

AMENDED IN ASSEMBLY JUNE 30, 2016

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

Introduced by Senator Liu

(Principal coauthor: Assembly Member Santiago)

(Coauthor: Assembly Member Thurmond)

January 15, 2015

An act to amend Section 14115.8 of, *to amend, repeal, and add Section 14132.47 of*, and to add Sections 14005.272, 14005.273, 14132.471, 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 provisions. Existing law establishes an administrative claiming process under which the department is authorized to contract with local governmental agencies and local educational consortia 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, 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 additionally ~~authorize~~ *require* the department to contract directly with a local educational ~~agency~~ *agency, if the local educational agency chooses*, to perform *school-based* administrative activities necessary for the proper and efficient administration of the Medi-Cal program, as ~~specified~~, *and specified*. *The bill would designate this activity the contracting between the department and participating local educational agencies, local educational consortia, and local governmental agencies to perform those school-based administrative activities as the School-Based Administrative Claiming process program. 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 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 and support to county offices of education.

This bill would require the department *and the State Department of Education* to establish *and jointly administer and chair* 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~~: *state, as specified*. 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)~~
- 13 (2) The United States Department of Education and the United
- 14 States Department of Health and Human Services, in a key January
- 15 2016 policy letter, recognize the critical role that health care
- 16 coverage and health services play in ensuring all students are ready

1 and able to learn, and recommend action steps to better coordinate
2 health and education services to build strong and sustainable
3 partnerships and commitments between health and education
4 agencies at the local, state, and federal levels.

5 (4)

6 (3) The student success strategic priority in State Superintendent
7 of Public Instruction Tom Torlakson's 2015 Blueprint 2.0 includes
8 Section 3.13, which prioritizes the development of infrastructure
9 at the State Department of Education to improve cross-agency
10 collaboration in support of student health.

11 (5)

12 (4) In Report 2014-130 issued on August 20, 2015, the State
13 Auditor recommended that the State Department of Health Care
14 Services institute significant structural changes to school-based
15 Medi-Cal programs in order to improve administration and
16 oversight, increase federal funding, and cut costs.

17 (6)

18 (5) Building an effective, transparent infrastructure and
19 accountability system to fully utilize all available federal Medicaid
20 funds is a critical component of developing the capacity to deliver
21 school-based health and mental health programs.

22 (7)

23 (6) These vital programs must be operated at a level that meets
24 the benchmark of national best practices in order to meet the needs
25 of California's most vulnerable children.

26 (b) It is the intent of the Legislature to ensure effective
27 coordination between health and education agencies at the state,
28 county, and local levels to address the achievement gap in our
29 schools and health and education equity issues in California.

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

32 14005.272. (a) ~~The department, in consultation with~~
33 ~~department and the State Department of Education, Education~~
34 *shall establish and jointly administer and chair a School-Based*
35 *Health Program and Policy Workgroup in order to assist the*
36 *department in formulating the state plan amendments required by*
37 *subdivisions (a) and (b) of Section 14115.8, and for the purpose*
38 *of advising the department on issues related to the delivery of*
39 *school-based Medi-Cal services to students in the state. The scope*
40 *of the workgroup shall include, but not be limited to, improving*

1 the operation of and participation in all of the following
2 school-based health programs:

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

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

7 ~~(3) The Early and Periodic Screening, Diagnosis, and Treatment~~
8 ~~(EPSDT) Program described in Section 14700.~~

9 ~~(4)~~

10 (3) Other school-based health and mental health programs,
11 ~~including~~ *including, but not limited to, the Early and Periodic*
12 *Screening, Diagnosis, and Treatment (EPSDT) Program described*
13 *in Section 14700 and school-based health centers which may*
14 *receive Medi-Cal funding.*

15 (b) The workgroup shall, on a regular basis, provide input to
16 the department and the State Department of Education on the
17 degree to which the process and implementation of the
18 School-Based Administrative Claiming process program described
19 in Section 14132.471 and the ~~local educational agency LEA~~
20 ~~Medi-Cal billing option program described in Section 14132.06~~
21 *is are meeting the needs of LEAs with respect to cost-effectiveness,*
22 *program structure, and operational effectiveness, including the*
23 *process of appeals and balancing withheld funds and actual*
24 *expenses. The workgroup shall also advise the department and*
25 *the State Department of Education on creating consistency across*
26 *local educational consortia (LECs), local governmental agencies*
27 *(LGAs), and the department with respect to contracts and processes*
28 *and on expanding options for an LEA to contract with LECs and*
29 *LGAs described in Section 14132.471 outside of the LEA's region,*
30 *and make recommendations to facilitate that option, including the*
31 *impact on the quarterly random moment time survey for the LEAs,*
32 *LECs, and LGAs participating in the School-Based Administrative*
33 *Claiming process program described in Section 14132.471.*

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.~~ *the interagency*
38 *agreement or memorandum of understanding described in Section*
39 *14132.472.*

1 (d) The workgroup shall be representative of the diversity of
 2 California ~~local educational agencies~~ LEAs with respect to size,
 3 type, and geographic diversity and shall include representatives
 4 from county offices of ~~education and~~ *education*, urban, suburban,
 5 ~~and rural local educational agencies.~~ *and rural LEAs, and LECs*
 6 *and LGAs described in Section 14132.471 and from Region IX of*
 7 *the federal Centers for Medicare and Medicaid Services.* The
 8 workgroup shall also include the LEA Ad Hoc Workgroup
 9 described in Section 14132.06 and members with expertise in the
 10 school-based health programs described in paragraphs (1) to (4),
 11 inclusive, of subdivision (a).

12 (e) *The workgroup may form technical advisory subcommittees*
 13 *as necessary that shall report back to the workgroup on the*
 14 *development of plans and timelines to implement the changes and*
 15 *expanded options described in this section.*

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

18 14005.273. Commencing with the 2017–18 state fiscal year,
 19 and annually for each year thereafter, the department shall publish
 20 the following information together *in a single annual school-based*
 21 *Medi-Cal report* on a section of its Internet Web site:

22 (a) ~~An annual~~ A report that details the costs of operating the
 23 School-Based Administrative Claiming process program described
 24 in Section 14132.471, including *the costs and fees being charged*
 25 *to local educational agencies by local educational consortia and*
 26 *local governmental agencies and any vendor fees.* The report shall
 27 also list each participating local educational agency. The ~~initial~~
 28 ~~report prepared and posted pursuant to this subdivision~~ shall also
 29 report on cost savings realized from the ~~restructuring of the~~
 30 ~~Administrative Claiming process program through implementation~~
 31 ~~of the School-Based Administrative Claiming process program~~
 32 ~~described in Section 14132.471.~~ *recommendations of the*
 33 *workgroup described in Section 14005.272.* The report shall also
 34 include elements similar to those in the annual report the
 35 department is required to file for the local educational agency
 36 *Medi-Cal billing option program pursuant to Section 14115.8.*

37 (b) ~~An annual~~ A report that details the costs of operating the
 38 local educational agency (LEA) Medi-Cal billing option program
 39 described in Section 14132.06. The report shall also list each local

1 educational agency participating in the LEA Medi-Cal billing
2 option program.

3 (c) ~~An annual~~ A report regarding the rate of participation of
4 *listing the* local educational agencies *participating* in the Early
5 and Periodic Screening, Diagnosis, and Treatment (EPSDT)
6 Program described in Section 14700.

7 SEC. 4. Section 14115.8 of the Welfare and Institutions Code
8 is amended 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 ~~(e)~~, (d) of Section 14005.272, shall implement the
26 recommendations from the study, to the extent feasible and
27 appropriate.

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

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

1 plan amendments, and other requirements necessary to achieve
2 this purpose.

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

5 (1) A copy of the annual comparison required by subdivision
6 ~~(i)~~: (h).

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

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

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

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

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

26 (7) Identification of any barriers to local educational agency
27 reimbursement, including those specified by the entities named in
28 subdivision ~~(e)~~: (d) of *Section 14005.272*, that are not imposed by
29 federal requirements, and a description of the actions that have
30 been, and will be, taken to eliminate them.

31 (f) (1) These activities shall be funded and staffed by
32 proportionately reducing federal Medicaid payments allocable to
33 LEAs for the provision of benefits funded by the federal Medicaid
34 program under the billing option for services by LEAs specified
35 in this section. Moneys collected as a result of the reduction in
36 federal Medicaid payments allocable to LEAs shall be deposited
37 into the Local Educational Agency Medi-Cal Recovery Fund,
38 which is hereby established in the Special Deposit Fund established
39 pursuant to Section 16370 of the Government Code. These funds
40 shall be used, upon appropriation by the Legislature, only to

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

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

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

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

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

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

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

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

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

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

35 *SEC. 5. Section 14132.47 of the Welfare and Institutions Code*
36 *is amended to read:*

37 14132.47. (a) It is the intent of the Legislature to provide local
38 governmental agencies the choice of participating in either or both
39 of the Targeted Case Management (TCM) and Administrative

1 Claiming process programs at their option, subject to the
2 requirements of this section and Section 14132.44.

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

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

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

23 (d) Each participating local governmental agency or local
24 educational consortium may subcontract with private or public
25 entities to assist with the performance of administrative activities
26 necessary for the proper and efficient administration of the
27 Medi-Cal program under the conditions specified by the department
28 in regulations.

29 (e) Each Administrative Claiming process contract shall include
30 a requirement that each participating local governmental agency
31 or each local educational consortium submit a claiming plan in a
32 manner that shall be prescribed by the department in regulations,
33 developed in consultation with local governmental agencies.

34 (f) (1) The department shall require that each participating local
35 governmental agency or each local educational consortium certify
36 to the department both of the following:

37 (A) The expenditure of 100 percent of the cost of performing
38 Administrative Claiming process activities. The funds expended
39 for this purpose shall be from the local governmental agency's
40 general fund or the general funds of local educational agencies or

1 from any other funds allowed under federal law and ~~regulation.~~
2 *regulations.*

3 (B) In each fiscal year that its expenditures represent costs that
4 are eligible for federal financial participation for that fiscal year.
5 The department shall deny the claim if it determines that the
6 certification is not adequately supported for purposes of federal
7 financial participation.

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

16 (ii) A city or other local public entity that submits certification
17 pursuant to this paragraph shall comply with the requirements of
18 paragraph (1), with other requirements applicable to local
19 governmental agencies that the department determines, in
20 regulations, to be applicable, and with all applicable federal
21 requirements.

22 (iii) The local governmental agency shall forward the city's or
23 local public entity's certification to the department for the purposes
24 of claiming federal financial participation.

25 (iv) As applicable, the local governmental agency shall obtain
26 and retain appropriate certifications from the expending city or
27 local public entity, together with documentation of the underlying
28 expenditures, as required by the department.

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

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

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

19 (3) Notwithstanding paragraph (2), to the extent that a federal
20 audit disallowance and interest results from a claim or claims for
21 which the participating local governmental agency or local
22 educational consortium has received reimbursement for
23 Administrative Claiming process activities performed by an entity
24 under contract with, and on behalf of, the participating local
25 governmental agency or local educational consortium, the
26 department shall be held harmless by that particular participating
27 local governmental agency or local educational consortium for
28 100 percent of the amount of the federal audit disallowance and
29 interest, for the disallowed claim.

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

35 (i) The department shall deny any claim from a participating
36 local governmental agency or local educational consortium if the
37 department determines that the claim is not adequately supported
38 in accordance with criteria established pursuant to this subdivision
39 and implementing regulations before it forwards the claim for
40 reimbursement to the federal Medicaid Program. In consultation

1 with local governmental agencies and local educational consortia,
2 the department shall adopt regulations that prescribe the
3 requirements for the submission and payment of claims for
4 administrative activities performed by each participating local
5 governmental agency and local educational consortium.

6 (j) Administrative activities shall be those determined by the
7 department to be necessary for the proper and efficient
8 administration of the state’s Medicaid plan and shall be defined
9 in regulation.

10 (k) If the department denies any claim submitted under this
11 section, the affected participating local governmental agency or
12 local educational consortium may, within 30 days after receipt of
13 written notice of the denial, request that the department reconsider
14 its action. The participating local governmental agency or local
15 educational consortium may request a meeting with the director
16 or his or her designee within 30 days to present its concerns to the
17 department after the request is filed. If the director or his or her
18 designee cannot meet, the department shall respond in writing
19 indicating the specific reasons for which the claim is out of
20 compliance to the participating local governmental agency or local
21 educational consortium in response to its appeal. Thereafter, the
22 decision of the director shall be final.

23 (l) To the extent consistent with federal law and regulations,
24 participating local governmental agencies or local educational
25 consortium may claim the actual costs of nonemergency,
26 nonmedical transportation of Medi-Cal eligibles to Medi-Cal
27 covered services, under guidelines established by the department,
28 to the extent that these costs are actually borne by the participating
29 local governmental agency or local educational consortium. A
30 local educational consortium may only claim for nonemergency,
31 nonmedical transportation of Medi-Cal eligibles for Medi-Cal
32 covered services, through the Medi-Cal administrative activities
33 program. Medi-Cal medical transportation services shall be claimed
34 under the local educational agency Medi-Cal billing option,
35 pursuant to Section 14132.06.

36 (m) As a condition of participation in the Administrative
37 Claiming process and in recognition of revenue generated to each
38 participating local governmental agency and each local educational
39 consortium in the Administrative Claiming process, each
40 participating local governmental agency and each local educational

1 consortium shall pay an annual participation fee through a
2 mechanism agreed to by the state and local governmental agencies
3 and local educational consortia, or, if no agreement is reached by
4 August 1 of each year, directly to the state. The participation fee
5 shall be used to cover the cost of administering the Administrative
6 Claiming process, including, but not limited to, claims processing,
7 technical assistance, and monitoring. The department shall
8 determine and report staffing requirements upon which projected
9 costs will be based. The amount of the participation fee shall be
10 based upon the anticipated salaries, benefits, and operating
11 expenses, to administer the Administrative Claiming process and
12 other costs related to that process.

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

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

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

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

33 (2) Each local educational consortium shall contract with the
34 department pursuant to paragraph (1) of subdivision (c).

35 (q) (1) Each participating local educational consortium shall
36 be responsible for the local educational agencies in its service
37 region that participate in the Administrative Claiming process.
38 This responsibility includes, but is not limited to, the preparation
39 and submission of all administrative claiming plans, training of
40 local educational agency staff, overseeing the local educational

1 agency time survey process, and the submission of detailed
2 quarterly invoices on behalf of any participating local educational
3 agency.

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

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

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

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

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

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

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

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

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

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

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

8 SEC. 6. Section 14132.47 is added to the Welfare and
9 Institutions Code, to read:

10 14132.47. (a) *It is the intent of the Legislature to provide local*
11 *governmental agencies the choice of participating in the Targeted*
12 *Case Management (TCM) or the Administrative Claiming process*
13 *program, or both, at their option, subject to the requirements of*
14 *this section and Section 14132.44.*

15 (b) *The department may contract with each participating local*
16 *governmental agency to assist with the performance of*
17 *nonschool-based administrative activities necessary for the proper*
18 *and efficient administration of the Medi-Cal program, pursuant*
19 *to Section 1903a of the federal Social Security Act (42 U.S.C. Sec.*
20 *1396b(a)), and this activity shall be known as the Administrative*
21 *Claiming process.*

22 (c) (1) *Subject to the requirements of paragraph (2) of*
23 *subdivision (f), as a condition for participation in the*
24 *Administrative Claiming process, each participating local*
25 *governmental agency shall, for the purpose of claiming federal*
26 *Medicaid reimbursement, enter into a contract with the department*
27 *and shall certify to the department the total amount the local*
28 *governmental agency expended on the allowable administrative*
29 *activities.*

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

34 (d) *Each participating local governmental agency may*
35 *subcontract with private or public entities to assist with the*
36 *performance of administrative activities necessary for the proper*
37 *and efficient administration of the Medi-Cal program under the*
38 *conditions specified by the department in regulations.*

39 (e) *Each Administrative Claiming process contract shall include*
40 *a requirement that each participating local governmental agency*

1 *submit a claiming plan in a manner that shall be prescribed by*
2 *the department in regulations developed in consultation with local*
3 *governmental agencies.*

4 *(f) (1) The department shall require that each participating*
5 *local governmental agency certify to the department both of the*
6 *following:*

7 *(A) The expenditure of 100 percent of the cost of performing*
8 *Administrative Claiming process activities. The funds expended*
9 *for this purpose shall be from the local governmental agency's*
10 *general fund or from any other funds allowed under federal law*
11 *and regulations.*

12 *(B) That the agency's expenditures represent costs that are*
13 *eligible for federal financial participation for each fiscal year.*
14 *The department shall deny the claim if the department determines*
15 *that the certification is not adequately supported for purposes of*
16 *federal financial participation.*

17 *(2) (A) (i) A city that is not a participating local governmental*
18 *agency, or any other local public entity, that contracts with a local*
19 *governmental agency pursuant to subdivision (d) and that is*
20 *located within a county that is a participating local governmental*
21 *agency pursuant to this section may submit certification to the*
22 *local governmental agency of amounts expended for Administrative*
23 *Claiming services in accordance with Section 433.51 of Title 42*
24 *of the Code of Federal Regulations.*

25 *(ii) A city or other local public entity that submits certification*
26 *pursuant to this paragraph shall comply with the requirements of*
27 *paragraph (1), with other requirements applicable to local*
28 *governmental agencies that the department determines, in*
29 *regulations, to be applicable, and with all applicable federal*
30 *requirements.*

31 *(iii) The local governmental agency shall forward the city's or*
32 *local public entity's certification to the department for the purposes*
33 *of claiming federal financial participation.*

34 *(iv) As applicable, the local governmental agency shall obtain*
35 *and retain appropriate certifications from the expending city or*
36 *local public entity together with documentation of the underlying*
37 *expenditures, as required by the department.*

38 *(B) A tribe or tribal organization, as defined in subdivision (n),*
39 *that is not participating in Administrative Claiming process*
40 *activities as a local governmental agency may contract with, or*

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

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

15 (2) To the extent that a federal audit disallowance and interest
16 results from a claim or claims for which any participating local
17 governmental agency has received reimbursement for
18 Administrative Claiming process activities, the department shall
19 recoup from the local governmental agency that submitted the
20 disallowed claim, through offsets or by a direct billing, amounts
21 equal to the amount of the disallowance and interest in that fiscal
22 year for the disallowed claim. All subsequent claims submitted to
23 the department applicable to any previously disallowed
24 administrative activity or claim may be held in abeyance, with no
25 payment made, until the federal disallowance issue is resolved.

26 (3) Notwithstanding paragraph (2), to the extent that a federal
27 audit disallowance and interest results from a claim or claims for
28 which the participating local governmental agency has received
29 reimbursement for Administrative Claiming process activities
30 performed by an entity under contract with, and on behalf of, the
31 participating local governmental agency, the department shall be
32 held harmless by that particular participating local governmental
33 agency for 100 percent of the amount of the federal audit
34 disallowance and interest for the disallowed claim.

35 (h) The use of local funds required by this section shall not
36 create, lead to, or expand the health care funding obligations or
37 service obligations for current or future years for any participating
38 local governmental agency, except as required by this section or
39 as may be required by federal law.

1 (i) The department shall deny any claim from a participating
2 local governmental agency if the department determines that the
3 claim is not adequately supported in accordance with criteria
4 established pursuant to this subdivision and implementing
5 regulations before the department forwards the claim for
6 reimbursement to the federal Medicaid program. In consultation
7 with local governmental agencies, the department shall adopt
8 regulations that prescribe the requirements for the submission and
9 payment of claims for administrative activities performed by each
10 participating local governmental agency.

11 (j) Administrative activities shall be those determined by the
12 department to be necessary for the proper and efficient
13 administration of the state's Medicaid plan and shall be defined
14 in regulation.

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

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

32 (m) As a condition of participation in the Administrative
33 Claiming process and in recognition of revenue generated to each
34 participating local governmental agency in the Administrative
35 Claiming process, each participating local governmental agency
36 shall pay an annual participation fee through a mechanism agreed
37 to by the state and local governmental agencies, or, if no agreement
38 is reached by August 1 of each year, directly to the state. The
39 participation fee shall be used to cover the cost of administering
40 the Administrative Claiming process, including, but not limited

1 to, claims processing, technical assistance, and monitoring. The
2 department shall determine and report staffing requirements upon
3 which projected costs will be based. The amount of the
4 participation fee shall be based upon the anticipated salaries,
5 benefits, and operating expenses to administer the Administrative
6 Claiming process and other costs related to that process.

7 (n) (1) For the purposes of this section, “participating local
8 governmental agency” means a county, charter city, Native
9 American Indian tribe, tribal organization, or subgroup of a Native
10 American Indian tribe or tribal organization, under contract with
11 the department pursuant to subdivision (b). A participating local
12 governmental agency for the purposes of this section does not
13 include a local educational agency or an agency under contract
14 with the department for the purpose of claiming reimbursement
15 for school-based administrative activities related to the Medi-Cal
16 program.

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

23 (o) A participating local governmental agency may charge an
24 administrative fee to any entity claiming Administrative Claiming
25 through that agency.

26 (p) The department shall continue to administer the
27 Administrative Claiming process in conformity with federal
28 requirements.

29 (q) The department shall provide technical assistance to all
30 participating local governmental agencies in order to maximize
31 federal financial participation in the Administrative Claiming
32 process.

33 (r) This section shall be applicable to Administrative Claiming
34 process activities performed and to moneys paid to participating
35 local governmental agencies for those activities in the 1994–95
36 fiscal year and thereafter.

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

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

2 ~~SEC. 5.~~

3 *SEC. 7.* Section 14132.471 is added to the Welfare and
4 Institutions Code, to read:

5 14132.471. (a) It is the intent of the Legislature to provide
6 local governmental agencies with the option to participate in the
7 Targeted Case Management (TCM) program and to provide local
8 educational agencies with the option to participate in the
9 Administrative Claiming process program, subject to the
10 requirements of this section and Section 14132.44.

11 *(b) (1) Beginning no later than the 2017–18 state fiscal year*
12 *the department shall administer, or oversee the administration of,*
13 *a single statewide quarterly random moment time survey for the*
14 *School-Based Administrative Claiming process program.*

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

21 ~~(b)~~

22 *(c) (1) The department may contract with a participating local*
23 *educational consortium or local governmental agency, and shall,*
24 *if a local educational agency chooses, contract with a local*
25 *educational agency to perform school-based administrative*
26 *activities necessary for the proper and efficient administration of*
27 *the Medi-Cal program, pursuant to Section 1903a of the federal*
28 *Social Security Act (42 U.S.C. Sec. 1396b(a)), and this activity*
29 *shall be known as the School-Based Administrative Claiming*
30 *process.*

31 ~~(e)~~

32 *(2) A local educational agency that contracts with the*
33 *department pursuant to paragraph (1) may contract with a*
34 *participating local educational consortium or local governmental*
35 *agency to perform some or all of the duties imposed on a*
36 *participant by this section.*

37 *(3) For purposes of this section, “participating local educational*
38 *agency, local educational consortium, or local governmental*
39 *agency” or “participant” means a local educational agency, local*

1 *educational consortium, or local government agency that contracts*
 2 *with the department pursuant to paragraph (1).*

3 (d) (1) As a condition of participation in the School-Based
 4 Administrative Claiming process program, each participating local
 5 educational agency, *local educational consortium, or local*
 6 *governmental agency shall*, for the purpose of claiming federal
 7 Medicaid reimbursement, ~~shall~~ enter into a contract with the
 8 department and shall certify to the department, pursuant to
 9 subdivision (f), the total amount the local educational agency
 10 expended on the allowable administrative activities. A *local*
 11 *educational agency may certify the amount expended on allowable*
 12 *administrative activities either directly to the department or*
 13 *through a local educational consortium or local governmental*
 14 *agency.*

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

19 ~~(d)~~

20 (e) Each School-Based Administrative Claiming process contract
 21 shall include a requirement for each participating local educational
 22 ~~agency~~ *agency, local educational consortium, or local*
 23 *governmental agency* to submit a claiming plan in a manner that
 24 shall be prescribed by the department in regulations developed in
 25 consultation with local educational ~~agencies.~~ *agencies, local*
 26 *educational consortia, and local governmental agencies.*

27 ~~(e)~~

28 (f) (1) The department shall require each participating local
 29 educational ~~agency~~ *agency, local educational consortium, or local*
 30 *governmental agency* to certify to the department both of the
 31 following:

32 (A) That the ~~local educational agency~~ *participant claiming*
 33 *federal Medicaid reimbursement* expended funds from its general
 34 fund or from any other fund allowed under federal law and
 35 ~~regulation~~ *regulations* to pay for 100 percent of the cost of
 36 performing School-Based Administrative Claiming process
 37 program activities.

38 (B) For each fiscal year, that the ~~local educational agency's~~
 39 *expenditures of the participant claiming federal Medicaid*

1 *reimbursement* represent costs that are eligible for federal financial
2 participation for that fiscal year.

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

15 (f)

16 (g) (1) Notwithstanding any other provision of this section, the
17 state shall be held harmless, in accordance with paragraphs (2)
18 and (3), from any federal audit disallowance and interest resulting
19 from payments made to a participating local educational ~~agency~~
20 *agency, local educational consortium, or local governmental*
21 *agency* 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~~ *agency, local educational consortium, or local*
25 *governmental agency* has received reimbursement for School-Based
26 Administrative Claiming process activities, the department shall
27 recoup from the ~~local educational agency~~ *participant* that submitted
28 the disallowed claim, through offsets or by a direct billing, amounts
29 equal to the amount of the disallowance and interest, in that fiscal
30 year, for the disallowed claim. All subsequent claims submitted
31 to the department applicable to a previously disallowed
32 administrative activity or claim may be held in abeyance, with no
33 payment made, until the federal disallowance issue is resolved.

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

1 department shall be held harmless by that particular ~~participating~~
2 ~~local educational agency~~ *participant* for 100 percent of the amount
3 of the federal audit disallowance and interest for the disallowed
4 claim.

5 ~~(g)~~

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

12 ~~(h)~~

13 *(i)* (1) The department shall, in consultation with participating
14 local educational ~~agencies~~, *agency*, *local educational consortium*,
15 *or local governmental agency*, adopt regulations that prescribe the
16 requirements for the submission and payment of claims for
17 administrative activities performed by each ~~participating local~~
18 ~~educational agency~~. *participant*.

19 (2) The department shall deny a claim from a participating local
20 educational ~~agency~~ *agency*, *local educational consortium*, or *local*
21 *governmental agency* if the department determines that the claim
22 is not adequately supported in accordance with criteria established
23 pursuant to this subdivision and implementing regulations before
24 the department forwards the claim for reimbursement to the federal
25 Medicaid program.

26 ~~(i)~~

27 *(j)* Administrative activities shall be those determined by the
28 department to be necessary for the proper and efficient
29 administration of the state's Medicaid plan and shall be defined
30 in regulation.

31 ~~(j)~~

32 *(k)* If the department denies a claim submitted under this section,
33 the affected participating local educational agency, *local*
34 *educational consortium*, or *local governmental agency*, within 30
35 days after receipt of written notice of the denial, may request that
36 the department reconsider its action. The ~~participating local~~
37 ~~educational agency~~ *participant* may request a meeting with the
38 director or his or her designee within 30 days to present its concerns
39 to the department after the request is filed. If the director or his or
40 her designee cannot meet, the department shall respond in writing

1 to the ~~participating local educational agency~~ *participant* in response
2 to its request for reconsideration, indicating the specific reasons
3 for which the claim is out of compliance. The ~~local educational~~
4 ~~agency~~ *participant* may appeal the decision of the director pursuant
5 to the appeals process established by the department and the State
6 Department of Education pursuant to paragraph (3) of subdivision
7 (a) of Section ~~14132.471~~. 14132.473.

8 ~~(k)~~

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

22 ~~(t)~~

23 (m) As a condition of participation in the School-Based
24 Administrative Claiming process and in recognition of revenue
25 generated to a participating local educational ~~agency~~ *agency, local*
26 *educational consortium, or local governmental agency* in the
27 School-Based Administrative Claiming process, each ~~participating~~
28 ~~local educational agency~~ *participant* shall pay an annual
29 participation fee through a mechanism agreed to by the state and
30 the ~~participating local educational agencies~~. *participant*. The
31 participation fee shall be used to cover the cost of administering
32 the School-Based Administrative Claiming process. The
33 department shall determine and report staffing requirements upon
34 which projected costs will be based. The amount of the
35 participation fee shall be based upon the anticipated salaries,
36 benefits, and operating expenses to administer the School-Based
37 Administrative Claiming process and other costs related to that
38 process.

39 ~~(m)~~

1 (n) (1) For the purposes of this section, “participating local
2 educational agency” includes a Native American Indian tribe, tribal
3 organization, or subgroup of a Native American Indian tribe or
4 tribal organization under contract with the department pursuant to
5 subdivision (c).

6 (2) Each participating Native American Indian tribe, tribal
7 organization, or subgroup of a Native American Indian tribe or
8 tribal organization may claim, as a Medi-Cal administrative
9 activity, facilitating Medi-Cal applications, including, but not
10 limited to, using the California Healthcare Eligibility, Enrollment,
11 and Retention System.

12 ~~(n)~~
13 (o) (1) For purposes of this section, “local educational agency”
14 includes county offices of education, special education local plan
15 areas, Healthy Start programs, and local educational agencies, as
16 defined in subdivision (h) of Section 14132.06, that participate in
17 the School-Based Administrative Claiming process program as a
18 contractor with the department.

19 ~~(o)~~
20 (2) *For purposes of this section, “local educational consortium”*
21 *means a local agency that is one of the service regions of the*
22 *California County Superintendent Educational Services*
23 *Association.*

24 (p) (1) Each participating local educational ~~agency~~ agency,
25 local educational consortium, or local governmental agency that
26 contracts with the department pursuant to paragraph (1) of
27 subdivision (c) shall be responsible for the preparation and
28 submission of all administrative claiming plans, training of local
29 educational agency staff, and the submission of detailed quarterly
30 invoices.

31 (2) *A participating local educational consortium shall be*
32 *responsible for a local educational agency in its service region*
33 *that participates in the School-Based Administrative Claiming*
34 *process program solely as a subcontractor to the local educational*
35 *consortium. This responsibility includes, but is not limited to, the*
36 *preparation and submission of all administrative claiming plans,*
37 *training of local educational agency staff, overseeing the local*
38 *educational agency time survey process, the submission of detailed*
39 *quarterly invoices on behalf of any participating local educational*
40 *agency, and ensuring that the local educational agency complies*

1 *with all requirements of the School-Based Administrative Claiming*
2 *process program.*

3 ~~(2)~~

4 (3) Each participating local educational ~~agency~~ *agency, local*
5 *educational consortium, or local governmental agency* shall
6 comply with all requirements of the School-Based Administrative
7 Claiming process program.

8 ~~(3)~~

9 (4) Ninety days prior to the initial participation in the
10 School-Based Administrative Claiming process program, each
11 local educational ~~agency~~ *agency, local educational consortium,*
12 *or local governmental agency* shall notify the department of its
13 intent to participate in the program.

14 ~~(p)~~

15 (q) Each local educational ~~agency~~ *consortium or local*
16 *governmental agency* that elects to participate in the School-Based
17 Administrative Claiming process program shall submit claims
18 directly to the ~~department.~~ *department. A local educational agency*
19 *that elects to participate in the School-Based Administrative*
20 *Claiming process program may submit claims directly to the*
21 *department, or to a local educational consortium or local*
22 *governmental agency.*

23 ~~(q)~~

24 (r) The department shall continue to administer the
25 School-Based Administrative Claiming process program in
26 conformity with federal requirements.

27 ~~(r)~~

28 (s) The department shall, by July 1, 2017, in conjunction with
29 the State Department of Education pursuant to the interagency
30 agreement or memorandum of understanding developed pursuant
31 to Section ~~14132.471, 14132.472,~~ provide technical assistance to
32 all participating local educational ~~agencies~~ *agencies, local*
33 *educational consortia, and local governmental agencies* in order
34 to maximize the allowable federal financial participation in the
35 School-Based Administrative Claiming process program.

36 ~~(s)~~

37 (t) This section shall be applicable to School-Based
38 Administrative Claiming process *program* activities performed in
39 the 2017–18 fiscal year and thereafter.

40 ~~(t)~~

1 ~~The department shall prepare and file an annual report with the~~
 2 ~~Legislature for the School-Based Administrative Claiming process~~
 3 ~~program, similar to the annual report the department is required~~
 4 ~~to file for the local educational agency Medi-Cal billing option~~
 5 ~~program pursuant to Section 14115.8.~~

6 ~~(t)~~
 7 (u) This section and Section 14132.44 shall not be construed to
 8 prevent a state agency from participating in the School-Based
 9 Administrative Claiming process program or from contracting
 10 with others to engage in these activities.

11 ~~(v)~~
 12 (v) This section shall not be construed to prohibit county offices
 13 of ~~education~~ *education, local educational consortia*, or local
 14 ~~government~~ *governmental* agencies from providing services to
 15 local educational agencies to facilitate participation in school-based
 16 health programs on a fee-for-service ~~basis~~. *basis; however, local*
 17 *governmental agencies and local educational consortia shall only*
 18 *require local educational agencies to contract for services that*
 19 *are actually provided and necessary for the performance of*
 20 *oversight and monitoring responsibilities, including training*
 21 *regarding random moment time surveys, random moment time*
 22 *survey study tasks, roster updates, and financial review.* This
 23 section shall not be construed to prohibit a county office of
 24 education or a local educational consortium providing services to
 25 a local educational agency from contracting with private or public
 26 entities to assist with the performance of administrative activities
 27 necessary for the proper and efficient administration of the
 28 Medi-Cal program under the conditions specified by the department
 29 in regulations.

30 ~~SEC. 6.~~
 31 *SEC. 8.* Section 14132.472 is added to the Welfare and
 32 Institutions Code, to read:
 33 14132.472. (a) ~~By July 1, 2017, January 1, 2018,~~ the
 34 department shall enter into an interagency agreement or
 35 memorandum of understanding (MOU) with the State Department
 36 of Education to coordinate the efforts of both departments with
 37 respect to the School-Based Administrative Claiming process
 38 program described in Section 14132.471 and the local educational
 39 agency (LEA) Medi-Cal billing option (the LEA billing option)

1 described in Section 14132.06. The agreement or MOU shall focus
2 on the following:

3 (1) Maximizing the department’s Medicaid program expertise.

4 (2) Coordinating functions and resources between the
5 department and the State Department of Education, and building
6 personnel capacity at the State Department of Education, to assist
7 local educational agencies in implementing and meeting the
8 requirements of the School-Based Administrative Claiming process
9 *program* and the LEA billing option at the local ~~level~~. *level based*
10 *on recommendations and input from the School-Based Health*
11 *Program and Policy Workgroup described in Section 14005.272.*

12 That coordination shall include an agreement regarding the use of
13 funds withheld pursuant to Section 14132.473.

14 (3) Developing a process by which a local educational agency
15 may appeal an action of the department or the State Department
16 of Education with respect to the School-Based Administrative
17 Claiming process program or the LEA billing option. The appeals
18 process shall utilize the Office of Administrative Hearings, or
19 another neutral third party acceptable to the department and the
20 State Department of Education, as the appeals authority.

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

23 (1) Estimate the cost savings resulting from the
24 *recommendations of the School-Based Health Program and Policy*
25 *Workgroup described in Section 14005.272* on restructuring of the
26 Administrative Claiming process program through implementation
27 of the School-Based Administrative Claiming process program
28 described in Section 14132.471. The department shall provide the
29 estimate of cost savings, data used to support the estimate, and a
30 description of the methodology used to calculate the estimate to
31 the State Department of Education.

32 (2) Consult with relevant nonprofit organizations involved in
33 facilitating information sharing among state Medicaid and
34 education agencies involved in the administration of Medicaid
35 claiming for school-based services to identify, and implement if
36 feasible, best practices that accomplish the coordination of efforts
37 required by subdivision (a).

38 (3) Consult with the School-Based Health Program and Policy
39 Workgroup established pursuant to Section 14005.272 regarding
40 *the role of the State Department of Education* on the impact of the

1 implementation of the School-Based Administrative Claiming
2 process program and the LEA billing option on operations at the
3 local level and any changes to the MOU that the workgroup
4 recommends.

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

8 (c) Any savings resulting from the restructuring of the
9 Administrative Claiming process program through implementation
10 of the School-Based Administrative Claiming process program
11 and available to the department shall on an ongoing basis be
12 directed toward implementation of the interagency agreement or
13 MOU entered into pursuant to this section, including, but not
14 limited to, providing necessary State Department of Education
15 staff support and support to county offices of education.