Arizona Medicaid School-Based Claiming
Frequently Asked Questions

What is the role of AHCCCS in School-Based Claiming?

Arizona Health Care Cost Containment System (AHCCCS) operations are funded substantially from federal, state, and county resources. AHCCCS is the agency that develops the policies and administers the Medicaid School-Based Claiming program through a third-party administrator (currently, the Public Consulting Group or PCG) and in collaboration with the Arizona Department of Education. AHCCCS is the only entity that may submit claims to the federal agency (Centers for Medicare and Medicaid Services or CMS) to receive federal financial reimbursement for allowable Medicaid costs.

What is a “third-party administrator?”

Arizona Health Care Cost Containment System (AHCCCS) contracts with a single entity or organization to act as a third-party administrator to:

- Develop a participation agreement for a Local Education Agency (LEA) to sign that includes the requirements for the Medicaid School-Based Claiming (MSBC) program;
- Serve as the single point of contact for LEAs that are either interested in participating or are participating in the MSBC;
- Help LEAs prepare appropriate claims under the Medicaid program;
- Ensure that the Medical program pays only for appropriate Medicaid activities and that such activities are carried out effectively and efficiently;
- Protect the fiscal integrity of the Medicaid program by clearly articulating the requirements for the MSBC program;
- Help ensure consistency in the application of federal school-based claiming requirements;
- Assist in the implementation of operational and oversight functions;
- Educate all LEAs throughout the state about Medicaid School-Based Claiming;
- Train and provide technical assistance to all participating LEAs;
- Perform certain key claims functions related to the submittal and payment of LEA claims, such as the administration of the random-moment time study (RMTS) and cost collection;
- Distribute LEA payments; and
- Conduct compliance reviews of all participating LEAs.

Currently, the Public Consulting Group (PCG) holds the contract with AHCCCS to serve as the third-party administrator for the Medicaid School-Based Claiming program.

What is the Direct Service Claiming (DSC) program?

The purpose of the DSC program is to allow Local education agencies (LEAs) to receive reimbursement for the cost of providing Medicaid-covered medical services to Title XIX (Medicaid) eligible students. Medicaid reimbursements to LEAs are based on actual costs of providing Medicaid-allowable services to students, rather than a defined claims fee structure. In February 2013, the Centers for Medicare and Medicaid Services (CMS) re-approved a quarterly cost-reporting process instead of requiring an accrual-based accounting process.
What are reimbursable activities in the Direct Service Claiming (DSC) program?

Direct Medicaid reimbursement for certain medical services provided by LEAs requires a cost-based methodology. Medicaid services are “services that are medically necessary and provided to Medicaid recipients by LEAs in accordance with an individualized education program (IEP) under the Individuals with Disabilities Education Act (IDEA).” These services include:

• Audiology Services
• Behavioral Health Services
• Nursing Services
• Occupational Therapy Services
• Personal Care Services
• Physical Therapy Services
• Specialized Transportation Services
• Speech Therapy Services

To be reimbursable through the Arizona Medicaid program, a) the need for the service(s) must be documented in the student’s IEP; b) the services must meet the criteria in the approved Medicaid State Plan; c) the services must be delivered in accordance with the IEP; d) the services must be provided by an approved provider type; e) the provider must participate in the random-moment time study (RMTS) process; f) the services must be properly documented; and g) the student must be eligible for Medicaid services. The LEA must also have submitted interim claims throughout the year for each individual service for those costs to be reimbursed.

What is the Medicaid Administrative Claiming (MAC) program?

The purpose of the Medicaid Administrative Claiming (MAC) program is to allow LEAs to receive reimbursement for Medicaid administrative outreach activities that are done routinely within the school setting.

What is the Random-Moment Time Study (RMTS)?

The quarterly Random-Moment Time Study (RMTS) is an integral part of the Medicaid School-Based Claiming (MSBC) program as it is used to determine how much time is spent on Medicaid-allowable activities for both Direct Service Claiming (DSC) and Medicaid Administrative Claiming (MAC) programs. Specifically for DSC, RMTS is used to determine how much time direct service and personal care providers spend doing Medicaid-related services. For MAC, the RMTS is used to determine the amount of time direct service and administrative staff spends performing administrative and outreach activities that support the proper and efficient operation of the state Medicaid program. LEAs are only reimbursed for costs of those staff that are included in the RMTS.

The LEA’s DSC reimbursement will be calculated annually through the annual cost report. Factors that determine the reimbursement amount for the LEA are the cost of providing health-related services; the percent of time spent doing allowable Medicaid direct services (RMTS results); the unrestricted indirect cost rate; the individualized education program (IEP) ratio; and the federal medical assistance percentage (FMAP).