

AMENDED IN ASSEMBLY AUGUST 1, 2016

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, 14005.274, 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 file an annual report with the Legislature that provides information related to these activities, as specified.* 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. *Existing law funds these activities by requiring the department to proportionately reduce federal Medicaid payments allocable to LEAs, collect the reductions, and deposit them into the Local Educational Agency Medi-Cal Recovery Fund, as specified.*

This bill would additionally require the department to contract directly with a ~~local educational agency~~, *LEA*, if the ~~local educational agency chooses~~, *LEA chooses and the department has developed a process governing direct contracting*, to perform school-based administrative activities necessary for the proper and efficient administration of the Medi-Cal program, as specified. The bill would designate 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~~ *authorize* the department to administer or oversee the administration of a single statewide random moment time ~~survey~~ *survey, or a reduction in the number of quarterly random moment time surveys conducted in the state*, 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. The bill would also require the department to include in that report the annual report related to the LEA billing option.~~

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.~~ department.

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, 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. *The bill would authorize the department and the State Department of Education to use moneys collected by the department to fund the LEA Medi-Cal billing option program activities and amounts withheld from LEAs by agreement with the department to meet the requirements of the interagency agreement or MOU described above and to fund staffing requirements for the workgroup.*

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) The United States Department of Education and the United
6 States Department of Health and Human Services, in a key January
7 2016 policy letter, recognize the critical role that health care
8 coverage and health services play in ensuring all students are ready
9 and able to learn, and recommend action steps to better coordinate
10 health and education services to build strong and sustainable
11 partnerships and commitments between health and education
12 agencies at the local, state, and federal levels.

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

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

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

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

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

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

36 14005.272. (a) The department and the State Department of
37 Education ~~shall~~ *shall, no later than July 1, 2017, establish and*
38 *jointly administer and chair a School-Based Health Program and*

1 Policy Workgroup in order to assist the department in formulating
 2 the state plan amendments required by subdivisions (a) and (b) of
 3 Section 14115.8, and for the purpose of advising the department
 4 on issues related to the delivery of school-based Medi-Cal services
 5 to students in the state. *The workgroup shall develop*
 6 *recommendations for an interagency agreement between the*
 7 *department and the State Department of Education pursuant to*
 8 *Section 14132.472, and assist the department in formulating the*
 9 *state plan amendments required by subdivisions (a) and (b) of*
 10 *Section 14115.8. The scope of the workgroup shall include, but*
 11 *not be limited to, improving the operation of and participation in*
 12 *all of the following school-based health programs:*

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

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

17 (3) ~~Other school-based health and mental health programs,~~
 18 ~~including, but not limited to, the Early and Periodic Screening,~~
 19 ~~Diagnosis, and Treatment (EPSDT) Program described in Section~~
 20 ~~14700 and school-based health centers which may receive~~
 21 ~~Medi-Cal funding.~~

22 (b) *The workgroup shall be representative of the diversity of*
 23 *California LEAs with respect to size, type, and geographic diversity*
 24 *and shall include representatives from county offices of education,*
 25 *urban, suburban, and rural LEAs, and LECs and LGAs described*
 26 *in Section 14132.471 and from Region IX of the federal Centers*
 27 *for Medicare and Medicaid Services. The workgroup shall also*
 28 *include the LEA Ad Hoc Workgroup described in Section 14132.06*
 29 *and members with expertise in the school-based health and mental*
 30 *health programs.*

31 (c) *The workgroup shall, no later than January 1, 2018, provide*
 32 *input to the department and the State Department of Education on*
 33 *the development and continuing operations of the interagency*
 34 *agreement or memorandum of understanding described in Section*
 35 *14132.472. The recommendations of the workgroup shall identify*
 36 *opportunities for effective coordination between the state's health*
 37 *and education systems at the state, regional, and local level,*
 38 *identify ways the department can maximize its school-based*
 39 *Medicaid program expertise, recommend an appeals process for*
 40 *the School-Based Administrative Claiming process program and*

1 *the LEA billing option, and identify necessary legislation or state*
2 *plan amendments to support its recommendations.*

3 ~~(b)–~~

4 *(d) (1) The workgroup shall, on a regular basis, provide input*
5 *to the department and the State Department of Education on the*
6 *degree to which the process and implementation of the*
7 *School-Based Administrative Claiming process program described*
8 *in Section 14132.471 and the LEA Medi-Cal billing option program*
9 *described in Section 14132.06 are meeting the needs of LEAs with*
10 *respect to cost-effectiveness, program structure, and operational*
11 *effectiveness, including the process of appeals and balancing*
12 *withheld funds and actual expenses.* ~~The~~

13 *(2) The workgroup shall also advise the department and the*
14 *State Department of Education on creating consistency across local*
15 *educational consortia (LECs), local governmental agencies (LGAs),*
16 *and the department with respect to contracts and processes and on*
17 *expanding options for an LEA to contract with LECs and LGAs*
18 *described in Section 14132.471 outside of the LEA's region, and*
19 *make recommendations to facilitate that option, including the*
20 *impact on the quarterly random moment time survey for the LEAs,*
21 *LECs, and LGAs participating in the School-Based Administrative*
22 *Claiming process program for the School-Based Administrative*
23 *Claiming process program described in Section 14132.471.*

24 *(3) The workgroup shall make recommendations that include,*
25 *but are not limited to, determining the opportunities for and the*
26 *benefits, costs, and feasibility of the following:*

27 *(A) Increasing LEA participation and maximizing allowable*
28 *federal financial participation in the School-Based Administrative*
29 *Claiming process program and the LEA Medi-Cal billing option*
30 *program.*

31 *(B) Increasing contracting options for LEAs participating in*
32 *the School-Based Administrative Claiming process program, such*
33 *as allowing an LEA to contract with an LEC or LGA outside of*
34 *the LEA's region.*

35 *(C) Reducing the number of quarterly random moment time*
36 *surveys.*

37 *(D) Identifying areas that may require a state plan amendment.*

38 *(E) Integrating and expanding other school-based health and*
39 *mental health programs with the School-Based Administrative*
40 *Claiming process program and the LEA Medi-Cal billing option*

1 *program, including those being implemented in accordance with*
2 *the LEA's local control and accountability plan described in*
3 *Section 52060 of the Education Code.*

4 *(F) Improving and streamlining the annual school-based*
5 *Medi-Cal report described in Section 14005.273.*

6 ~~(e) The workgroup shall also provide input to the department~~
7 ~~and the State Department of Education on the development and~~
8 ~~continuing operations of the interagency agreement or~~
9 ~~memorandum of understanding described in Section 14132.472.~~

10 ~~(d) The workgroup shall be representative of the diversity of~~
11 ~~California LEAs with respect to size, type, and geographic diversity~~
12 ~~and shall include representatives from county offices of education,~~
13 ~~urban, suburban, and rural LEAs, and LECs and LGAs described~~
14 ~~in Section 14132.471 and from Region IX of the federal Centers~~
15 ~~for Medicare and Medicaid Services. The workgroup shall also~~
16 ~~include the LEA Ad Hoc Workgroup described in Section 14132.06~~
17 ~~and members with expertise in the school-based health programs~~
18 ~~described in paragraphs (1) to (4), inclusive, of subdivision (a).~~

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

23 *(f) The department shall make available to the workgroup staff*
24 *any information on other school-based dental, health, and mental*
25 *health programs, including, but not limited to, the mental health*
26 *programs described in Section 14700 and school-based health*
27 *centers that may receive Medi-Cal funding.*

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

30 14005.273. Commencing with the 2017–18 state fiscal year,
31 and annually for each year thereafter, the department shall publish
32 the following information together in a single annual school-based
33 Medi-Cal report on a section of its Internet Web site:

34 ~~(a) A report that details the costs~~ *The costs to the state of*
35 *operating the School-Based Administrative Claiming process*
36 *program described in Section 14132.471, including the costs and*
37 *fees being charged to local educational agencies by local*
38 *educational consortia and local governmental agencies and any*
39 *vendor fees. The report shall also list each participating local*
40 *educational agency. The report shall also report on cost savings*

1 realized from the recommendations of the workgroup described
2 in Section 14005.272. The report shall also include elements similar
3 to those in the annual report the department is required to file for
4 the local educational agency Medi-Cal billing option program
5 pursuant to Section 14115.8, 14132.471 and any related fees passed
6 on to local educational agencies (LEAs).

7 (b) A list of all participating LEAs.

8 (c) The costs and fees being charged to LEAs as reported to the
9 department by local educational consortia and local governmental
10 agencies.

11 (d) Comparisons of costs with other states, summary of
12 department activities, workgroup recommendations for program
13 improvement, identifications of barriers to reimbursement and
14 actions taken to eliminate barriers, and other information in the
15 format required for the LEA Medi-Cal billing option program
16 report described in Section 14115.8.

17 ~~(b) A report that details the~~

18 (e) The costs of operating the local educational agency (LEA)
19 LEA Medi-Cal billing option program described in Section
20 14132.06. The report shall also list each local educational agency
21 participating in the LEA Medi-Cal billing option program.

22 ~~(e) A report listing the local educational agencies participating~~
23 ~~in the Early and Periodic Screening, Diagnosis, and Treatment~~
24 ~~(EPSDT) Program described in Section 14700.~~

25 SEC. 4. Section 14005.274 is added to the Welfare and
26 Institutions Code, to read:

27 14005.274. (a) The department shall develop a process by
28 which a local educational agency may appeal an action of the
29 department with respect to the School-Based Administrative
30 Claiming process program described in Section 14132.471 and
31 the LEA billing option described in Section 14115.8. The appeals
32 process shall use of the Office of Administrative Hearings or
33 another neutral third party acceptable to the department as the
34 appeals authority and shall require the local educational agency
35 to pay for the cost of the appeal.

36 (b) In developing the appeals process described in subdivision
37 (a), the department shall take into account the recommendations
38 of the workgroup described in Section 14005.272.

1 ~~SEC. 4.~~

2 ~~SEC. 5.~~ Section 14115.8 of the Welfare and Institutions Code
3 is amended to read:

4 14115.8. (a) (1) The department shall amend the Medicaid
5 state plan with respect to the billing option for services by local
6 educational agencies (LEAs), to ensure that schools shall be
7 reimbursed for all eligible services that they provide that are not
8 precluded by federal requirements.

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

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

14 (4) The department shall eliminate and modify state plan and
15 regulatory requirements that exceed federal requirements when
16 they are unnecessary.

17 (b) If a rate study for the LEA Medi-Cal billing option is
18 completed pursuant to Section 52 of Chapter 171 of the Statutes
19 of 2001, the department, in consultation with the entities named
20 in subdivision (d) of Section 14005.272, shall implement the
21 recommendations from the study, to the extent feasible and
22 appropriate.

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

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

37 (e) The department shall file an annual report with the
38 Legislature *that shall be included in the annual report referenced*
39 *in Section 14005.273 and* that shall include at least all of the
40 following:

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

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

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

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

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

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

22 (7) Identification of any barriers to local educational agency
23 reimbursement, including those specified by the entities named in
24 subdivision (d) of Section 14005.272, that are not imposed by
25 federal requirements, and a description of the actions that have
26 been, and will be, taken to eliminate them.

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

1 whose federal Medicaid funds were used to create this fund. The
2 annual amount funded pursuant to this paragraph shall not exceed
3 one million five hundred thousand dollars (\$1,500,000).

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

8 (3) *Moneys collected under paragraph (1) and withheld amounts*
9 *agreed to by LEAs as a part of an LEA Medi-Cal billing option*
10 *program provider participation agreement administered by the*
11 *department may be used by the department and the State*
12 *Department of Education to meet the requirements of the*
13 *interagency agreement or memorandum of understanding*
14 *referenced in section 14132.472 and the staffing needed to jointly*
15 *administer and chair the workgroup described in section*
16 *14005.272.*

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

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

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

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

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

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

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

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

1 ~~SEC. 5.~~

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

4 14132.47. (a) It is the intent of the Legislature to provide local
5 governmental agencies the choice of participating in either or both
6 of the Targeted Case Management (TCM) and Administrative
7 Claiming process programs at their option, subject to the
8 requirements of this section and Section 14132.44.

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

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

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

29 (d) Each participating local governmental agency or local
30 educational consortium may subcontract with private or public
31 entities to assist with the performance of administrative activities
32 necessary for the proper and efficient administration of the
33 Medi-Cal program under the conditions specified by the department
34 in regulations.

35 (e) Each Administrative Claiming process contract shall include
36 a requirement that each participating local governmental agency
37 or each local educational consortium submit a claiming plan in a
38 manner that shall be prescribed by the department in regulations,
39 developed in consultation with local governmental agencies.

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

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

9 (B) In each fiscal year that its expenditures represent costs that
10 are eligible for federal financial participation for that fiscal year.
11 The department shall deny the claim if it determines that the
12 certification is not adequately supported for purposes of federal
13 financial participation.

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

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

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

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

35 (B) A tribe or tribal organization, as defined in subdivision (n),
36 that is not participating in Administrative Claiming process
37 activities as a local governmental agency, may contract with, and
38 submit to a tribe or tribal organization that is contracting with, the
39 department pursuant to subdivision (b) amounts expended for
40 Administrative Claiming process activities that it is certifying in

1 accordance with Section 433.51 of Title 42 of the Code of Federal
2 Regulations and other applicable federal law and regulations. The
3 tribe or tribal organization receiving the certification shall forward
4 it to the department for purposes of claiming federal financial
5 participation. The certification shall comply with all of the
6 requirements for certification set forth in subparagraph (A).

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

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

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

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

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

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

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

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

1 under the local educational agency Medi-Cal billing option,
2 pursuant to Section 14132.06.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

39 (v) (1) Subject to paragraph (2), this section shall be applicable
40 to Administrative Claiming process activities performed, and to

1 moneys paid to participating local governmental agencies for those
2 activities in the 1994–95 fiscal year and thereafter, and to local
3 educational consortia in the 1998–99 fiscal year and thereafter.

4 (2) This section shall not be applicable to Administrative
5 Claiming process activities performed ~~in the 2017–18 fiscal year~~
6 ~~and thereafter. on or after July 1, 2018.~~

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

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

14 ~~SEC. 6:~~

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

17 14132.47. (a) It is the intent of the Legislature to provide local
18 governmental agencies the choice of participating in the Targeted
19 Case Management (TCM) or the Administrative Claiming process
20 program, or both, at their option, subject to the requirements of
21 this section and Section 14132.44.

22 (b) The department may contract with each participating local
23 governmental agency to assist with the performance of
24 nonschool-based administrative activities necessary for the proper
25 and efficient administration of the Medi-Cal program, pursuant to
26 Section 1903a of the federal Social Security Act (42 U.S.C. Sec.
27 1396b(a)), and this activity shall be known as the Administrative
28 Claiming process.

29 (c) (1) Subject to the requirements of paragraph (2) of
30 subdivision (f), as a condition for participation in the
31 Administrative Claiming process, each participating local
32 governmental agency shall, for the purpose of claiming federal
33 Medicaid reimbursement, enter into a contract with the department
34 and shall certify to the department the total amount the local
35 governmental agency expended on the allowable administrative
36 activities.

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

1 (d) Each participating local governmental agency may
2 subcontract with private or public entities to assist with the
3 performance of administrative activities necessary for the proper
4 and efficient administration of the Medi-Cal program under the
5 conditions specified by the department in regulations.

6 (e) Each Administrative Claiming process contract shall include
7 a requirement that each participating local governmental agency
8 submit a claiming plan in a manner that shall be prescribed by the
9 department in regulations developed in consultation with local
10 governmental agencies.

11 (f) (1) The department shall require that each participating local
12 governmental agency certify to the department both of the
13 following:

14 (A) The expenditure of 100 percent of the cost of performing
15 Administrative Claiming process activities. The funds expended
16 for this purpose shall be from the local governmental agency's
17 general fund or from any other funds allowed under federal law
18 and regulations.

19 (B) That the agency's expenditures represent costs that are
20 eligible for federal financial participation for each fiscal year. The
21 department shall deny the claim if the department determines that
22 the certification is not adequately supported for purposes of federal
23 financial participation.

24 (2) (A) (i) A city that is not a participating local governmental
25 agency, or any other local public entity, that contracts with a local
26 governmental agency pursuant to subdivision (d) and that is located
27 within a county that is a participating local governmental agency
28 pursuant to this section may submit certification to the local
29 governmental agency of amounts expended for Administrative
30 Claiming services in accordance with Section 433.51 of Title 42
31 of the Code of Federal Regulations.

32 (ii) A city or other local public entity that submits certification
33 pursuant to this paragraph shall comply with the requirements of
34 paragraph (1), with other requirements applicable to local
35 governmental agencies that the department determines, in
36 regulations, to be applicable, and with all applicable federal
37 requirements.

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

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

5 (B) A tribe or tribal organization, as defined in subdivision (n),
6 that is not participating in Administrative Claiming process
7 activities as a local governmental agency may contract with, or
8 submit to a tribe or tribal organization that is contracting with, the
9 department pursuant to subdivision (b) amounts expended for
10 Administrative Claiming process activities that it is certifying in
11 accordance with Section 433.51 of Title 42 of the Code of Federal
12 Regulations and other applicable federal law and regulations. The
13 tribe or tribal organization receiving the certification shall forward
14 the certification to the department for purposes of claiming federal
15 financial participation. The certification shall comply with all of
16 the requirements for certification set forth in subparagraph (A).

17 (g) (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 governmental 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 any participating local
24 governmental agency has received reimbursement for
25 Administrative Claiming process activities, the department shall
26 recoup from the local governmental 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 to
30 the department applicable to any 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 governmental agency has received
36 reimbursement for Administrative Claiming process activities
37 performed by an entity under contract with, and on behalf of, the
38 participating local governmental agency, the department shall be
39 held harmless by that particular participating local governmental

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

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

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

18 (j) Administrative activities shall be those determined by the
19 department to be necessary for the proper and efficient
20 administration of the state's Medicaid plan and shall be defined
21 in regulation.

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

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

39 (m) As a condition of participation in the Administrative
40 Claiming process and in recognition of revenue generated to each

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

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

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

30 (o) A participating local governmental agency may charge an
31 administrative fee to any entity claiming Administrative Claiming
32 through that agency.

33 (p) The department shall continue to administer the
34 Administrative Claiming process in conformity with federal
35 requirements.

36 (q) The department shall provide technical assistance to all
37 participating local governmental agencies in order to maximize
38 federal financial participation in the Administrative Claiming
39 process.

(r) 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.

(s) 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.

(t) This section shall be implemented to the extent that federal financial participation is available and any necessary federal approvals have been obtained.

(u) The department may seek approval of any state plan amendments necessary to implement this section.

(v) Notwithstanding Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code, the department may implement, interpret, or make specific this section by means of all-county letters, provider bulletins, or similar instructions.

(t)

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

SEC. 7.

SEC. 8. Section 14132.471 is added to the Welfare and Institutions Code, to read:

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

~~(b) (1) Beginning no later than the 2017–18 state fiscal year the department shall July 1, 2018, the department, based on the input of the workgroup described in Section 14005.272, may administer, or oversee the administration of, a single statewide quarterly random moment time survey for the School-Based Administrative Claiming process program, or a reduction in the number of random moment time surveys conducted in the state.~~

(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

1 random moment time survey. Data from the random moment time
2 survey conducted by LAUSD shall not be included in the statewide
3 random moment time survey described in paragraph (1).

4 (c) (1) The department may contract with a participating local
5 educational consortium or local governmental agency, agency and
6 shall, if a local educational agency ~~chooses~~, *chooses and the*
7 *department has developed a process for direct contracting*, contract
8 with a local educational agency to perform school-based
9 administrative activities necessary for the proper and efficient
10 administration of the Medi-Cal program, pursuant to Section 1903a
11 of the federal Social Security Act (42 U.S.C. Sec. ~~1396b(a)~~), and
12 ~~this 1396b(a)~~. *This* activity shall be known as the School-Based
13 Administrative Claiming process.

14 (2) A local educational agency that contracts with the department
15 pursuant to paragraph (1) may contract with a participating local
16 educational consortium or local governmental agency to perform
17 some or all of the duties imposed on a participant by this section.

18 (3) For purposes of this section, “participating local educational
19 agency, local educational consortium, or local governmental
20 agency” or “participant” means a local educational agency, local
21 educational consortium, or local ~~government~~ *governmental* agency
22 that contracts with the department pursuant to paragraph (1).

23 (d) (1) As a condition of participation in the School-Based
24 Administrative Claiming process program, each participating local
25 educational agency, local educational consortium, or local
26 governmental agency shall, for the purpose of claiming federal
27 Medicaid reimbursement, enter into a contract with the department
28 and shall certify to the department, pursuant to subdivision (f), the
29 total amount the local educational agency expended on the
30 allowable administrative activities. A local educational agency
31 may certify the amount expended on allowable administrative
32 activities either directly to the department or through a local
33 educational consortium or local governmental agency.

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

38 (e) Each School-Based Administrative Claiming process contract
39 shall include a requirement for each participating local educational
40 agency, local educational consortium, or local governmental agency

1 to submit a claiming plan in a manner that shall be prescribed by
2 the department in regulations developed in consultation with local
3 educational agencies, local educational consortia, and local
4 governmental agencies.

5 (f) (1) The department shall require each participating local
6 educational agency, local educational consortium, or local
7 governmental agency to certify to the department both of the
8 following:

9 (A) That the participant claiming federal Medicaid
10 reimbursement expended funds from its general fund or from any
11 other fund allowed under federal law and regulations to pay for
12 100 percent of the cost of performing School-Based Administrative
13 Claiming process program activities.

14 (B) For each fiscal year, that the expenditures of the participant
15 claiming federal Medicaid reimbursement represent costs that are
16 eligible for federal financial participation for that fiscal year.

17 (2) A tribe or tribal organization, as described in subdivision
18 (n), may contract with, or submit to a tribe or tribal organization
19 that is contracting with, the department pursuant to subdivision
20 (b) amounts expended for School-Based Administrative Claiming
21 process activities that it is certifying in accordance with Section
22 433.51 of Title 42 of the Code of Federal Regulations and other
23 applicable federal law and regulations. The tribe or tribal
24 organization receiving the certification shall forward the
25 certification to the department for purposes of claiming federal
26 financial participation. The certification shall comply with all of
27 the requirements for certification set forth in subparagraph (A) of
28 paragraph (1).

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 educational agency,
33 local educational consortium, or local governmental agency
34 pursuant to this section for the disallowed claim.

35 (2) To the extent that a federal audit disallowance and interest
36 results from a claim or claims for which a participating local
37 educational agency, local educational consortium, or local
38 governmental agency has received reimbursement for School-Based
39 Administrative Claiming process activities, the department shall
40 recoup from the participant 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 a 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 educational agency, local educational
10 consortium, or local governmental agency has received
11 reimbursement for School-Based Administrative Claiming process
12 activities performed by an entity under contract with, and on behalf
13 of, the participant, the department shall be held harmless by that
14 particular participant for 100 percent of the amount of the federal
15 audit disallowance and interest for the disallowed claim.

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

22 (i) (1) The department shall, in consultation with participating
23 local educational agency, local educational consortium, or local
24 governmental agency, adopt regulations that prescribe the
25 requirements for the submission and payment of claims for
26 administrative activities performed by each participant.

27 (2) The department shall deny a claim from a participating local
28 educational agency, local educational consortium, or local
29 governmental agency if the department determines that the claim
30 is not adequately supported in accordance with criteria established
31 pursuant to this subdivision and implementing regulations before
32 the department forwards the claim for reimbursement to the federal
33 Medicaid program.

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 a claim submitted under this section,
39 the affected participating local educational agency, local
40 educational consortium, or local governmental agency, within 30

1 days after receipt of written notice of the denial, may request that
2 the department reconsider its action. The participant may request
3 a meeting with the director or his or her designee within 30 days
4 to present its concerns to the department after the request is filed.
5 If the director or his or her designee cannot meet, the department
6 shall respond in writing to the participant in response to its request
7 for reconsideration, indicating the specific reasons for which the
8 claim is out of compliance. The participant may appeal the decision
9 of the director pursuant to the appeals process established by the
10 department and the State Department of Education pursuant to
11 paragraph (3) of subdivision (a) of Section 14132.473. *Section*
12 *14005.274.*

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

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

39 (n) (1) For the purposes of this section, “participating local
40 educational agency” includes a Native American Indian tribe, tribal

1 organization, or subgroup of a Native American Indian tribe or
2 tribal organization under contract with the department pursuant to
3 subdivision (c).

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

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

16 (2) For purposes of this section, “local educational consortium”
17 means a local agency that is one of the service regions of the
18 California County Superintendent Educational Services
19 Association.

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

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

39 (3) Each participating local educational agency, local educational
40 consortium, or local governmental agency shall comply with all

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

3 (4) Ninety days prior to the initial participation in the
4 School-Based Administrative Claiming process program, each
5 local educational agency, local educational consortium, or local
6 governmental agency shall notify the department of its intent to
7 participate in the program.

8 (q) Each local educational consortium or local governmental
9 agency that elects to participate in the School-Based Administrative
10 Claiming process program shall submit claims directly to the
11 department. A local educational agency that elects to participate
12 in the School-Based Administrative Claiming process program
13 may submit claims directly to the department, or to a local
14 educational consortium or local governmental agency.

15 (r) The department shall continue to administer the School-Based
16 Administrative Claiming process program in conformity with
17 federal requirements.

18 ~~(s) The department shall, by July 1, 2017, in conjunction with~~
19 ~~the State Department of Education pursuant to the interagency~~
20 ~~agreement or memorandum of understanding developed pursuant~~
21 ~~to Section 14132.472, provide technical assistance to all~~
22 ~~participating local educational agencies, local educational consortia,~~
23 ~~and local governmental agencies in order to maximize the~~
24 ~~allowable federal financial participation in the School-Based~~
25 ~~Administrative Claiming process program.~~

26 ~~(t)~~

27 (s) This section shall be applicable to School-Based
28 Administrative Claiming process program activities performed in
29 the 2017–18 fiscal year and thereafter. *on or after July 1, 2018.*

30 ~~(t)~~

31 (t) This section and Section 14132.44 shall not be construed to
32 prevent a state agency from participating in the School-Based
33 Administrative Claiming process program or from contracting
34 with others to engage in these activities.

35 ~~(v)~~

36 (u) This section shall not be construed to prohibit county offices
37 of education, local educational consortia, or local governmental
38 agencies from providing services to local educational agencies to
39 facilitate participation in school-based health programs on a
40 fee-for-service basis; however, local governmental agencies and

1 local educational consortia shall only require local educational
2 agencies to contract for services that are actually provided and
3 necessary for the performance of oversight and monitoring
4 responsibilities, including training regarding random moment time
5 surveys, random moment time survey study tasks, roster updates,
6 and financial review. This section shall not be construed to prohibit
7 a county office of education or a local educational consortium
8 providing services to a local educational agency from contracting
9 with private or public entities to assist with the performance of
10 administrative activities necessary for the proper and efficient
11 administration of the Medi-Cal program under the conditions
12 specified by the department in regulations.

13 *(v) This section shall be implemented to the extent that federal*
14 *financial participation is available and any necessary federal*
15 *approvals have been obtained.*

16 *(w) The department may seek approval of any state plan*
17 *amendments necessary to implement this section.*

18 *(x) Notwithstanding Chapter 3.5 (commencing with Section*
19 *11340) of Part 1 of Division 3 of Title 2 of the Government Code,*
20 *the department may implement, interpret, or make specific this*
21 *section by means of all-county letters, provider bulletins, or similar*
22 *instructions.*

23 ~~SEC. 8.~~

24 SEC. 9. Section 14132.472 is added to the Welfare and
25 Institutions Code, to read:

26 14132.472. (a) ~~By January 1, July 1, 2018,~~ the department
27 shall enter into an interagency agreement or memorandum of
28 understanding (MOU) with the State Department of Education to
29 coordinate the efforts of both departments with respect to the
30 School-Based Administrative Claiming process program described
31 in Section 14132.471 and the local educational agency (LEA)
32 Medi-Cal billing option (the LEA billing option) described in
33 Section 14132.06. ~~The agreement or MOU shall focus on the~~
34 ~~following:~~ *The interagency agreement or MOU shall take into*
35 *consideration the recommendations of the workgroup established*
36 *by Section 14005.272 provided pursuant to subdivision (c) of*
37 *Section 14005.272.*

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 program and the LEA billing option at the local level based on
5 recommendations and input from the School-Based Health Program
6 and Policy Workgroup described in Section 14005.272. That
7 coordination shall include an agreement regarding the use of funds
8 withheld pursuant to Section 14132.473.

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

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

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

27 (2)

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

34 (3)

35 (2) ~~Consult with the School-Based Health Program and Policy~~
36 ~~Workgroup~~ *workgroup* established pursuant to Section 14005.272
37 regarding the role of the State Department of Education on the
38 impact of the implementation of the School-Based Administrative
39 Claiming process program and the LEA billing option on

1 operations at the local level and any changes to the MOU that the
2 workgroup recommends.

3 ~~(4)~~

4 (3) Develop a schedule for the regular ongoing meetings of the
5 ~~School-Based Health Program and Policy Workgroup~~ *workgroup*
6 *established pursuant to Section 14005.272* to provide feedback to
7 the department and the State Department of Education.

8 ~~(e) 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.~~

16 (4) *Ensure that the MOU components developed in collaboration*
17 *of the State Department of Education and with the input of the*
18 *workgroup established pursuant to Section 14005.272 are*
19 *severable.*