

AMENDED IN ASSEMBLY JUNE 16, 2016

AMENDED IN ASSEMBLY MAY 16, 2016

AMENDED IN SENATE MAY 12, 2015

AMENDED IN SENATE APRIL 6, 2015

## SENATE BILL

**No. 123**

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### Introduced by Senator Liu

(Principal coauthor: Assembly Member Santiago)

January 15, 2015

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An act to ~~amend, repeal, and add Sections~~ *amend Section* 14115.8 ~~and 14132.47~~ of, and to add Sections 14005.272, 14005.273, 14132.471, 14132.472, ~~and 14132.473~~ *and 14132.472* to, the Welfare and Institutions Code, relating to Medi-Cal.

#### LEGISLATIVE COUNSEL'S DIGEST

SB 123, as amended, Liu. Medi-Cal: school-based administrative activities.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed by, and funded pursuant to, federal Medicaid ~~Program~~ *program* provisions. Existing law establishes an administrative claiming process under which *the department is authorized to contract with* local governmental agencies and local educational consortia ~~contract with the department~~ for the purpose of obtaining federal matching funds to assist with the performance of administrative activities relating to the Medi-Cal program. Existing law defines a local educational agency for these purposes as a local educational agency that participates under the process

as a subcontractor to the local educational consortium in its service region.

Existing law provides that specified services provided by local educational agencies (LEAs) are covered Medi-Cal benefits and requires the department to perform various activities with respect to the billing option for services provided by LEAs. ~~Existing law establishes the Local Educational Agency Medi-Cal Recovery Fund, which consists of proportionately reduced federal Medicaid funds allocable to LEAs, to be used, upon appropriation by the Legislature, only to support the department to meet the requirements relating to the LEA billing option, the annual amount of which may not exceed \$1,500,000. LEAs, including amendment of the Medicaid state plan to ensure that schools shall be reimbursed for all eligible services they provide. Existing law requires the department to regularly consult with the State Department of Education, school district representatives, county offices of education, the local educational consortium, and local educational agencies to assist in formulating those state plan amendments.~~

~~This bill would, commencing with the 2017-18 fiscal year, recast and revise the Administrative Claiming process for local educational agencies that conduct school-based administrative activities relating to the Medi-Cal program. The bill would require would additionally authorize the department to contract directly with each participating a local educational agency to perform administrative activities necessary for the proper and efficient administration of the Medi-Cal program, as specified, and would designate this activity as the School-Based Administrative Claiming process program. The bill would eliminate the authority for the establishment of local educational consortia in this regard, as well as the authority of local governmental agencies or local educational consortia, to subcontract with private or public entities to assist with the performance of administrative activities necessary for the proper and efficient administration of the Medi-Cal program under the conditions specified by the department. The bill would require the department to administer or oversee the administration of a single statewide random moment time survey for the purposes of the program. The bill would make related legislative findings and declarations.~~

This bill would require the department to prepare and file an annual report with the Legislature for the School-Based Administrative Claiming process program, which would include specified information relating to the operation, components, and rates of school-based Medicaid systems. The bill would require the department to prepare

and post on its Internet Web site an annual report of the costs of administering the School-Based Administrative Claiming process program and the LEA billing option and list local educational agency participation in each.

This bill would require the department to enter into an interagency agreement or memorandum of understanding (MOU) with the State Department of Education to coordinate the efforts of both departments with respect to the ~~process~~: *LEA billing option and the School-Based Administrative Claiming process program*. The bill would require the department and the State Department of Education to develop an appeals process, as specified, to contest an action of the department or the State Department of Education. Any savings available to the department from the restructuring of the Administrative Claiming process made by the bill would be directed toward the implementation of the interagency agreement or MOU described in the bill, including, but not limited to, providing necessary State Department of Education staff ~~support~~: *and support to county offices of education*.

~~This bill would authorize the State Department of Health Care Services to withhold a percentage of funds to be reimbursed to local educational agencies for the purpose of defraying the cost of operating the School-Based Administrative Claiming process program, the LEA billing option, and the appeals process, as specified. The bill would provide that the Local Educational Agency Medi-Cal Recovery Fund shall fund the LEA billing option program until the earlier of the termination of federal financial participation in the LEA billing option, or January 1, 2018. The bill would require the department to return funds in the Local Educational Agency Medi-Cal Recovery Fund to local educational agencies, as specified, no later than January 1, 2018.~~

This bill would require the department to establish a School-Based Health Program and Policy Workgroup, as specified, *in order to assist the department in formulating state plan amendments required to implement the LEA billing option described above* and for the purpose of advising the department on issues related to the delivery of school-based Medi-Cal services to students in the state. The bill would require the department to consult with the advisory group in connection with developing the interagency agreement or MOU described above.

Vote: majority. Appropriation: no. Fiscal committee: yes.  
State-mandated local program: no.

*The people of the State of California do enact as follows:*

1     SECTION 1. (a) The Legislature finds and declares all of the  
2 following:

3     (1) Effective cross-agency collaboration is vital to deliver  
4 high-quality school-based health services to California students.

5     (2) Existing federal directives require the chief executive officer  
6 of a state or designee of that officer to ensure that an interagency  
7 agreement or other mechanism for interagency coordination is in  
8 effect between each noneducational public agency (health) and  
9 the state education agency to ensure that a Free Appropriate Public  
10 Education (FAPE) is provided for students. California does not  
11 currently have the required interagency agreement.

12     (3) The ~~federal~~ *United States* Department of Education and the  
13 ~~federal~~ *United States* Department of Health and Human Services,  
14 in a key January 2016 policy letter, recognize the critical role that  
15 health care coverage and health services play in ensuring all  
16 students are ready and able to learn, and recommend action steps  
17 to better coordinate health and education services to build strong  
18 and sustainable partnerships and commitments between health and  
19 education agencies at the local, state, and federal levels.

20     (4) The student success strategic priority in State Superintendent  
21 of Public Instruction Tom Torlakson's 2015 Blueprint 2.0 includes  
22 Section 3.13, which prioritizes the development of infrastructure  
23 at the State Department of Education to improve cross-agency  
24 collaboration in support of student health.

25     (5) In Report 2014-130 issued on August 20, 2015, the State  
26 Auditor recommended that the State Department of Health Care  
27 Services institute significant structural changes to school-based  
28 Medi-Cal programs in order to improve administration and  
29 oversight, increase federal funding, and cut costs.

30     (6) Building an effective, transparent infrastructure and  
31 accountability system to fully utilize all available federal Medicaid  
32 funds is a critical component of developing the capacity to deliver  
33 school-based health and mental health programs.

34     (7) These vital programs must be operated at a level that meets  
35 the benchmark of national best practices in order to meet the needs  
36 of California's most vulnerable children.

37     (b) It is the intent of the Legislature to ensure effective  
38 coordination between health and education agencies at the state,

1 county, and local levels to address the achievement gap in our  
2 schools and health and education equity issues in California.

3 SEC. 2. Section 14005.272 is added to the Welfare and  
4 Institutions Code, to read:

5 14005.272. (a) The department, in consultation with the State  
6 Department of Education, shall establish a School-Based Health  
7 Program and Policy Workgroup *in order to assist the department*  
8 *in formulating the state plan amendments required by subdivisions*  
9 *(a) and (b) of Section 14115.8, and for the purpose of advising the*  
10 *department on issues related to the delivery of school-based*  
11 *Medi-Cal services to students in the state. The scope of the*  
12 *workgroup shall include, but not be limited to, improving the*  
13 *operation of and participation in all of the following school-based*  
14 *health programs:*

15 (1) The School-Based Administrative Claiming process program  
16 described in Section 14132.471.

17 (2) The local educational agency (LEA) Medi-Cal billing option  
18 described in Section 14132.06.

19 (3) The Early and Periodic Screening, Diagnosis, and Treatment  
20 (EPSDT) Program described in Section 14700.

21 (4) Other school-based health and mental health programs,  
22 including school-based health centers which may receive Medi-Cal  
23 funding.

24 (b) *The workgroup shall, on a regular basis, provide input to*  
25 *the department and the State Department of Education on the*  
26 *degree to which the process and implementation of the*  
27 *School-Based Administrative Claiming process program described*  
28 *in Section 14132.471 and the local educational agency Medi-Cal*  
29 *billing option program described in Section 14132.06 is meeting*  
30 *the needs of LEAs with respect to cost-effectiveness, program*  
31 *structure, and operational effectiveness, including the process of*  
32 *balancing withheld funds and actual expenses.*

33 ~~(b)~~

34 (c) The workgroup shall also provide input to the department  
35 and the State Department of Education on the development and  
36 continuing operations of an office of school-based health programs  
37 within the State Department of Education.

38 ~~(e)~~

39 (d) The workgroup shall be representative of the diversity of  
40 California local ~~education~~ educational agencies with respect to

1 size, type, and geographic diversity and shall include  
2 representatives from county offices of education and urban,  
3 suburban, and rural local educational agencies. The workgroup  
4 shall also include the LEA Ad Hoc Workgroup described in Section  
5 14132.06 and members with expertise in the school-based health  
6 programs described in paragraphs (1) to (4), inclusive, of  
7 subdivision (a).

8 SEC. 3. Section 14005.273 is added to the Welfare and  
9 Institutions Code, to read:

10 14005.273. Commencing with the 2017–18 state fiscal year,  
11 and annually for each year thereafter, the department shall publish  
12 the following information together on a section of its Internet Web  
13 site *site*:

14 (a) An annual report that details the costs of operating the  
15 School-Based Administrative Claiming process program described  
16 in Section 14132.471, including ~~the cost of conducting the random~~  
17 ~~moment time survey described in subdivision (b) of Section~~  
18 ~~14132.471~~ and any vendor fees. The report shall also list each  
19 participating local educational agency. The initial report prepared  
20 and posted pursuant to this subdivision shall also report on cost  
21 savings realized ~~through~~ *from* the restructuring of the  
22 Administrative Claiming process program through implementation  
23 of the School-Based Administrative Claiming process program  
24 described in Section 14132.471.

25 (b) An annual report that details the costs of operating the local  
26 educational agency (LEA) Medi-Cal billing option program  
27 described in Section 14132.06. The report shall also list each local  
28 educational agency participating in the LEA Medi-Cal billing  
29 option program.

30 (c) An annual report regarding the rate of participation of local  
31 educational agencies in the Early and Periodic Screening,  
32 Diagnosis, and Treatment (EPSDT) Program described in Section  
33 14700.

34 SEC. 4. Section 14115.8 of the Welfare and Institutions Code  
35 is amended to read:

36 14115.8. (a) (1) The department shall amend the Medicaid  
37 state plan with respect to the billing option for services by local  
38 educational agencies (LEAs), to ensure that schools shall be  
39 reimbursed for all eligible services that they provide that are not  
40 precluded by federal requirements.

1 (2) The department shall examine methodologies for increasing  
2 school participation in the Medi-Cal billing option for LEAs so  
3 that schools can meet the health care needs of their students.

4 (3) The department, to the extent possible, shall simplify  
5 claiming processes for LEA billing.

6 (4) The department shall eliminate and modify state plan and  
7 regulatory requirements that exceed federal requirements when  
8 they are unnecessary.

9 (b) If a rate study for the LEA Medi-Cal billing option is  
10 completed pursuant to Section 52 of Chapter 171 of the Statutes  
11 of 2001, the department, in consultation with the entities named  
12 in subdivision (c), shall implement the recommendations from the  
13 study, to the extent feasible and appropriate.

14 ~~(c) In order to assist the department in formulating the state plan~~  
15 ~~amendments required by subdivisions (a) and (b), the department~~  
16 ~~shall regularly consult with the State Department of Education,~~  
17 ~~representatives of urban, rural, large and small school districts,~~  
18 ~~and county offices of education, the local education consortium,~~  
19 ~~and local educational agencies. It is the intent of the Legislature~~  
20 ~~that the department also consult with staff from Region IX of the~~  
21 ~~federal Centers for Medicare and Medicaid Services, experts from~~  
22 ~~the fields of both health and education, and state legislative staff.~~

23 ~~(d)~~

24 (c) Notwithstanding any other law, or any other contrary state  
25 requirement, the department shall take whatever action is necessary  
26 to ensure that, to the extent there is capacity in its certified match,  
27 an LEA shall be reimbursed retroactively for the maximum period  
28 allowed by the federal government for any department change that  
29 results in an increase in reimbursement to local educational agency  
30 providers.

31 ~~(e)~~

32 (d) The department may undertake all necessary activities to  
33 recoup matching funds from the federal government for  
34 reimbursable services that have already been provided in the state's  
35 public schools. The department shall prepare and take whatever  
36 action is necessary to implement all regulations, policies, state  
37 plan amendments, and other requirements necessary to achieve  
38 this purpose.

39 ~~(f)~~

(e) The department shall file an annual report with the Legislature that shall include at least all of the following:

(1) A copy of the annual comparison required by subdivision (i).

(2) A state-by-state comparison of school-based Medicaid total and per eligible child claims and federal revenues. The comparison shall include a review of the most recent two years for which completed data is available.

(3) A summary of department activities and an explanation of how each activity contributed toward narrowing the gap between California's per eligible student federal fund recovery and the per student recovery of the top three states.

(4) A listing of all school-based services, activities, and providers approved for reimbursement by the federal Centers for Medicare and Medicaid Services in other state plans that are not yet approved for reimbursement in California's state plan and the service unit rates approved for reimbursement.

(5) The official recommendations made to the department by the entities named in subdivision (c) and the action taken by the department regarding each recommendation.

(6) A one-year timetable for state plan amendments and other actions necessary to obtain reimbursement for those items listed in paragraph (4).

(7) Identification of any barriers to local educational agency reimbursement, including those specified by the entities named in subdivision (c), that are not imposed by federal requirements, and a description of the actions that have been, and will be, taken to eliminate them.

~~(g)~~

~~(f) (1) These activities shall, until the earlier of the termination of federal financial participation in the billing option for services by LEAs pursuant to this section or January 1, 2018, shall be funded and staffed by proportionately reducing federal Medicaid payments allocable to LEAs for the provision of benefits funded by the federal Medicaid program under the billing option for services by LEAs specified in this section. Moneys collected as a result of the reduction in federal Medicaid payments allocable to LEAs shall be deposited into the Local Educational Agency Medi-Cal Recovery Fund, which is hereby established in the Special Deposit Fund established pursuant to Section 16370 of the~~

Government Code. These funds shall be used, upon appropriation by the Legislature, only to support the department to meet all the requirements of this section. If at any time this section is repealed, it is the intent of the Legislature that all funds in the Local Educational Agency Medi-Cal Recovery Fund be returned proportionally to all LEAs whose federal Medicaid funds were used to create this fund. The annual amount funded pursuant to this paragraph shall not exceed one million five hundred thousand dollars (\$1,500,000).

(2) Moneys collected under paragraph (1) shall be proportionately reduced from federal Medicaid payments to all participating LEAs so that no one LEA loses a disproportionate share of its federal Medicaid payments.

~~(3) No later than January 1, 2018, the department shall proportionately return all funds in the Local Educational Agency Medi-Cal Recovery Fund to all LEAs whose federal Medicaid funds were used to create the fund.~~

~~(h)~~

(g) (1) The department may enter into a sole source contract to comply with the requirements of this section.

(2) The level of additional staff to comply with the requirements of this section, including, but not limited to, staff for which the department has contracted for pursuant to paragraph (1), shall be limited to that level that can be funded with revenues derived pursuant to subdivision (g).

~~(i)~~

(h) The activities of the department shall include all of the following:

(1) An annual comparison of the school-based Medicaid systems in comparable states.

(2) Efforts to improve communications with the federal government, the State Department of Education, and local educational agencies.

(3) The development and updating of written guidelines to local educational agencies regarding best practices to avoid audit exceptions, as needed.

(4) The establishment and maintenance of a local educational agency user-friendly, interactive Internet Web site.

(5) Collaboration with the State Department of Education to help ensure LEA compliance with state and federal Medicaid

1 requirements and to help improve LEA participation in the  
2 Medi-Cal billing option for LEAs.

3 (j)

4 ~~This section shall remain in effect only until January 1, 2018,~~  
5 ~~and as of that date is repealed, unless a later enacted statute, that~~  
6 ~~is enacted before January 1, 2018, deletes or extends that date.~~

7 SEC. 5. ~~Section 14115.8 is added to the Welfare and~~  
8 ~~Institutions Code, to read:~~

9 ~~14115.8. (a) (1) The department shall amend the Medicaid~~  
10 ~~state plan with respect to the billing option for services by local~~  
11 ~~educational agencies (LEAs) to ensure that schools shall be~~  
12 ~~reimbursed for all eligible services that they provide that are not~~  
13 ~~precluded by federal requirements.~~

14 ~~(2) The department shall examine methodologies for increasing~~  
15 ~~school participation in the Medi-Cal billing option for LEAs so~~  
16 ~~that schools can meet the health care needs of their students.~~

17 ~~(3) The department, to the extent possible, shall simplify~~  
18 ~~claiming processes for LEA billing.~~

19 ~~(4) The department shall eliminate and modify state plan and~~  
20 ~~regulatory requirements that exceed federal requirements when~~  
21 ~~they are unnecessary.~~

22 ~~(b) If a rate study for the LEA Medi-Cal billing option is~~  
23 ~~completed pursuant to Section 52 of Chapter 171 of the Statutes~~  
24 ~~of 2001, the department, in consultation with the entities named~~  
25 ~~in subdivision (c), shall implement the recommendations from the~~  
26 ~~study to the extent feasible and appropriate.~~

27 ~~(c) In order to assist the department in formulating the state plan~~  
28 ~~amendments required by subdivisions (a) and (b), the department~~  
29 ~~shall regularly consult with the State Department of Education,~~  
30 ~~representatives of urban, rural, large and small school districts,~~  
31 ~~county offices of education, the local education consortium, and~~  
32 ~~local educational agencies. It is the intent of the Legislature that~~  
33 ~~the department also consult with staff from Region 9 of the federal~~  
34 ~~Centers for Medicare and Medicaid Services, experts from the~~  
35 ~~fields of both health and education, and state legislative staff.~~

36 ~~(d) Notwithstanding any other law, or any other contrary state~~  
37 ~~requirement, the department shall take whatever action is necessary~~  
38 ~~to ensure that, to the extent there is capacity in its certified match,~~  
39 ~~an LEA shall be reimbursed retroactively for the maximum period~~  
40 ~~allowed by the federal government for any department change that~~

1 results in an increase in reimbursement to local educational agency  
2 providers:

3 ~~(e) The department may undertake all necessary activities to~~  
4 ~~recoup matching funds from the federal government for~~  
5 ~~reimbursable services that have already been provided in the state's~~  
6 ~~public schools. The department shall prepare and take whatever~~  
7 ~~action is necessary to implement all regulations, policies, state~~  
8 ~~plan amendments, and other requirements necessary to achieve~~  
9 ~~this purpose.~~

10 ~~(f) The department shall file an annual report with the~~  
11 ~~Legislature that shall include at least all of the following:~~

12 ~~(1) A copy of the annual comparison required by subdivision~~  
13 ~~(i):~~

14 ~~(2) A state-by-state comparison of school-based Medicaid total~~  
15 ~~and per eligible child claims and federal revenues. The comparison~~  
16 ~~shall include a review of the most recent two years for which~~  
17 ~~completed data is available.~~

18 ~~(3) A summary of department activities and an explanation of~~  
19 ~~how each activity contributed toward narrowing the gap between~~  
20 ~~California's per eligible student federal fund recovery and the per~~  
21 ~~student recovery of the top three states.~~

22 ~~(4) A listing of all school-based services, activities, and~~  
23 ~~providers approved for reimbursement by the federal Centers for~~  
24 ~~Medicare and Medicaid Services in other state plans that are not~~  
25 ~~yet approved for reimbursement in California's state plan and the~~  
26 ~~service unit rates approved for reimbursement.~~

27 ~~(5) The official recommendations made to the department by~~  
28 ~~the entities named in subdivision (e) and the action taken by the~~  
29 ~~department regarding each recommendation.~~

30 ~~(6) A one-year timetable for state plan amendments and other~~  
31 ~~actions necessary to obtain reimbursement for those items listed~~  
32 ~~in paragraph (4):~~

33 ~~(7) Identification of any barriers to local educational agency~~  
34 ~~reimbursement, including those specified by the entities named in~~  
35 ~~subdivision (e), that are not imposed by federal requirements and~~  
36 ~~a description of the actions that have been, and will be, taken to~~  
37 ~~eliminate those barriers.~~

38 ~~(g) The activities described in this section shall be funded~~  
39 ~~pursuant to Section 14132.473.~~

~~(h) (1) The department may enter into a sole source contract to comply with the requirements of this section.~~

~~(2) The level of additional staff to comply with the requirements of this section, including, but not limited to, staff for which the department has contracted for pursuant to paragraph (1), shall be limited to that level that can be funded with revenues derived pursuant to subdivision (g).~~

~~(i) The activities of the department shall include all of the following:~~

~~(1) An annual comparison of the school-based Medicaid systems in comparable states.~~

~~(2) Efforts to improve communications with the federal government, the State Department of Education, and local educational agencies.~~

~~(3) The development and updating of written guidelines to local educational agencies regarding best practices to avoid audit exceptions, as needed.~~

~~(4) The establishment and maintenance of a local educational agency user-friendly, interactive Internet Web site.~~

~~(5) Collaboration with the State Department of Education to help ensure LEA compliance with state and federal Medicaid requirements and to help improve LEA participation in the Medi-Cal billing option for LEAs.~~

~~(j) This section shall become operative on January 1, 2018.~~

~~SEC. 6. Section 14132.47 of the Welfare and Institutions Code is amended to read:~~

~~14132.47. (a) It is the intent of the Legislature to provide local governmental agencies the choice of participating in either or both of the Targeted Case Management (TCM) and Administrative Claiming process programs at their option, subject to the requirements of this section and Section 14132.44.~~

~~(b) The department may contract with each participating local governmental agency or each local educational consortium to assist with the performance of administrative activities necessary for the proper and efficient administration of the Medi-Cal program, pursuant to Section 1903a of the federal Social Security Act (42 U.S.C. Sec. 1396b(a)), and this activity shall be known as the Administrative Claiming process.~~

~~(c) (1) Subject to the requirements of paragraph (2) of subdivision (f), as a condition for participation in the~~

1 ~~Administrative Claiming process, each participating local~~  
2 ~~governmental agency or each local educational consortium shall,~~  
3 ~~for the purpose of claiming federal Medicaid reimbursement, enter~~  
4 ~~into a contract with the department and shall certify to the~~  
5 ~~department the total amount the local governmental agency or each~~  
6 ~~local educational consortium expended on the allowable~~  
7 ~~administrative activities.~~

8 ~~(2) The department shall deny the claim if it determines that the~~  
9 ~~certification is not adequately supported, or does not otherwise~~  
10 ~~comply with federal requirements, for purposes of claiming federal~~  
11 ~~financial participation.~~

12 ~~(d) Each participating local governmental agency or local~~  
13 ~~educational consortium may subcontract with private or public~~  
14 ~~entities to assist with the performance of administrative activities~~  
15 ~~necessary for the proper and efficient administration of the~~  
16 ~~Medi-Cal program under the conditions specified by the department~~  
17 ~~in regulations.~~

18 ~~(e) Each Administrative Claiming process contract shall include~~  
19 ~~a requirement that each participating local governmental agency~~  
20 ~~or each local educational consortium submit a claiming plan in a~~  
21 ~~manner that shall be prescribed by the department in regulations,~~  
22 ~~developed in consultation with local governmental agencies.~~

23 ~~(f) (1) The department shall require that each participating local~~  
24 ~~governmental agency or each local educational consortium certify~~  
25 ~~to the department both of the following:~~

26 ~~(A) The expenditure of 100 percent of the cost of performing~~  
27 ~~Administrative Claiming process activities. The funds expended~~  
28 ~~for this purpose shall be from the local governmental agency's~~  
29 ~~general fund or the general funds of local educational agencies or~~  
30 ~~from any other funds allowed under federal law and regulation.~~

31 ~~(B) In each fiscal year that its expenditures represent costs that~~  
32 ~~are eligible for federal financial participation for that fiscal year.~~  
33 ~~The department shall deny the claim if it determines that the~~  
34 ~~certification is not adequately supported for purposes of federal~~  
35 ~~financial participation.~~

36 ~~(2) (A) (i) A city that is not a participating local governmental~~  
37 ~~agency, or any other local public entity, that contracts with a local~~  
38 ~~governmental agency pursuant to subdivision (d) and that is located~~  
39 ~~within a county that is a participating local governmental agency~~  
40 ~~pursuant to this section, may submit certification to the local~~

1 ~~governmental agency of amounts expended for Administrative~~  
2 ~~Claiming services in accordance with Section 433.51 of Title 42~~  
3 ~~of the Code of Federal Regulations.~~

4 ~~(ii) A city or other local public entity that submits certification~~  
5 ~~pursuant to this paragraph shall comply with the requirements of~~  
6 ~~paragraph (1), with other requirements applicable to local~~  
7 ~~governmental agencies that the department determines, in~~  
8 ~~regulations, to be applicable, and with all applicable federal~~  
9 ~~requirements.~~

10 ~~(iii) The local governmental agency shall forward the city's or~~  
11 ~~local public entity's certification to the department for the purposes~~  
12 ~~of claiming federal financial participation.~~

13 ~~(iv) As applicable, the local governmental agency shall obtain~~  
14 ~~and retain appropriate certifications from the expending city or~~  
15 ~~local public entity, together with documentation of the underlying~~  
16 ~~expenditures, as required by the department.~~

17 ~~(B) A tribe or tribal organization, as defined in subdivision (n),~~  
18 ~~that is not participating in Administrative Claiming process~~  
19 ~~activities as a local governmental agency, may contract with, and~~  
20 ~~submit to a tribe or tribal organization that is contracting with, the~~  
21 ~~department pursuant to subdivision (b) amounts expended for~~  
22 ~~Administrative Claiming process activities that it is certifying in~~  
23 ~~accordance with Section 433.51 of Title 42 of the Code of Federal~~  
24 ~~Regulations and other applicable federal law and regulations. The~~  
25 ~~tribe or tribal organization receiving the certification shall forward~~  
26 ~~it to the department for purposes of claiming federal financial~~  
27 ~~participation. The certification shall comply with all of the~~  
28 ~~requirements for certification set forth in subparagraph (A).~~

29 ~~(g) (1) Notwithstanding any other provision of this section, the~~  
30 ~~state shall be held harmless, in accordance with paragraphs (2)~~  
31 ~~and (3), from any federal audit disallowance and interest resulting~~  
32 ~~from payments made to a participating local governmental agency~~  
33 ~~or local educational consortium pursuant to this section, for the~~  
34 ~~disallowed claim.~~

35 ~~(2) To the extent that a federal audit disallowance and interest~~  
36 ~~results from a claim or claims for which any participating local~~  
37 ~~governmental agency or local educational consortium has received~~  
38 ~~reimbursement for Administrative Claiming process activities, the~~  
39 ~~department shall recoup from the local governmental agency or~~  
40 ~~local educational consortium that submitted the disallowed claim,~~

1 through offsets or by a direct billing, amounts equal to the amount  
2 of the disallowance and interest, in that fiscal year, for the  
3 disallowed claim. All subsequent claims submitted to the  
4 department applicable to any previously disallowed administrative  
5 activity or claim, may be held in abeyance, with no payment made,  
6 until the federal disallowance issue is resolved.

7 (3) Notwithstanding paragraph (2), to the extent that a federal  
8 audit disallowance and interest results from a claim or claims for  
9 which the participating local governmental agency or local  
10 educational consortium has received reimbursement for  
11 Administrative Claiming process activities performed by an entity  
12 under contract with, and on behalf of, the participating local  
13 governmental agency or local educational consortium, the  
14 department shall be held harmless by that particular participating  
15 local governmental agency or local educational consortium for  
16 100 percent of the amount of the federal audit disallowance and  
17 interest, for the disallowed claim.

18 (h) The use of local funds required by this section shall not  
19 create, lead to, or expand the health care funding obligations or  
20 service obligations for current or future years for any participating  
21 local governmental agency or local educational consortium, except  
22 as required by this section or as may be required by federal law.

23 (i) The department shall deny any claim from a participating  
24 local governmental agency or local educational consortium if the  
25 department determines that the claim is not adequately supported  
26 in accordance with criteria established pursuant to this subdivision  
27 and implementing regulations before it forwards the claim for  
28 reimbursement to the federal Medicaid Program. In consultation  
29 with local governmental agencies and local educational consortia,  
30 the department shall adopt regulations that prescribe the  
31 requirements for the submission and payment of claims for  
32 administrative activities performed by each participating local  
33 governmental agency and local educational consortium.

34 (j) Administrative activities shall be those determined by the  
35 department to be necessary for the proper and efficient  
36 administration of the state's Medicaid plan and shall be defined  
37 in regulation.

38 (k) If the department denies any claim submitted under this  
39 section, the affected participating local governmental agency or  
40 local educational consortium may, within 30 days after receipt of

1 written notice of the denial, request that the department reconsider  
2 its action. The participating local governmental agency or local  
3 educational consortium may request a meeting with the director  
4 or his or her designee within 30 days to present its concerns to the  
5 department after the request is filed. If the director or his or her  
6 designee cannot meet, the department shall respond in writing  
7 indicating the specific reasons for which the claim is out of  
8 compliance to the participating local governmental agency or local  
9 educational consortium in response to its appeal. Thereafter, the  
10 decision of the director shall be final.

11 (l) To the extent consistent with federal law and regulations,  
12 participating local governmental agencies or local educational  
13 consortium may claim the actual costs of nonemergency,  
14 nonmedical transportation of Medi-Cal eligibles to Medi-Cal  
15 covered services, under guidelines established by the department,  
16 to the extent that these costs are actually borne by the participating  
17 local governmental agency or local educational consortium. A  
18 local educational consortium may only claim for nonemergency,  
19 nonmedical transportation of Medi-Cal eligibles for Medi-Cal  
20 covered services, through the Medi-Cal administrative activities  
21 program. Medi-Cal medical transportation services shall be claimed  
22 under the local educational agency Medi-Cal billing option,  
23 pursuant to Section 14132.06.

24 (m) As a condition of participation in the Administrative  
25 Claiming process and in recognition of revenue generated to each  
26 participating local governmental agency and each local educational  
27 consortium in the Administrative Claiming process, each  
28 participating local governmental agency and each local educational  
29 consortium shall pay an annual participation fee through a  
30 mechanism agreed to by the state and local governmental agencies  
31 and local educational consortia, or, if no agreement is reached by  
32 August 1 of each year, directly to the state. The participation fee  
33 shall be used to cover the cost of administering the Administrative  
34 Claiming process, including, but not limited to, claims processing,  
35 technical assistance, and monitoring. The department shall  
36 determine and report staffing requirements upon which projected  
37 costs will be based. The amount of the participation fee shall be  
38 based upon the anticipated salaries, benefits, and operating  
39 expenses, to administer the Administrative Claiming process and  
40 other costs related to that process.

~~(n) (1) For the purposes of this section, “participating local governmental agency” means a county, chartered city, Native American Indian tribe, tribal organization, or subgroup of a Native American Indian tribe or tribal organization, under contract with the department pursuant to subdivision (b):~~

~~(2) Each participating Native American Indian tribe, tribal organization, or subgroup of a Native American Indian tribe or tribal organization may claim, as a Medi-Cal Administrative Activity, facilitating Medi-Cal applications, which includes, but is not limited to, using the California Healthcare Eligibility, Enrollment, and Retention System.~~

~~(o) For purposes of this section, “local educational agency” means a local educational agency, as defined in subdivision (h) of Section 14132.06, that participates under the Administrative Claiming process as a subcontractor to the local educational consortium in its service region.~~

~~(p) (1) For purposes of this section, “local educational consortium” means a local agency that is one of the service regions of the California County Superintendent Educational Services Association.~~

~~(2) Each local educational consortium shall contract with the department pursuant to paragraph (1) of subdivision (e):~~

~~(q) (1) Each participating local educational consortium shall be responsible for the local educational agencies in its service region that participate in the Administrative Claiming process. This responsibility includes, but is not limited to, the preparation and submission of all administrative claiming plans, training of local educational agency staff, overseeing the local educational agency time survey process, and the submission of detailed quarterly invoices on behalf of any participating local educational agency.~~

~~(2) Each participating local educational consortium shall ensure local educational agency compliance with all requirements of the Administrative Claiming process established for local governmental agencies.~~

~~(3) Ninety days prior to the initial participation in the Administrative Claiming process, each local educational consortium shall notify the department of its intent to participate in the process, and shall identify each local educational agency that will be participating as its subcontractor.~~

~~(r) (1) Each local educational agency that elects to participate in the Administrative Claiming process shall submit claims through its local educational consortium or through the local governmental agency, but not both.~~

~~(2) Each local educational agency participating as a subcontractor to a local educational consortium shall comply with all requirements of the Administrative Claiming process established for local governmental agencies.~~

~~(s) A participating local governmental agency or a local educational consortium may charge an administrative fee to any entity claiming Administrative Claiming through that agency.~~

~~(t) The department shall continue to administer the Administrative Claiming process in conformity with federal requirements.~~

~~(u) The department shall provide technical assistance to all participating local governmental agencies and local educational consortia in order to maximize federal financial participation in the Administrative Claiming process.~~

~~(v) (1) Subject to paragraph (2), this section shall be applicable to Administrative Claiming process activities performed, and to moneys paid to participating local governmental agencies for those activities in the 1994–95 fiscal year and thereafter, and to local educational consortia in the 1998–99 fiscal year and thereafter.~~

~~(2) This section shall not be applicable to Administrative Claiming process activities performed in the 2017–18 fiscal year and thereafter.~~

~~(w) Nothing in this section or Section 14132.44 shall be construed to prevent any state agency from participating in the Administrative Claiming process or from contracting with others to engage in these activities.~~

~~(x) This section shall remain in effect only until January 1, 2018, and as of that date is repealed, unless a later enacted statute, that is enacted before January 1, 2018, deletes or extends that date.~~

~~SEC. 7. Section 14132.47 is added to the Welfare and Institutions Code, to read:~~

~~14132.47. (a) It is the intent of the Legislature to provide local governmental agencies the choice of participating in the Targeted Case Management (TCM) or the Administrative Claiming process program, or both, at their option, subject to the requirements of this section and Section 14132.44.~~

1     ~~(b) The department may contract with each participating local~~  
2 ~~governmental agency to assist with the performance of~~  
3 ~~administrative activities necessary for the proper and efficient~~  
4 ~~administration of the Medi-Cal program, pursuant to Section 1903a~~  
5 ~~of the federal Social Security Act (42 U.S.C. Sec. 1396b(a)), and~~  
6 ~~this activity shall be known as the Administrative Claiming process.~~

7     ~~(c) (1) Subject to the requirements of paragraph (2) of~~  
8 ~~subdivision (f), as a condition for participation in the~~  
9 ~~Administrative Claiming process, each participating local~~  
10 ~~governmental agency shall, for the purpose of claiming federal~~  
11 ~~Medicaid reimbursement, enter into a contract with the department~~  
12 ~~and shall certify to the department the total amount the local~~  
13 ~~governmental agency expended on the allowable administrative~~  
14 ~~activities.~~

15     ~~(2) The department shall deny the claim if the department~~  
16 ~~determines that the certification is not adequately supported, or~~  
17 ~~does not otherwise comply with federal requirements, for purposes~~  
18 ~~of claiming federal financial participation.~~

19     ~~(d) Each participating local governmental agency may~~  
20 ~~subcontract with private or public entities to assist with the~~  
21 ~~performance of administrative activities necessary for the proper~~  
22 ~~and efficient administration of the Medi-Cal program under the~~  
23 ~~conditions specified by the department in regulations.~~

24     ~~(e) Each Administrative Claiming process contract shall include~~  
25 ~~a requirement that each participating local governmental agency~~  
26 ~~submit a claiming plan in a manner that shall be prescribed by the~~  
27 ~~department in regulations developed in consultation with local~~  
28 ~~governmental agencies.~~

29     ~~(f) (1) The department shall require that each participating local~~  
30 ~~governmental agency certify to the department both of the~~  
31 ~~following:~~

32     ~~(A) The expenditure of 100 percent of the cost of performing~~  
33 ~~Administrative Claiming process activities. The funds expended~~  
34 ~~for this purpose shall be from the local governmental agency's~~  
35 ~~general fund or from any other funds allowed under federal law~~  
36 ~~and regulation.~~

37     ~~(B) That the agency's expenditures represent costs that are~~  
38 ~~eligible for federal financial participation for each fiscal year. The~~  
39 ~~department shall deny the claim if the department determines that~~

1 the certification is not adequately supported for purposes of federal  
2 financial participation.

3 ~~(2) (A) (i) A city that is not a participating local governmental~~  
4 ~~agency, or any other local public entity, that contracts with a local~~  
5 ~~governmental agency pursuant to subdivision (d) and that is located~~  
6 ~~within a county that is a participating local governmental agency~~  
7 ~~pursuant to this section may submit certification to the local~~  
8 ~~governmental agency of amounts expended for Administrative~~  
9 ~~Claiming services in accordance with Section 433.51 of Title 42~~  
10 ~~of the Code of Federal Regulations.~~

11 ~~(ii) A city or other local public entity that submits certification~~  
12 ~~pursuant to this paragraph shall comply with the requirements of~~  
13 ~~paragraph (1), with other requirements applicable to local~~  
14 ~~governmental agencies that the department determines, in~~  
15 ~~regulations, to be applicable, and with all applicable federal~~  
16 ~~requirements.~~

17 ~~(iii) The local governmental agency shall forward the city's or~~  
18 ~~local public entity's certification to the department for the purposes~~  
19 ~~of claiming federal financial participation.~~

20 ~~(iv) As applicable, the local governmental agency shall obtain~~  
21 ~~and retain appropriate certifications from the expending city or~~  
22 ~~local public entity together with documentation of the underlying~~  
23 ~~expenditures, as required by the department.~~

24 ~~(B) A tribe or tribal organization, as defined in subdivision (n)~~  
25 ~~that is not participating in Administrative Claiming process~~  
26 ~~activities as a local governmental agency may contract with, or~~  
27 ~~submit to a tribe or tribal organization that is contracting with, the~~  
28 ~~department pursuant to subdivision (b) amounts expended for~~  
29 ~~Administrative Claiming process activities that it is certifying in~~  
30 ~~accordance with Section 433.51 of Title 42 of the Code of Federal~~  
31 ~~Regulations and other applicable federal law and regulations. The~~  
32 ~~tribe or tribal organization receiving the certification shall forward~~  
33 ~~the certification to the department for purposes of claiming federal~~  
34 ~~financial participation. The certification shall comply with all of~~  
35 ~~the requirements for certification set forth in subparagraph (A).~~

36 ~~(g) (1) Notwithstanding any other provision of this section, the~~  
37 ~~state shall be held harmless, in accordance with paragraphs (2)~~  
38 ~~and (3), from any federal audit disallowance and interest resulting~~  
39 ~~from payments made to a participating local governmental agency,~~  
40 ~~pursuant to this section, for the disallowed claim.~~

1     ~~(2) To the extent that a federal audit disallowance and interest~~  
2 ~~results from a claim or claims for which any participating local~~  
3 ~~governmental agency has received reimbursement for~~  
4 ~~Administrative Claiming process activities, the department shall~~  
5 ~~recoup from the local governmental agency that submitted the~~  
6 ~~disallowed claim, through offsets or by a direct billing, amounts~~  
7 ~~equal to the amount of the disallowance and interest in that fiscal~~  
8 ~~year for the disallowed claim. All subsequent claims submitted to~~  
9 ~~the department applicable to any previously disallowed~~  
10 ~~administrative activity or claim may be held in abeyance, with no~~  
11 ~~payment made, until the federal disallowance issue is resolved.~~

12     ~~(3) Notwithstanding paragraph (2), to the extent that a federal~~  
13 ~~audit disallowance and interest results from a claim or claims for~~  
14 ~~which the participating local governmental agency has received~~  
15 ~~reimbursement for Administrative Claiming process activities~~  
16 ~~performed by an entity under contract with, and on behalf of, the~~  
17 ~~participating local governmental agency, the department shall be~~  
18 ~~held harmless by that particular participating local governmental~~  
19 ~~agency for 100 percent of the amount of the federal audit~~  
20 ~~disallowance and interest for the disallowed claim.~~

21     ~~(h) The use of local funds required by this section shall not~~  
22 ~~create, lead to, or expand the health care funding obligations or~~  
23 ~~service obligations for current or future years for any participating~~  
24 ~~local governmental agency, except as required by this section or~~  
25 ~~as may be required by federal law.~~

26     ~~(i) The department shall deny any claim from a participating~~  
27 ~~local governmental agency if the department determines that the~~  
28 ~~claim is not adequately supported in accordance with criteria~~  
29 ~~established pursuant to this subdivision and implementing~~  
30 ~~regulations before the department forwards the claim for~~  
31 ~~reimbursement to the federal Medicaid program. In consultation~~  
32 ~~with local governmental agencies, the department shall adopt~~  
33 ~~regulations that prescribe the requirements for the submission and~~  
34 ~~payment of claims for administrative activities performed by each~~  
35 ~~participating local governmental agency.~~

36     ~~(j) Administrative activities shall be those determined by the~~  
37 ~~department to be necessary for the proper and efficient~~  
38 ~~administration of the state's Medicaid plan and shall be defined~~  
39 ~~in regulation.~~

~~(k) If the department denies any claim submitted under this section, the affected participating local governmental agency may, within 30 days after receipt of written notice of the denial, request that the department reconsider its action. The participating local governmental agency may request a meeting with the director or his or her designee within 30 days to present the agency's concerns to the department after the request is filed. If the director or his or her designee cannot meet, the department shall respond in writing to the participating local governmental agency in response to its appeal, indicating the specific reasons for which the claim is out of compliance. The decision of the director shall be final.~~

~~(l) To the extent consistent with federal law and regulations, participating local governmental agencies may claim the actual costs of nonemergency, nonmedical transportation of Medi-Cal eligibles to Medi-Cal covered services, under guidelines established by the department, to the extent that these costs are actually borne by the participating local governmental agency.~~

~~(m) As a condition of participation in the Administrative Claiming process and in recognition of revenue generated to each participating local governmental agency in the Administrative Claiming process, each participating local governmental agency shall pay an annual participation fee through a mechanism agreed to by the state and local governmental agencies, or, if no agreement is reached by August 1 of each year, directly to the state. The participation fee shall be used to cover the cost of administering the Administrative Claiming process, including, but not limited to, claims processing, technical assistance, and monitoring. The department shall determine and report staffing requirements upon which projected costs will be based. The amount of the participation fee shall be based upon the anticipated salaries, benefits, and operating expenses to administer the Administrative Claiming process and other costs related to that process.~~

~~(n) (1) For the purposes of this section, "participating local governmental agency" means a county, charter city, Native American Indian tribe, tribal organization, or subgroup of a Native American Indian tribe or tribal organization, under contract with the department pursuant to subdivision (b). A participating local governmental agency for the purposes of this section does not include a local educational agency or an agency under contract with the department for the purpose of claiming reimbursement~~

1 ~~for school-based administrative activities related to the Medi-Cal~~  
2 ~~program.~~

3 ~~(2) Each participating Native American Indian tribe, tribal~~  
4 ~~organization, or subgroup of a Native American Indian tribe or~~  
5 ~~tribal organization may claim, as a Medi-Cal Administrative~~  
6 ~~Activity, facilitating Medi-Cal applications, which includes, but~~  
7 ~~is not limited to, using the California Healthcare Eligibility,~~  
8 ~~Enrollment, and Retention System.~~

9 ~~(e) A participating local governmental agency may charge an~~  
10 ~~administrative fee to any entity claiming Administrative Claiming~~  
11 ~~through that agency.~~

12 ~~(p) The department shall continue to administer the~~  
13 ~~Administrative Claiming process in conformity with federal~~  
14 ~~requirements.~~

15 ~~(q) The department shall provide technical assistance to all~~  
16 ~~participating local governmental agencies in order to maximize~~  
17 ~~federal financial participation in the Administrative Claiming~~  
18 ~~process.~~

19 ~~(r) This section shall be applicable to Administrative Claiming~~  
20 ~~process activities performed and to moneys paid to participating~~  
21 ~~local governmental agencies for those activities in the 1994-95~~  
22 ~~fiscal year and thereafter.~~

23 ~~(s) Nothing in this section or Section 14132.44 shall be~~  
24 ~~construed to prevent any state agency from participating in the~~  
25 ~~Administrative Claiming process or from contracting with others~~  
26 ~~to engage in these activities.~~

27 ~~(t) This section shall become operative on January 1, 2018.~~

28 ~~SEC. 8.~~

29 *SEC. 5.* Section 14132.471 is added to the Welfare and  
30 Institutions Code, to read:

31 14132.471. (a) It is the intent of the Legislature to provide  
32 local governmental agencies with the option to participate in the  
33 Targeted Case Management (TCM) program and to provide local  
34 educational agencies with the option to participate in the  
35 Administrative Claiming process program, subject to the  
36 requirements of this section and Section 14132.44.

37 ~~(b) (1) Beginning no later than the 2017-18 state fiscal year,~~  
38 ~~the department shall administer, or oversee the administration of,~~  
39 ~~a single statewide quarterly random moment time survey for the~~  
40 ~~School-Based Administrative Claiming process program.~~

~~(2) The statewide quarterly random moment time survey described in paragraph (1) shall not apply to the Los Angeles Unified School District (LAUSD), which shall conduct its own random moment time survey. Data from the random moment time survey conducted by LAUSD shall not be included in the statewide random moment time survey described in paragraph (1).~~

~~(e)~~

~~(b)~~ The department ~~shall~~ *may* contract with ~~each~~ *a* participating local educational agency to perform administrative activities necessary for the proper and efficient administration of the Medi-Cal program, pursuant to Section 1903a of the federal Social Security Act (42 U.S.C. Sec. 1396b(a)), and this activity shall be known as the School-Based Administrative Claiming process.

~~(d)~~

~~(c)~~ (1) As a condition of participation in the School-Based Administrative Claiming process program, each participating local educational agency, for the purpose of claiming federal Medicaid reimbursement, shall enter into a contract with the department and shall certify to the department, pursuant to subdivision (f), the total amount the local educational agency expended on the allowable administrative activities.

(2) The department shall deny the claim if the department determines that the certification is not adequately supported, or otherwise does not comply with federal requirements, for purposes of claiming federal financial participation.

~~(e)~~

~~(d)~~ Each School-Based Administrative Claiming process contract shall include a requirement for each participating local educational agency to submit a claiming plan in a manner that shall be prescribed by the department in regulations developed in consultation with local educational agencies.

~~(f)~~

~~(e)~~ (1) The department shall require each participating local educational agency to certify to the department both of the following:

(A) That the local educational agency expended funds from its general fund or from any other fund allowed under federal law and regulation to pay for 100 percent of the cost of performing School-Based Administrative Claiming process program activities.

1 (B) For each fiscal year, that the local educational agency's  
2 expenditures represent costs that are eligible for federal financial  
3 participation for that fiscal year.

4 (2) A tribe or tribal organization, as described in subdivision  
5 (n), may contract with, or submit to a tribe or tribal organization  
6 that is contracting with, the department pursuant to subdivision  
7 (b) amounts expended for School-Based Administrative Claiming  
8 process activities that it is certifying in accordance with Section  
9 433.51 of Title 42 of the Code of Federal Regulations and other  
10 applicable federal law and regulations. The tribe or tribal  
11 organization receiving the certification shall forward the  
12 certification to the department for purposes of claiming federal  
13 financial participation. The certification shall comply with all of  
14 the requirements for certification set forth in subparagraph (A) of  
15 paragraph (1).

16 ~~(g)~~

17 (f) (1) Notwithstanding any other provision of this section, the  
18 state shall be held harmless, in accordance with paragraphs (2)  
19 and (3), from any federal audit disallowance and interest resulting  
20 from payments made to a participating local educational agency  
21 pursuant to this section for the disallowed claim.

22 (2) To the extent that a federal audit disallowance and interest  
23 results from a claim or claims for which a participating local  
24 educational agency has received reimbursement for School-Based  
25 Administrative Claiming process activities, the department shall  
26 recoup from the local educational agency that submitted the  
27 disallowed claim, through offsets or by a direct billing, amounts  
28 equal to the amount of the disallowance and interest, in that fiscal  
29 year, for the disallowed claim. All subsequent claims submitted  
30 to the department applicable to a previously disallowed  
31 administrative activity or claim may be held in abeyance, with no  
32 payment made, until the federal disallowance issue is resolved.

33 (3) Notwithstanding paragraph (2), to the extent that a federal  
34 audit disallowance and interest results from a claim or claims for  
35 which the participating local educational agency has received  
36 reimbursement for School-Based Administrative Claiming process  
37 activities performed by an entity under contract with, and on behalf  
38 of, the participating local educational agency, the department shall  
39 be held harmless by that particular participating local educational

1 agency for 100 percent of the amount of the federal audit  
2 disallowance and interest for the disallowed claim.

3 ~~(h)~~

4 (g) The use of local funds required by this section shall not  
5 create, lead to, or expand the health care funding obligations or  
6 service obligations for current or future years for a participating  
7 local educational agency, except as required by this section or as  
8 may be required by federal law.

9 ~~(i)~~

10 (h) (1) The department shall, in consultation with *participating*  
11 local educational agencies, adopt regulations that prescribe the  
12 requirements for the submission and payment of claims for  
13 administrative activities performed by each participating local  
14 educational agency.

15 (2) The department shall deny a claim from a participating local  
16 educational agency if the department determines that the claim is  
17 not adequately supported in accordance with criteria established  
18 pursuant to this subdivision and implementing regulations before  
19 the department forwards the claim for reimbursement to the federal  
20 Medicaid program.

21 ~~(j)~~

22 (i) Administrative activities shall be those determined by the  
23 department to be necessary for the proper and efficient  
24 administration of the state's Medicaid plan and shall be defined  
25 in regulation.

26 ~~(k)~~

27 (j) If the department denies a claim submitted under this section,  
28 the affected participating local educational agency, within 30 days  
29 after receipt of written notice of the denial, may request that the  
30 department reconsider its action. The participating local educational  
31 agency may request a meeting with the director or his or her  
32 designee within 30 days to present its concerns to the department  
33 after the request is filed. If the director or his or her designee cannot  
34 meet, the department shall respond in writing to the participating  
35 local educational agency in response to its request for  
36 reconsideration, indicating the specific reasons for which the claim  
37 is out of compliance. The local educational agency may appeal  
38 the decision of the director pursuant to the appeals process  
39 established by the department and the State Department of

1 Education pursuant to paragraph (3) of subdivision (a) of Section  
2 14132.471.

3 ~~(h)~~

4 (k) To the extent consistent with federal law and regulations,  
5 participating local educational agencies may claim the actual costs  
6 of nonemergency, nonmedical transportation of Medi-Cal eligibles  
7 to Medi-Cal covered services, under guidelines established by the  
8 department, to the extent that these costs are actually borne by the  
9 participating local educational agencies. A local educational agency  
10 may only claim for nonemergency, nonmedical transportation of  
11 Medi-Cal eligibles for Medi-Cal covered services, through the  
12 Medi-Cal administrative activities program. Medi-Cal medical  
13 transportation services shall be claimed under the local educational  
14 agency Medi-Cal billing option, pursuant to Section 14132.06.

15 ~~(m)~~

16 (l) As a condition of participation in the School-Based  
17 Administrative Claiming process and in recognition of revenue  
18 generated to ~~each~~ *a participating* local educational agency in the  
19 School-Based Administrative Claiming process, each *participating*  
20 local educational agency shall pay an annual participation fee  
21 through a mechanism agreed to by the state and *the participating*  
22 local educational agencies. The participation fee shall be used to  
23 cover the cost of administering the School-Based Administrative  
24 Claiming ~~process, including, but not limited to, claims processing,~~  
25 ~~technical assistance, and monitoring.~~ *process.* The department  
26 shall determine and report staffing requirements upon which  
27 projected costs will be based. The amount of the participation fee  
28 shall be based upon the anticipated salaries, benefits, and operating  
29 expenses to administer the School-Based Administrative Claiming  
30 process and other costs related to that process.

31 ~~(n)~~

32 (m) (1) For the purposes of this section, “participating local  
33 educational agency” includes a Native American Indian tribe, tribal  
34 organization, or subgroup of a Native American Indian tribe or  
35 tribal organization under contract with the department pursuant to  
36 subdivision (c).

37 (2) Each participating Native American Indian tribe, tribal  
38 organization, or subgroup of a Native American Indian tribe or  
39 tribal organization may claim, as a Medi-Cal administrative  
40 activity, facilitating Medi-Cal applications, including, but not

1 limited to, using the California Healthcare Eligibility, Enrollment,  
2 and Retention System.

3 ~~(e)~~

4 (n) For purposes of this section, “local educational agency”  
5 includes county offices of education, special education local plan  
6 areas, Healthy Start programs, and local educational agencies, as  
7 defined in subdivision (h) of Section 14132.06, that participate in  
8 the School-Based Administrative Claiming process program as a  
9 contractor with the department.

10 ~~(p)~~

11 (o) (1) Each participating local educational agency shall be  
12 responsible for the preparation and submission of all administrative  
13 claiming plans, training of local educational agency staff, and the  
14 submission of detailed quarterly invoices.

15 (2) Each participating local educational agency shall comply  
16 with all requirements of the School-Based Administrative Claiming  
17 process program.

18 (3) Ninety days prior to the initial participation in the  
19 School-Based Administrative Claiming process program, each  
20 local educational agency shall notify the department of its intent  
21 to participate in the program.

22 ~~(q)~~

23 (p) Each local educational agency that elects to participate in  
24 the School-Based Administrative Claiming process program shall  
25 submit claims directly to the department.

26 ~~(r)~~

27 (q) The department shall continue to administer the  
28 School-Based Administrative Claiming process program in  
29 conformity with federal requirements.

30 ~~(s)~~

31 (r) The department shall, by July 1, 2017, in conjunction with  
32 the State Department of Education pursuant to the interagency  
33 agreement or memorandum of understanding developed pursuant  
34 to Section 14132.471, provide technical assistance to all  
35 participating local educational agencies in order to maximize the  
36 allowable federal financial participation in the School-Based  
37 Administrative Claiming process program.

38 ~~(t)~~

1 (s) This section shall be applicable to School-Based  
2 Administrative Claiming process activities performed in the  
3 2017–18 fiscal year and thereafter.

4 ~~(t)~~

5 (t) The department shall prepare and file an annual report with  
6 the Legislature for the School-Based Administrative Claiming  
7 process program, similar to the annual report the department is  
8 required to file for the local educational agency Medi-Cal billing  
9 option program pursuant to Section 14115.8.

10 ~~(v)~~

11 (u) This section and Section 14132.44 shall not be construed to  
12 prevent a state agency from participating in the School-Based  
13 Administrative Claiming process program or from contracting  
14 with others to engage in these activities.

15 ~~(w)~~

16 (v) This section shall not be construed to prohibit county offices  
17 of education or local government agencies from providing services  
18 to local educational agencies to facilitate participation in  
19 school-based health programs on a fee-for-service basis. This  
20 section shall not be construed to prohibit a county office of  
21 education or a local educational consortium providing services to  
22 a local educational agency from contracting with private or public  
23 entities to assist with the performance of administrative activities  
24 necessary for the proper and efficient administration of the  
25 Medi-Cal program under the conditions specified by the department  
26 in regulations.

27 ~~SEC. 9.~~

28 SEC. 6. Section 14132.472 is added to the Welfare and  
29 Institutions Code, to read:

30 14132.472. (a) By July 1, 2017, the department shall enter  
31 into an interagency agreement or memorandum of understanding  
32 (MOU) with the State Department of Education to coordinate the  
33 efforts of both departments with respect to the School-Based  
34 Administrative Claiming process program described in Section  
35 14132.471 and the local educational agency (LEA) Medi-Cal  
36 billing option (the LEA billing option) described in Section  
37 14132.06. The agreement or MOU shall focus on the following:

38 (1) Maximizing the department's Medicaid program expertise.

39 (2) Coordinating functions and resources between the  
40 department and the State Department of Education, and building

1 personnel capacity at the State Department of Education, to assist  
2 local educational agencies in implementing and meeting the  
3 requirements of the School-Based Administrative Claiming process  
4 and the LEA billing option at the local level. That coordination  
5 shall include an agreement regarding the use of funds withheld  
6 pursuant to Section 14132.473.

7 (3) Developing a process by which a local educational agency  
8 may appeal an action of the department or the State Department  
9 of Education with respect to the School-Based Administrative  
10 Claiming process program or the LEA billing option. The appeals  
11 process shall utilize the Office of Administrative Hearings, or  
12 another neutral third party acceptable to the department and the  
13 State Department of Education, as the appeals authority.

14 (b) In developing the interagency agreement or MOU described  
15 in subdivision (a), the department shall do all of the following:

16 (1) Estimate the cost savings resulting from the restructuring  
17 of the Administrative Claiming process program through  
18 implementation of the School-Based Administrative Claiming  
19 process program described in Section 14132.471. The department  
20 shall provide the estimate of cost savings, data used to support the  
21 estimate, and a description of the methodology used to calculate  
22 the estimate to the State Department of Education.

23 (2) Consult with relevant nonprofit organizations involved in  
24 facilitating information sharing among state Medicaid and  
25 education agencies involved in the administration of Medicaid  
26 claiming for school-based services to identify, and implement if  
27 feasible, best practices that accomplish the coordination of efforts  
28 required by subdivision (a).

29 (3) Consult with the School-Based Health Program and Policy  
30 Workgroup established pursuant to Section 14005.272 regarding  
31 the impact of the implementation of the School-Based  
32 Administrative Claiming process program *and the LEA billing*  
33 *option on operations at the local-level. level and any changes to*  
34 *the MOU that the workgroup recommends.*

35 (4) *Develop a schedule for the regular ongoing meetings of the*  
36 *School-Based Health Program and Policy Workgroup to provide*  
37 *feedback to the department and the Department of Education.*

38 (c) Any savings resulting from the restructuring of the  
39 Administrative Claiming process program through implementation  
40 of the School-Based Administrative Claiming process program

1 and available to the department shall *on an ongoing basis* be  
2 directed toward implementation of the interagency agreement or  
3 MOU entered into pursuant to this section, including, but not  
4 limited to, providing necessary State Department of Education  
5 staff support and support to county offices of education.

6 ~~SEC. 10. Section 14132.473 is added to the Welfare and~~  
7 ~~Institutions Code, to read:~~

8 ~~14132.473. (a) Commencing with the 2017-18 state fiscal~~  
9 ~~year, and for each year thereafter, the department may withhold~~  
10 ~~up to 5 percent of the total funds to be reimbursed to local~~  
11 ~~educational agencies pursuant to the School-Based Administrative~~  
12 ~~Claiming process program described in Section 14132.471 and~~  
13 ~~the local educational agency Medi-Cal billing option program~~  
14 ~~described in Section 14132.06, for the following purposes:~~

15 ~~(1) Defraying the costs of administering the School-Based~~  
16 ~~Administrative Claiming process program and the local educational~~  
17 ~~agency Medi-Cal billing option program.~~

18 ~~(2) Implementing the interagency agreement or MOU entered~~  
19 ~~into pursuant to Section 14132.472.~~

20 ~~(3) Providing necessary staff support to the State Department~~  
21 ~~of Education.~~

22 ~~(4) Providing necessary staff support to county offices of~~  
23 ~~education and local educational agencies.~~

24 ~~(5) Carrying out the duties and activities required by Section~~  
25 ~~14115.8.~~

26 ~~(b) The State Department of Education may use funds from the~~  
27 ~~withholding described in subdivision (a) to support an office of~~  
28 ~~school-based health programs within the State Department of~~  
29 ~~Education.~~

30 ~~(c) Commencing with the 2017-18 state fiscal year, and for~~  
31 ~~each year thereafter, the department may withhold an additional~~  
32 ~~1 percent of the total funds to be reimbursed to local educational~~  
33 ~~agencies pursuant to the School-Based Administrative Claiming~~  
34 ~~process program described in Section 14132.471 and the local~~  
35 ~~educational agency Medi-Cal billing option program described in~~  
36 ~~Section 14132.06, for the purpose of defraying the costs of the~~  
37 ~~appeals process developed pursuant to paragraph (3) of subdivision~~  
38 ~~(a) of Section 14132.472.~~

39 ~~(d) To the extent that the department withholds reimbursed~~  
40 ~~funds pursuant to subdivision (a), the department shall adjust the~~

1 percentage withheld based on an annual reconciliation of the costs  
2 necessary to carry out the purposes described in paragraphs (1) to  
3 (5), inclusive, of subdivision (a):

4 (e) ~~This section shall be implemented only to the extent that~~  
5 ~~federal financial participation is not jeopardized. The department~~  
6 ~~shall seek any federal approvals necessary for the implementation~~  
7 ~~of this section.~~

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