs pursuant to an IEP/IFSP:

Multiply the sum of net LEA direct costs and indirect costs by the statewide IEP/IFSP time study percentages for each cost pool, then multiply those products by the Medicaid IEP/IFSP Enrollment Ratio.

Calculation of the Medicaid Direct Medical Service costs pursuant to Other Medical Plans of Care:

Multiply the sum of net LEA direct costs and indirect costs by the statewide Other Medical Plans of Care time study percentages for each cost pool, then multiply those products by the Medicaid Enrollment Ratio for Other Medical Plans of Care.

E. Specialized Transportation Services Payment Methodology

School based specialized transportation is defined as a medically necessary service (as outlined in the IEP/IFSP of an enrolled Medicaid beneficiary) provided in a specially-adapted vehicle that has been physically-adjusted or designed (e.g., wheelchair lifts, ramps, etc.,) to accommodate special needs children in the school-based setting. Note: The presence of only an aide (on a non-adapted bus/vehicle) or seat belts does not make a vehicle specially-adapted.

LEAs will be reimbursed for specialized transportation services on a cost basis consistent with a CPE reimbursement methodology. On an interim basis, LEAs will be reimbursed the federal share of the lesser of the rate contained in the AHCCCS FFS schedule or the amount billed by the LEA, minus an AHCCCS administrative fee and a TPA processing fee as identified in the LEA's provider participation agreement.

In accordance with the cost reconciliation process, the sum of the interim payments before fees are deducted will be reconciled with the federal share of the Medicaid portion of the total costs certified by the LEA.

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Transportation to and from school may be claimed as a Medicaid service when the following conditions are met:

- 1) Specialized transportation is specifically listed in the IEP/IFSP as a required service;
- 2) The child requires specialized transportation in a vehicle with physical adaptations designed to accommodate an individual with a disability;
- 3) A Medicaid eligible service is provided on the day that the specialized transportation is billed; and
- 4) The service billed only represents one-way trip(s) on the specially adapted transportation for a Direct Medical Service listed in the IEP/IFSP;
- 5) The LEA must be registered with AHCCCS as a transportation provider and must meet the same provider qualifications as all AHCCCS transportation providers (e.g., proof of insurance and licensure of school bus drivers).

Transportation costs included on the Cost Report worksheet will only include those personnel and non-personnel costs associated with specialized transportation reduced by any federal payments for these costs (other than the interim payments), resulting in net costs for transportation. The Cost Report includes costs for the following:

1. Bus Drivers/Aides
2. Mechanics/Mechanic Assistant
3. Substitute Drivers
4. Fuel/Oil
5. Repairs & Maintenance
6. Lease/Rentals
7. Insurance Costs
8. Purchased Professional Transportation Services and/or Equipment
9. Depreciation

The source of this financial data will be audited by the Uniform System of Financial Records (USFR) Chart of Accounts kept at the LEA level. Costs will be reported on a n accrual-cash basis.

When LEAs are not able to discretely identify the specialized transportation costs from the general education transportation costs, a specialized transportation cost discounting methodology will be applied. A rate will be established and applied to the total transportation cost of the LEA. This rate will be based on the tTotal number of IEP/IFSP Sspecial eEduca~~tion~~ sStudents with specialized transportation prescribed in their IEP/IFSP that in LEA Recieve~~ing~~ Specialized T~~ransportation~~ on a specific date identified by AHCCCS divided by the tTotal number of Sstudents in that receive transport, including specialized and regular on a specific date identified by AHCCCS~~the LEA Receiving General T~~ransportation. The result of this rate (% of total students receiving transportation that are IEP/IFSP students requiring specialized transportation) multiplied by the Total LEA Transportation Cost will be

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included on the cost report.

This cost will be further discounted by the ratio of eligible Medicaid Enrolled sSpecial eEducation IEP/IFSP One-Way Trips divided by the total number of sSpecial eEducation IEP/IFSP One-Way Trips. This data will be provided from bus logs. The process will ensure that only one-way trips for Medicaid enrolled sSpecial eEducation children with IEP/IFSP's are billed and reimbursed.

F. The Cost Reconciliation Process

The cost reconciliation process must be completed within twenty four months of the end of the Cost Report due date (up to 5 months after the state fiscal year ends) Effective with reporting of SFY 2023 activity, the cost reconciliation and settlement processes are to be completed within nineteen months of the Cost Report due date (up to 5 months after the state fiscal year ends). The total CMS-approved, Medicaid allowable scope of costs based on CMS-approved cost allocation methodology procedures are compared to the LEA's Medicaid interim payments during the reporting period as documented in the Medicaid Management Information System (MMIS).

1. Annual Cost Report Process

The annual Cost Report process is the first step in the cost reconciliation process. For Medicaid services provided in schools during the state fiscal year (July 1 through June 30) each LEA must complete an annual Cost Report. The Cost Report is due up to five months after the state fiscal year ends. At the discretion of AHCCCS, LEAs may be granted up to a one-month extension.

The primary purposes of the LEA provider's cost report are to:

- 1) Document the LEA provider's total CMS approved Medicaid-allowable costs of delivering Medicaid coverable services using a CMS approved cost allocation methodology.
- 2) Reconcile the annual interim payments to the LEA provider's total CMS approved, Medicaid-allowable costs using a CMS approved cost allocation methodology.

The annual Medicaid Cost Report includes a Certification of Funds Public Expenditure Form certifying the LEA's actual, incurred costs/expenditures. All filed annual Cost Reports are subject to desk review by AHCCCS or its designee.

2. The Cost Settlement Process

- If the sum of the interim payments to a LEA (before fees are deducted) exceeds the federal share of the Medicaid portion of the actual, certified costs for the delivery of school based health services, the LEA is required to return an amount equal to the overpayment (less the associated AHCCCS administrative fee) to the State. Overpayments will be paid by the

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LEAs promptly to AHCCCS.

- If the federal share of the Medicaid portion of a LEA's actual, certified costs exceed the sum of the interim payments before fees are deducted, AHCCCS will pay the LEA the difference (less the AHCCCS administrative fee)

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Reserved for future use.