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January 20, 2015

TO: Chief School Administrators
Charter School Lead Persons
Executive County Business Officials
Directors of Special Education

FROM: David C. Hespe, Commissioner

SUBJECT: Special Education Medicaid Initiative SY15-16 Revenue Projections

In accordance with N.J.S.A. 18A:55-3, school districts are required to maximize their participation in the Special Education Medicaid Initiative program (SEMI). Programmatic guidelines and standards for achieving maximum participation may be found in the Accountability Regulations at N.J.A.C. 6A:23A-5.3. The regulations are available online at <http://www.state.nj.us/education/code/current/title6a/chap23a.pdf>. The purpose of this memo is to provide additional information on major program requirements for SEMI for all districts, as well as requirements for waivers, budgets, and alternate revenue projections. For districts that did not maximize SEMI participation in the 2013-2014 school year, information on requirements for the development of action plans is included.

SEMI Revenue Projections

Revenue projections for the 2015-2016 school year will be distributed to each district through the county offices. The revenue projections are based on revenue achieved during the 2013-2014 school year, as of June 30, 2014. This information has been provided to help districts monitor their progress, assist in the 2015-2016 budget submission (See Attachment 1, How SEMI Revenue Projections are Calculated for New Jersey School Districts), and aid in determining if alternate revenue projections or waivers should be considered. **All alternate revenue projections, waiver requests, and action plans must be submitted to the executive county superintendent for review and approval.**

SEMI Cost Settlement Requirements for all Participating Districts

- Staff Pool List submission and certification on a quarterly basis via the online system provided by the Public Consulting Group: A district must conduct a comprehensive review of its staff pool list to ensure its accuracy, as costs can only be reimbursed for staff included in each quarterly submission.
- Random Moment Time Study (RMTS) participation and compliance: In order to maximize revenue, districts must be diligent in complying with the related requirements and deadlines set by the State regarding the RMTS. It is critical that district leadership emphasize the importance of compliance with RMTS requirements to staff and to ensure that all staff understands the RMTS process. The State must meet a 90 percent response rate; failure to meet this benchmark will negatively impact SEMI revenues.
- Financial Reporting on a quarterly basis and submission of an annual cost report via the online system provided by the Public Consulting Group: Actual costs of providing Medicaid-covered health related services will be compared to Medicaid reimbursement received. Cost settlement will determine a positive or negative adjustment. Several factors are included in the determination of LEA

costs: salaries, benefits, and other related expenditures for participating direct service staff; the statewide direct service RMTS percentage; the special education Medicaid Eligibility Ratio (MER); and approved Indirect Cost Rate (ICR). Information regarding the ICR application process and deadlines is located at: <http://www.state.nj.us/education/finance/fp/af/>.

SEMI Budget Requirements

The district shall recognize as revenue in its annual district budget, no less than 90 percent of the SEMI revenue projection provided by the department (see Attachment 2, Sample District SEMI Revenue Projection, on the line entitled "District Budgeted Revenue"), unless the district has received a waiver or submitted and received approval of an alternate SEMI revenue projection. The SEMI revenue is recorded on revenue line 540 "Medicaid Reimbursement" in the budget. The amount entered on line 540 will be no less than 90 percent of the revenue projection, unless the district has selected that it has obtained a waiver or selected that it has submitted an alternate revenue projection in the "SEMI support doc." When submitting an alternate revenue projection, the district must also submit detailed support for its calculation to the executive county superintendent in its own format. The district should refer to Attachments 1 and 3 when calculating its alternate revenue projection and to the section below entitled "SEMI Alternate Revenue Projection Requirements."

SEMI Timelines

The SEMI alternate revenue projection and the SEMI waiver request must be submitted to the executive county superintendent, no later than 45 days prior to the submission of the district's proposed budget pursuant to N.J.S.A. 18A:7F-5(c) and N.J.S.A. 18A:7F-39. **Note that the due dates for submission of SEMI waivers, alternate revenue projections and action plans in these statutes may be revised to conform with the state aid notification date that follows the Governor's State Budget Message, pursuant to N.J.S.A. 18A:7F-5(c).** Refer to the 2015 election calendar (to be posted at <http://www.state.nj.us/education/finance/fp/dwb.shtml> when available) for due dates of the proposed budget. Action plans must be submitted to the executive county superintendent as part of the district's proposed budget submission. The executive county superintendent will render a decision on waivers within 20 days of receipt of the waiver request.

SEMI Waiver Requirements

Districts projected to have **40** or fewer Special Education Medicaid eligible students or that can demonstrate that efforts to participate in SEMI would not provide a cost benefit to the district may apply for a waiver. Districts that wish to apply for a waiver must submit a request to the county office along with supporting information based on reliable evidence related to your district's revenue projection (See Attachment 2 for a sample revenue projection). **Please note that waiver requests must be submitted on an annual basis, and districts with projected revenue of \$0 must submit a waiver request in order to be exempt from the program requirements.**

Any district that receives a waiver, but subsequently chooses to participate in SEMI, must do so fully and comply with all program requirements throughout the entire school year. A waived but participating district is not permitted to elect mid-year to utilize an approved program waiver and stop program participation.

SEMI Alternate Revenue Projection Requirements

A district may seek approval from the executive county superintendent to use reliable evidence to support an adjustment that demonstrates its SEMI revenue projection is more accurate than the revenue projection provided by the department. An Alternate Revenue Projection is not a waiver, and districts with an approved Alternate Revenue Projection are still required to fully comply with SEMI program requirements. Attached is a listing of items to consider when developing the alternate revenue projection (see Attachment 3).

SEMI Action Plan Requirements

In accordance with N.J.A.C. 6A:23A-5.3(f), each district that has not achieved maximum participation in the SEMI program or failed to comply with all program requirements set forth in N.J.A.C. 6A:23A-5.3(e) for the 2013-2014 school year, shall demonstrate a good faith effort to achieve maximum participation and to maximize available SEMI revenue by submitting a SEMI action plan to the executive county superintendent for review and approval, as part of the district's proposed budget submission. Maximum participation in SEMI is defined in the regulations as obtaining 90 percent return rate of parental consent forms for all SEMI eligible students. If applicable, the district shall review the existing action plan previously submitted, and if necessary, modify it to demonstrate the district's current status in terms of maximum participation in the SEMI program. The action plan should be reviewed to determine if those items relating to cost settlement require additional internal procedures. The required components for the SEMI action plan are specified in N.J.A.C. 6A:23A-5.3(g) and a sample SEMI action plan format is available for district's use, which is attached to this memorandum.

If you have any questions regarding the status of your district or general questions regarding the SEMI program, you may contact Elaine Lerner in the Office of Special Education Programs at (609) 984-7902 or by email at semi@doe.state.nj.us. Questions regarding a SEMI waiver request, SEMI alternate revenue projection, or SEMI action plan should be forwarded to the executive county business official.

DCH/SM/PM/el/Special Education Medicaid Initiative 15-16.doc

Attachments

c: Members, State Board of Education
Senior Staff
Peggy McDonald
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County Supervisor of Child Study
Executive County Superintendent
Garden State Coalition of Schools
NJ LEE Group

How SEMI Revenue Projections are Calculated for New Jersey School Districts

The basic formula for budgeting SEMI revenue for the 2015-2016 school year is as follows:

$$\text{Claimable Student Population} * \text{Annual Revenue per Student} = \text{District SEMI Revenue Projection}$$

The **Claimable Student Population** is calculated as follows:

- Special Education, Medicaid Eligible Student Count as of October 15, 2014
 - Count is reported by district and posted on DOE website
 - Students sent to Special Services School Districts are not included.
 - Actual Medicaid Eligibility as of December 2014
 - Eligibility is collected by the Division of Medical Assistance and Health Services (DMAHS). Eligibility information and student information is provided to Public Consulting Group, which is responsible by contract to match the data and provide an actual Medicaid Eligible student count.

The **Annual Revenue per Student** is calculated as follows:

- Each Special Education student receives:
 - 18 related services per year
 - 18 SEMI eligible related services per school year; and
 - Takes into consideration students who receive multiple related services a week and students who receive no eligible related services.
 - One Individual Education Program (IEP) meeting/evaluation service per year
 - Students may have more than one evaluation service in a year (revisions with change in related service, triennials, etc.).
 - Not all evaluation services are attended by a Medicaid qualified provider.
- The district's reimbursement rates effective July 1, 2014 for these services and meetings are as follows:
 - Related Service = \$10.85 per date of service
 - Evaluation Service/IEP meeting = \$313.00
- **Annual Revenue per Student:**
 - $(18 \text{ related services} * \$10.85) + (\text{one evaluation service} * \$313.00) - (20\% \text{ discount for non-claimable evaluation services } [\$101.66]) = \mathbf{\$406.64}$

Additional Assumptions:

- 100% Positive Parental Consent Rate for Medicaid Eligible Students
- All related services and evaluation services delivered by Medicaid qualified providers
 - Qualifications can be found in the SEMI Provider Handbook
 - Visit the following website for a copy of the handbook:
<http://www.nj.gov/treasury/administration/SemiMac/SemiProg.htm>
- All related services and evaluation services documented in EasyTrac™/ EasyIEP™
- 20% revenue projection reduction to account for non-claimable evaluation services where Learning Disability Teacher Consultants (LDTCs) are the case managers

SAMPLE DISTRICT SEMI REVENUE PROJECTION

County: COUNTY NAME
 District ID: DISTRICT ID
 District: DISTRICT NAME

FY15-16

Estimated Medicaid-eligible/Special Ed Count: 226
 District Projected Revenue: \$86,087*
 District Budgeted Revenue: \$77,478**
 Percent of Parental Consent, as of June 2014: 54%
 Minimum Parental Consent Benchmark Percentage: 90%

***FY15-16 Revenue Assumptions**

- Projected revenue is based on 18 related services and one evaluation service per year, per student and **FY14-15 SEMI Rates**
- Est. Med/Sped Count is the October 15, 2014 Special Education Count matched against actual Medicaid eligibility information collected by DMAHS in December 2014
- **Districts that did not submit data for the October 15, 2014 submission or do not have any Special Education Medicaid eligible students will have a projected revenue of \$0 and must submit a SEMI program waiver request in order to be exempt from the program requirements**
- District Budgeted Revenue is 90% of District's Projected Revenue, the **minimum** amount that can be budgeted. This will change if the district submits a waiver or alternate revenue projection**
- Projected revenue is based on 100% positive parental consent rate for all Med/Sped students
- All related services and Evaluation services are documented by Medicaid qualified practitioners in EasyTrac™/EasyIEP™

FY13-14 RECAP

Estimated Medicaid-eligible/Special Ed Count: 207
 District Budgeted Revenue: \$72,147
 District Revenue Achieved: \$4,351 ***
 Percent District Revenue Achieved: 6% ***
 Percent District Revenue Achieved Benchmark: 20%

*****FY13-14 Revenue Assumptions**

- FY13-14 Revenue achieved was calculated from remittance advice received June 30, 2014
- Projected revenue was based on 18 related services and one evaluation services per year, per student and **FY13-14 SEMI Rates**
- All related services and Evaluation services were documented by Medicaid qualified practitioners in EasyTrac™/EasyIEP™
- Projected revenue was based on 100% parental consent rate for all Med/Sped students

**ITEMS FOR CONSIDERATION FOR WAIVER REVIEW AND ALTERNATE REVENUE
PROJECTIONS**

Purpose: This information is being provided to school districts to assist with the development of a request for waiver and submit alternate revenue projections in accordance with N.J.A.C. 6A:23A-5.3. This is the same information that will be used by the Executive County Superintendent to review waivers and alternate revenue projections. Please note that the district will have to provide documentation and/or reliable evidence for the items under each requirement, if applicable. A copy of the board resolution approving the waiver should be included with the waiver request.

1. A district may obtain a waiver of the requirements to maximize SEMI participation upon demonstration that for the subsequent school year the district projects, based on reliable evidence, that it will have 40 or fewer Medicaid eligible classified students or that efforts to participate in SEMI would not provide a cost benefit to the district, based on the revenue projections provided by the department.

- a. Based on reliable evidence, the district will have 40 or fewer Medicaid eligible classified students for the subsequent school year.
- b. Efforts to participate in SEMI will not provide a cost benefit to the district, based on the revenue projections provided by the department.

(Note- Current reimbursement to the district is \$10.85 for eligible related services and \$313.00 for eligible evaluation services.)

2. A district may seek approval from the Executive County Superintendent to use its own projection of SEMI reimbursement upon demonstration that the numbers it used in calculating the projections are more accurate.

- a. Students who are eligible for special education and related services **are not** receiving the Medicaid eligible related services described below.

Criteria:

Districts may claim under SEMI when certain related services are delivered to special education Medicaid eligible students. The related services must be documented in the student's IEP and EasyTrac™/ EasyIEP™ and provided by a Medicaid qualified practitioner. The Medicaid-covered related services are limited to the following services:

- Audiology services
- Nursing services;
- Occupational therapy;
- Physical therapy;
- Psychological counseling; and
- Speech therapy.

The following services are not claimable under SEMI, including but not limited to: crisis intervention, guidance counseling, drug counseling/treatment, other similar services provided on an ad hoc basis and not specified in the IEP, education services and associated costs, therapy services not documented in IEPs and services delivered on dates not covered by a valid IEP.

- b. Students who are eligible for special education and related services or eligible for speech language services are not receiving Medicaid eligible services from a Medicaid qualified practitioner.

Criteria:

A Medicaid qualified practitioner is a:

- Audiologist licensed by the State Audiology and Speech-Language Pathology Advisory Committee.
- Physical therapist licensed by the State Board of Physical Therapy Examiners and certified or endorsed by the Department of Education.
- Occupational therapist licensed by the Occupational Therapy Advisory Council and certified or endorsed by the Department of Education.
- Speech therapist must be: certified or endorsed by the Department of Education and hold a current Certificate of Clinical Competence by American Speech and Hearing Association (ASHA); or certified or endorsed by the Department of Education and hold a current license issued by the New Jersey Audiology and Speech-Language Pathology Advisory Committee initially received on or after January 1, 1993. *Note- Speech correctionists are not considered to be Medicaid qualified practitioners but services delivered by those individuals may be eligible to claim if services are provided “under the direction of a Medicaid qualified practitioner” described below.*
- Psychologist or social worker certified or endorsed by the Department of Education. *Note- Counseling services provided by a guidance counselor are not claimable under SEMI.*
- Registered professional nurse (RN) licensed by the New Jersey Board of Nursing.

- c. District did not obtain the parental consent benchmark percentage.

Criteria:

Districts did not claim for parental refusal to give consent. The district must have documentation to account for negative consent.

- 3. A district may claim for evaluation services which include initial evaluations, reevaluations, and annual review meetings, if the meeting is attended by at least one Medicaid qualified practitioner.**

- a. Initial evaluations, reevaluations and annual review meetings do not include a Medicaid qualified practitioner.

Criteria:

Districts do not claim for individual evaluations provided to students. The date of the IEP meeting constitutes the claimable evaluation services. Evaluation services that are conducted by a learning disabilities teacher consultant are only claimable if another Medicaid qualified practitioner is present at the meeting, if appropriate. Refer to 2(b) above for the definition of Medicaid qualified practitioner.

4. A district may claim for related services provided by physical therapy assistants (PTAs) certified occupational therapy assistants (COTAs), licensed practical nurses (LPNs), or speech correctionists if they meet the “under the direction requirements.”

- a. The district does not have appropriately certified staff members to satisfy the “under the direction of” requirements.

Criteria:

Physical therapy-“direct supervision” means the supervising physical therapist is present on-site and readily available to respond to any consequence regarding a student’s treatment or reaction to treatment. The licensed physical therapist must sign the related service documentation form or review the services and provide approval in EasyTrac™.

Occupational therapy - “supervision” means the responsible and direct involvement of a licensed occupational therapist for the development of an occupational therapy treatment plan and the periodic review of the implementation of that plan. The licensed occupational therapist must sign the related service documentation form or review the services and provide approval in EasyTrac™.

Licensed Practical Nurse- “under the direction” requires the of a licensed RN or licensed or otherwise legally authorized physician or dentist to sign the monthly related service documentation form or approve the logs of the Non-SEMI qualified nurse in EasyTrac™

Speech therapy services should be billed to Medicaid only if the related services were provided under the direction of a licensed speech therapist who meets ASHA standards.

“Under the direction” means that the ASHA-certified or licensed personnel:

- Maintains responsibility for the services delivered;
- Sees the student, at least, once;
- Provides input into the type of care provided;
- Monitors treatment status after treatment has begun;
- Meets regularly with the staff being supervised; and
- Is available to the supervised staff.

The qualified speech therapist must sign the related service documentation form or review the services and provide approval in EasyTrac™.

- 5. A district participating in SEMI cannot claim for related services provided to students who attend Special Services School Districts (SSSD) or Department of Children and Families (DCF) campuses. For students attending SSSDs, the sending districts can claim for eligible evaluation services.**

More information on SEMI can be found at the following link:

<http://www.state.nj.us/treasury/administration/semi-mac/semi-mac.shtml>

For additional information, contact:

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