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State/Territory Name: **New Jersey**

State Plan Amendment (SPA) #: **23-0024**

This file contains the following documents in the order listed:

- 1) Approval Letter
- 2) CMS 179 Form/Summary Form (with 179-like data)
- 3) Approved SPA Pages

DEPARTMENT OF HEALTH & HUMAN SERVICES

Centers for Medicare & Medicaid Services
601 E. 12th St., Room 355
Kansas City, Missouri 64106



Medicaid and CHIP Operations Group

July 23, 2024

Greg Woods
Assistant Commissioner
P.O. Box 712, Mail Code #26
Trenton, NJ 08625-0712

Re: New Jersey State Plan Amendment (SPA) – #23-0024

Dear Assistant Commissioner Woods:

The Centers for Medicare & Medicaid Services (CMS) reviewed your Medicaid State Plan Amendment (SPA) submitted under transmittal number (TN) #23-0024. The state proposes changes to the early and periodic screening, diagnostic and treatment benefits, and related payment methodologies. The proposed changes will more accurately align payments for direct medical services, which are outlined in an individualized education plan and supplied in a school-based setting, to actual costs for providing these services in a school setting.

We conducted our review of your submittal according to statutory requirements in Title XIX of the Social Security Act at section 1902(a)(43), as implemented at §440.60, §440.110, 440.130(d), and section 1905(r). This letter informs you that New Jersey's Medicaid SPA TN #23-0024 was approved on July 22, 2024, with an effective date of July 1, 2024.

Enclosed are copies of Form CMS-179 and approved SPA pages to be incorporated into the New Jersey State Plan.

If you have any questions, please contact Terri Fraser at (410) 786-5573 or via email at Terri.Fraser@cms.hhs.gov.

Sincerely,

James G. Scott, Director
Division of Program Operations

Enclosures

**TRANSMITTAL AND NOTICE OF APPROVAL OF
STATE PLAN MATERIAL
FOR: CENTERS FOR MEDICARE & MEDICAID SERVICES**

1. TRANSMITTAL NUMBER

2 3 — 0 0 2 4

2. STATE

N J3. PROGRAM IDENTIFICATION: TITLE OF THE SOCIAL
SECURITY ACT

XIX



XXI

TO: CENTER DIRECTOR
CENTERS FOR MEDICAID & CHIP SERVICES
DEPARTMENT OF HEALTH AND HUMAN SERVICES

4. PROPOSED EFFECTIVE DATE

July 1, 2024

5. FEDERAL STATUTE/REGULATION CITATION

~~42 U.S.C. 1396b(c); 42 U.S.C. 1396d(r); 42 U.S.C. 1396a(a)(30)(A);
\$440.60; 440.130(d); \$440.110(a); \$440.110(b); \$440.110(c); 1905(r)~~

6. FEDERAL BUDGET IMPACT (Amounts in WHOLE dollars)

a. FFY 2024 \$ 54,238,396
b. FFY 2025 \$ 110,002,915

7. PAGE NUMBER OF THE PLAN SECTION OR ATTACHMENT

Attachment 4.19B pages

~~22a, 22bb, 22cc, 22dd, 22ee, 22ff, 22gg, 22hh, 22ii, 22jj,
22a.1aa, 22a.1bb, 22a.1cc, 22a.1dd, 22a.1ee, 22a.1ff, 22a.1gg, 22a.1hh,
22a.1ii, 22a.1jj, 22a.1kk~~Addendum to Attachment 3.1A pages 13(d).1aa, 1bb, 1cc, 1dd, 1ee,
1ff, 1gg, 1hh8. PAGE NUMBER OF THE SUPERSEDED PLAN SECTION
OR ATTACHMENT (If Applicable)

New

New

9. SUBJECT OF AMENDMENT

School Based Health Services

10. GOVERNOR'S REVIEW (Check One)



GOVERNOR'S OFFICE REPORTED NO COMMENT



COMMENTS OF GOVERNOR'S OFFICE ENCLOSED



NO REPLY RECEIVED WITHIN 45 DAYS OF SUBMITTAL



OTHER, AS SPECIFIED:

11. SIGNATURE OF STATE AGENCY OFFICIAL

Sarah Adelman

Digitally signed by Sarah Adelman
Date: 2023.12.22 13:15:06 -05'00'

12. TYPED NAME

Sarah Adelman

13. TITLE

Commissioner, Department of Human Services

14. DATE SUBMITTED

12/26/23

15. RETURN TO

Jennifer Langer Jacobs, Assistant Commissioner
Division of Medical Assistance and Health Services
P.O. Box 712, Mail Code #26
Trenton, NJ 08625-0712**FOR CMS USE ONLY**

16. DATE RECEIVED

12/26/2024

17. DATE APPROVED

07/22/2024

PLAN APPROVED - ONE COPY ATTACHED

18. EFFECTIVE DATE OF APPROVED MATERIAL

07/01/2024

19. SIGNATURE OF APPROVING OFFICIAL

20. TYPED NAME OF APPROVING OFFICIAL

James G. Scott

21. TITLE OF APPROVING OFFICIAL

Director, Division of Program Operations

22. REMARKS

1.b. EPSDT Services:

School-Based Health Services:

The School-Based Health Services program, known as the Special Education Medicaid Initiative (SEMI) in New Jersey, includes covered services provided by or through the New Jersey Department of Education (DOE) or a Local Education Agency (LEA) to children with or suspected of having disabilities or other documented medical needs, who attend public school in New Jersey, recommended by a physician or other licensed practitioners of the healing arts to EPSDT eligible students. These services are provided pursuant to an Individual Education Program (IEP), an Individual IFSP, and other medical plan of care, or for which medical necessity has been documented.

The services are defined as follows:

a. **Audiology Services:**

Definition: Audiology services are the identification of children with hearing loss, determination of the range, nature and degree of hearing loss, including rehabilitation due to hearing disorders. These services will be consistent with the Federal regulation citation at 42 CFR §440.110(c), and include provision of rehabilitative training, speech reading (lip reading), hearing evaluation and speech conversation and determination of a child's need to individual amplification. Repairs and adjustments to hearing aids are also billable services for eligible children. Other audiology services include:

- Auditory acuity (including pure tone air and bone conduction);
- Speech detection and speech reception threshold;
- Auditory discrimination in quiet and noise;
- Impedance audiometry, including tympanometry and acoustic reflex;
- Hearing aid check when it has been at least six months from the date of the initial fitting or if there is an issue with the aid;
- Central auditory function;
- Testing to determine the child's need for individual amplification;
- Selection and fitting for aid(s);
- Evaluation of the child wearing aid(s);
- Auditory training;
- Speech reading; and
- Augmentative communication.

Qualified Practitioners: Qualified providers must meet the requirements in 42 CFR §440.110(c)(3) and be licensed by the State Audiology and Speech-Language Pathology Advisory Committee.

b. Services of a Licensed Dietician

Definition: Services of a licensed dietician include nutrition services (relative to a medical condition) provided by a dietitian licensed by the state of New Jersey within the scope of their practice as defined by state law. These services are provided in accordance with 42 CFR §440.60.

Qualified Practitioners: A professional who holds a valid New Jersey license as a dietitian.

c. Occupational Therapy Services:

Definition: Federal regulations (42 CFR §440.110(b)) require that occupational therapy must be prescribed by a physician or other licensed practitioner of the healing arts within the scope of practice under New Jersey law and must be provided by or under the direction of a qualified licensed occupational therapist. These services are those assessing, improving, developing, or restoring functions impaired or lost through illness, injury or other event that caused impairment of the fine motor functioning. Occupational therapists can bill for time spent in “hands on” activities with the beneficiary. This includes time spent assisting the beneficiary to use adaptive equipment and assistive technology. Time spent in training teachers or aides to work with the beneficiary (unless training time) and time spent on actually manipulating or modifying the adaptive equipment is not billable. Occupational therapy services include:

- Activities of daily living;
- Sensory or perceptual motor development and integration;
- Neuromuscular and musculo-skeletal status (muscle strength and tone, reflex, joint range of motion, postural control, endurance);
- Gross and fine motor development;
- Feeding or oral motor functions;
- Adaptive equipment assessment;
- Adaptive behavior and play development;
- Prosthetic or orthotic training;
- Fabrication or observation of orthotic devices;
- Neuromotor or neurodevelopmental assessment;
- Gait, balance and coordination skills; and
- Postural control.

Qualified Practitioners: Qualified providers must meet the requirements in 42 CFR §440.110(b)(2) licensed by the Occupational Therapy Advisory Council and certified or endorsed by the Department of Education. Occupational Therapy can also be provided by a certified occupational therapy assistant (COTA) under the supervision of a licensed occupational therapist.

d. Orientation and Mobility Services:

Definition: Orientation and mobility services - services provided to blind or visually impaired children by qualified personnel to enable those children to enhance or restore systematic orientation to and safe movement within their environments in school, home, and community. Orientation and mobility services are provided in accordance with 42 CFR 440.130(d) and include:

- (a) Services to assist children with spatial and environmental concepts and use of information received by the senses (such as sound, temperature, and vibrations) to enhance, maintain, or regain orientation and line of travel (e.g., using sound at a traffic light to cross the street);
- (b) Services to enhance or restore visual travel skills, which may include instruction in the use of assistive equipment or aids.
- (c) Other concepts, techniques, and tools.

Qualified Practitioners –Individuals certified by The Academy for Certification of Vision Rehabilitation & Education Professionals (ACVREP) or hold a Category A: University Preparation Certificate issued by the National Blindness Professional Certification Board (NBPCB).

e. Physical Therapy Services:

Definition: Federal regulations (42 CFR §440.110(a)) require that physical therapy must be prescribed by a physician or other licensed practitioner of the healing arts within the scope of practice under New Jersey law and must be provided by or under the direction of a qualified licensed physical therapist. These services are those assessing, preventing or alleviating movement dysfunction and related functional problems, obtaining, interpreting and integrating information relative to the beneficiary. Physical therapists can bill Medicaid for time spent in “hands on” activities with the beneficiary. This includes time spent assisting the beneficiary to use adaptive equipment and assistive technology. Time spent in training teachers or aides to work with the beneficiary (unless the beneficiary is present) is not billable. Physical therapy services include:

- Neuromotor or neurodevelopmental assessment;

- Musculo-skeletal status (including muscle strength and tone; posture, joint range or motion);
- Gait, balance and coordination skills;
- Postural control;
- Cardio-pulmonary function;
- Activities of daily living;
- Sensory motor and related central nervous system function;
- Oral motor assessment;
- Adaptive equipment;
- Gross and fine motor development;
- Observation and fabrication or orthotic devices; and
- Prosthetic training.

Qualified Practitioners: Qualified providers must meet the requirements in 42 CFR §440.110(a)(2) and be licensed by the State Board of Physical Therapy Examiners and certified or endorsed by the Department of Education. Physical therapy can also be provided by licensed physical therapy assistants under the direct supervision of a licensed physical therapist. Services are provided by a physical therapist as a licensed practitioner of the healing arts within the scope of his or her practice rules under the laws of New Jersey.

f. Evaluation

Definitions: Evaluation services include evaluations and reevaluations, of a child's physical, emotional, intellectual and psychological health and functioning. Medicaid coverage is available for the medical component of the evaluation services when provided in accordance with 42 CFR 440.60, 440.110(a), 440.110(b), 440.110(c) or 42 CFR 440.130(d) and when provided by qualified practitioners.

Evaluation results are used to develop the student's IEP, IFSP, or other medical plan of care, which prescribes the range and frequency of services that a student needs.

Qualified Practitioners: The following licensed practitioners may provide evaluation services: physicians, registered nurses, licensed practical nurses, speech language pathologists, physical therapists, audiologists, dietitians, and occupational therapists. Additionally, services may be provided by certified school psychologists and certified school social workers.

To obtain school certification, psychologists must possess a standard educational services certificate with a school psychologist endorsement, which requires a master's or higher degree from a regionally accredited college or university and the completion of a minimum of 60 hours in specialized courses. Additionally, the

completion of an externship of 1,200 clock hours, 600 - 900 of those must be completed in a school setting with school-aged children.

Social Workers must possess a school social worker certificate, which requires a master's or higher degree from a regionally accredited college or university and a minimum of 30 hours in specialized courses.

g. **Interprofessional Consultation**

Definition: Interprofessional Consultation is a situation in which the patient's treating physician or other qualified health care practitioner requests the opinion and/or treatment advice of a physician or other qualified health care practitioner with specific specialty expertise to assist the treating practitioner with the patient's care without patient face-to-face contact with the consulting practitioner.

Medicaid coverage for interprofessional consultation for rehabilitative services is available when provided in accordance with 42 CFR 440.130(d) and by qualified clinical practitioners.

Qualified Practitioners: Licensed physicians, nurses, speech language pathologists, physical therapists, audiologists, dietitians, and occupational therapists. Additionally, services may be provided by certified school psychologists and certified school social workers.

To obtain school certification, psychologists must possess a standard educational services certificate with a school psychologist endorsement, which requires a master's or higher degree from a regionally accredited college or university and the completion of a minimum of 60 hours in specialized courses. Additionally, the completion of an externship of 1,200 clock hours, 600 - 900 of those must be completed in a school setting with school-aged children.

Social Workers must possess a school social worker certificate, which requires a master's or higher degree from a regionally accredited college or university and a minimum of 30 hours in specialized courses.

h. **Psychological and Psychotherapeutic Counseling Services**

Definition: Psychological counseling covered under §1905(a)(13)(C) of the Social Security Act, includes the provision of assessment and therapy services for the benefit of the beneficiary. Psychological counseling services are provided in accordance with 42 C.F.R. 440.130(d)

Psychological counseling services means the application of psychological

principles and procedures in the assessment, counseling or psychotherapy of individuals for the purposes of promoting the optimal development of their potential or ameliorating their personality disturbances and maladjustments as manifested in personal and interpersonal situations.

Psychotherapeutic counseling services means the ongoing communication between a social worker and an individual, family, or group for the purpose of helping to resolve symptoms of mental disorder, psychosocial stress, relationship problems, or difficulties in coping with the social environment, through the practice of psychotherapy. All services involving family members are for the direct benefit of the beneficiary.

Qualified Practitioners: Psychological and Psychotherapeutic counseling must be provided by certified school psychologists and certified school social workers who are authorized to provide psychological counseling services under New Jersey state law.

To obtain certification, psychologists must possess a standard educational services certificate with a school psychologist endorsement, which requires a master's or higher degree from a regionally accredited college or university and the completion of a minimum of 60 hours in specialized courses. Additionally, the completion of an externship of 1,200 clock hours, 600 - 900 of those must be completed in a school setting with school-aged children.

Social Workers must possess a school social worker certificate, which requires a master's or higher degree from a regionally accredited college or university and a minimum of 30 hours in specialized courses.

i. Services of a Licensed Practical or Registered Nurse:

Definition: Services of a registered nurse or practical nurse, working under the direction of a physician, licensed by the New Jersey Board of Nursing within the scope of their practice as defined by state law. These services are provided in accordance with 42 CFR 440.60.

Qualified Practitioners: A registered nurse or practical nurse licensed by the New Jersey Board of Nursing.

j. Speech and Language Services:

Definition: Speech and Language Services: Federal regulations (42 CFR §440.110(c)) require that services for individuals with speech, language, hearing or language disorders means diagnostic screening, preventive or corrective services provided by or under the direction of a speech pathologist or audiologist, for which

the patient is referred by a physician or other licensed practitioner of the healing arts. Speech and language pathology services include:

- Identification of children with speech and/or language disorders;
- Provision of speech or language services for the prevention of communicative disorders;

The speech language pathologist must bill for time spent in actual treatment with the beneficiary. This includes time spent assisting the beneficiary with learning to use adaptive equipment and assistive technology.

Qualified Practitioners: Qualified providers must meet the requirements in 42 CFR §440.110(c)(2) and be certified or endorsed by the Department of Education and hold an American Speech-Language-Hearing Association (ASHA) Certificate of Clinical Competence or be certified or endorsed by the Department of Education and hold a valid license authorized by the State Audiology and Speech-Language Pathology Advisory Committee in accordance with New Jersey law at NJSA 45:3B-1 et seq.

k. Specialized Transportation:

Definition: Specialized transportation services include transportation to receive Medicaid approved school-based health services. The recipient's need for specialized transportation services must be documented in the child's IEP or IFSP. This service is limited to transportation of an eligible child to Medicaid covered, health related services as listed in a recipient's IEP, IFSP, other medical plan of care or otherwise medically necessary.

The specialized transportation is Medicaid coverable if:

1. It is provided to a Medicaid eligible EPSDT recipient who is enrolled in an LEA;
2. It is being provided on a day when the recipient receives an IEP, IFSP, other medical plan of care or otherwise medically necessary health-related Medicaid covered service;
3. The Medicaid covered service is included in the recipient's IEP, IFSP, other medical plan of care or otherwise medically necessary;
4. The recipient's need for specialized transportation service is documented in the child's IEP or IFSP; and
5. The driver must have a valid driver's license.

Specialized transportation services are defined as transportation that requires a specially equipped vehicle, or the use of specialized equipment such as a lift on a bus or a wheel chair harness to ensure a recipient is taken to and from the recipient's residence to school or to a community provider's office for Medicaid covered

services included in an IEP, IFSP, other medical plan of care, or otherwise medically necessary.

1. Transportation provided by or under contract with the school, to and from the recipient's place of residence, to the school where the recipient receives one of the health related services covered by Title XIX;
2. Transportation provided by or under contract with the school, to and from the recipient's place of residence or school to the office of a medical provider who has a contract with the school to provide one of the health related services covered by Title XIX; or
3. Transportation provided by or under contract with the school from the recipient's place of residence to the office of a medical provider who has a contract with the school to provide one of the health related services covered by Title XIX and returns to school. Specialized transportation services will not be Medicaid reimbursable if the child does not receive a Medicaid covered service on the same day. When claiming these costs as direct services, each school district will be responsible for maintaining written documentation, such as a trip log, for individual trips provided. No payment will be made to, or for parents providing transportation.

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Reimbursement for Services

REIMBURSEMENT FOR EPSDT SERVICES: School-Based Health Services

A. Reimbursement Methodology for School-Based Health and Related Services

The School-Based Health Services program, known as the Special Education Medicaid Initiative (SEMI) in New Jersey, includes covered services provided by or through the New Jersey Department of Education (DOE) or a Local Education Agency (LEA), hereinafter referred to as “providers” for this section of the State Plan, to children with or suspected of having disabilities, who attend public school in New Jersey, recommended by a physician or other licensed practitioners of the healing arts to EPSDT eligible special education students up to age 21. These SEMI direct medical services are provided pursuant to an Individual Education Program (IEP) or Individual Family Service Plan (IFSP). SEMI includes the following Medicaid services, as defined under Section 3.1A of the State Plan:

1. Audiology Services
2. Nutrition Services
3. Occupational Therapy Services
4. Orientation and Mobility Services
5. Physical Therapy Services
6. Evaluation Services
7. Psychological Counseling Services
8. Nursing Services
9. Speech-Language Pathology Services
10. IEP Specialized Transportation

B. Direct Medical Services Payment Methodology

Providers will be paid on a cost basis. Providers will be reimbursed on an interim basis for SEMI direct medical services provided pursuant to an IEP or IFSP according to a School-based health services fixed fee schedule. SEMI providers must maintain organized documentation regarding the services provided, including written orders; session notes; and students’ IEP.

The effective date of the applicable fee schedules as well as a link to their electronic publication can be found on page 36 of Attachment 4.19-B of the State Plan.

On an annual basis a district-specific cost reconciliation and cost settlement for all over and under payments will be processed.

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Reimbursement for Services

C. Data Capture for the Cost of Providing Health-Related Services

Data capture for the cost of providing health-related services will be accomplished utilizing the following data sources:

1. Total direct and indirect costs, less any federal non-Medicaid payments or other revenue offsets for these costs, will be captured utilizing the following data:
 - a. SEMI cost reports received from school districts in the State of New Jersey, inclusive of the Allowable cost categories defined in paragraphs D.1 and D.2 of this section;
 - b. New Jersey Department of Education (NJ DOE) Unrestricted Indirect Cost Rate (UICR);
 - c. Random Moment Time Study (RMTS) Activity Code 1200 (Direct Medical Services) and Activity Code 3100 (General Administration):
 - i. Direct medical RMTS percentage;
 - d. School District specific Medicaid IEP Ratios.

D. Data Sources and Cost Finding Steps

The following provides a description of the data sources and steps to complete the cost finding and reconciliation:

1. Allowable Costs: Direct costs for direct medical services include payroll and general ledger cost data that can be directly charged to direct medical services using time study results. Direct payroll costs include total compensation (i.e., salaries and benefits and contract compensation) of direct services personnel listed in the descriptions of the covered Medicaid services delivered by school districts under Attachment 3.1 A of the State Plan, excluding transportation personnel costs which are to be reported under Special Transportation Services Payment Methodology section as described in paragraph E of this section. Costs for administrative staff are not included in the annual cost report. These direct costs will be calculated on a district-specific level and will be reduced by any federal payments for these costs, resulting in adjusted direct costs.

Other direct costs include costs directly related to the approved direct services personnel for the delivery of medical services, such as medically-related purchased services, supplies and materials. Additional direct costs include payments made for out of district health related services, including Medicaid covered health related services provided through approved private schools and special school districts. These direct costs are accumulated on the annual School-Based Health Services

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Cost Report and are reduced by any federal payments for these costs, resulting in adjusted direct costs. The cost report contains the scope of cost and methods of cost allocation that have been reviewed by the Centers for Medicare & Medicaid Services (CMS).

The source of this financial data will be audited district-level payroll and general ledger records kept at the school district level.

a. Direct Medical Services

Non-federal cost pool for allowable providers consists of:

- i. Salaries;
- ii. Benefits;
- iii. Medically-related purchased services; and
- iv. Medically-related supplies and materials
- v. Out of District provided health related services

b. Direct Contracted Service Costs

Contracted service costs represent the costs incurred by the LEA for IEP direct medical services rendered by a contracted service provider. Total contracted service costs are inclusive of only those costs for the provision of IEP direct medical services provided by non-APSSD contractors.

Total contracted service costs are reduced for any federal fund or other reduction, including revenue offsets, and further reduced by the application of the LEA IEP Ratio in order to determine the Medicaid IEP direct medical service contract costs.

c. Approved Private Schools for Students with Disabilities (APSSD) Contracted Costs:

New Jersey will implement an APSSD interim fixed fee schedule for Medicaid enrolled IEP students receiving health services in private school settings effective for services provided on or after July 1, 2024. All such claims will be paid through the Medicaid Management Information System (MMIS). The effective date of the applicable fee schedules as well as a link to their electronic publication can be found on page 36 of Attachment 4.19-B of the State Plan.

- i. After the end of the fiscal year, the interim rates will be reconciled to the LEA's actual cost of making contracted per diem payments to the APSSDs for Medicaid reimbursable direct medical services. The per diem payments cover both medical and educational services; the portion of the LEA's per diem payments that are for Medicaid reimbursable direct medical services will be calculated by identifying allowable health care related expenditures as follows:

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT
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- a) Step One - The contracted cost will be reduced by any federal funding received by the LEA.
 - b) Step Two - An APSSD-specific “health care-related percentage” will be calculated by dividing the APSSD’s health care-related expenditures by the APSSD’s total expenditures, as shown on the APSSD’s cost report.
 - c) Step Three - The APSSD’s “health care-related percentage” is applied to the total per diem payments that the LEA made to the APSSD in the fiscal year. This will yield a net dollar total of the amount of the LEA’s per diem payments to the APSSD that are attributable to health care-related expenditures for the fiscal year.
 - d) Step Four - This APSSD-specific net dollar total will be multiplied by an LEA specific APSSD IEP ratio, to calculate the total amount the LEA spent on Medicaid-reimbursable payments to the APSSD. The State may claim FFP in this total amount. An indirect cost rate will not be applied.
 - i. LEA specific APSSD IEP ratio calculation: Numerator: LEA specific APSSD Medicaid-enrolled IEP students (per FERPA who have parental consent to release information to Medicaid) / Denominator: All LEA specific APSSD IEP students.
 - e) The financial reductions in the above steps will ensure FFP is only available in payments made that are a percentage of total payments that the LEA makes to the APSSD.
- ii. APSSDs will be excluded in the random moment time study since these specific type of contracted providers exclusively provide direct medical services and do not perform any other administrative functions.
2. Indirect Costs: New Jersey Department of Education (NJDOE) has in cooperation with the United States Department of Education (ED), developed an indirect cost planto be used by public school districts. New Jersey Department of Education (NJ DOE) approves unrestricted indirect cost rates in cooperation with the ED. The indirect cost rates are reviewed and updated annually. Providers are permitted only to certify Medicaid-allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate.
3. Cost Pools: All staff will be reported into one of three cost pools. The three cost pools are mutually exclusive, i.e., no staff can be included in more than one cost pool.
- a. Cost Pool 1 (Direct Service & Administrative Providers) – these providers may perform administrative claiming activities as well as direct services. Only these providers types included in the approved state plan will be included in the cost pool and time study.

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- Licensed Audiologist
 - State Certified Social Worker
 - State Certified Psychologist
 - Licensed Dietician
 - Orientation & Mobility Specialist
 - Licensed Certified Occupational Therapist
 - Licensed Certified Occupational Therapy Assistant
 - Licensed Certified Physical Therapist
 - Licensed Physical Therapy Assistant
 - Speech Language Pathologist (with professional certificate from NJ DOE and Certificate of Clinical Competence in Speech Language Pathology by ASHA or NJ state licensure)
 - Speech Therapy Assistant
- b. Cost Pool 2 (Direct Service & Administrative Providers) - these providers may perform administrative claiming activities as well as direct services. Only these provider types included in the approved state plan will be included in the cost pool and time study.
- Licensed Registered Nurse (RN)
 - Licensed Practical Nurse (LPN)
- c. Cost Pool 3 (Administrative Service Providers Only) – this cost pool is comprised of administrative claiming staff and the respective costs for these staff.
- School Administrators – Principals and Assistant Principals.
 - State Certified Counselor
 - Non-certified Psychologist/Psychologist Intern
 - Non-certified Social Worker
 - Psychologist Intern
 - Special Education – Support Technician
 - Pupil Support – Technician
 - Special Education Administrator
 - Pupil Support Services Administrator
 - School Bilingual Assistant
 - Health Services Special Education Teacher
 - Interpreter & Interpreter Assistant
 - Speech Language Pathologist (Non-Masters Level and Non-Licensed)
 - Program Specialist
 - Special Education Coordinators
 - Diagnosticians

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4. Time Study Percentages: A CMS-approved time study implementation plan (TSIP) is used to determine the percentage of time that medical service personnel spend on direct medical services, general and administrative time and all other activities to account for 100 percent of time to assure that there is no duplicate claiming. The RMTS methodology will utilize two cost pools for Direct Medical Services. A minimum number of completed moments will be sampled each period in accordance with the TSIP. The Direct Medical Service time study percentage for the Direct Medical Service cost pool will be applied only to those costs associated with direct medical services. The CMS approval letter for the time study will be maintained by the State of New Jersey and CMS. The RMTS direct medical service percentages will be calculated using 100% of the time school is in session. A summer vacation period (months when most students are not attending school according to the LEA calendar) will use a weighted average of other periods that is pro-rated to supply compensation to providers paid during this quarter (no Medicaid services will be claimed for the summer vacation period).

Effective on 7/1/2024: The sampling periods are defined as follows for New Jersey:

Period 1 = mid-August – December 31*

Period 2 = January 1 – March 31

Period 3 = April 1 – June 30

Period 4 = July 1 – mid-August (the summer sample period)

*the time study period will begin with the first regular school day when any participating district returns from the summer break and will continue until the end of December.

Direct Medical Service RMTS Percentage

- a. Fee-For-Service RMTS Percentage
 - i. Direct Medical Service Cost Pool: Apply the Direct Medical Service percentage from the Random Moment Time Study (Activity Code 4.b.). The direct medical service costs and time study results must be aligned to assure appropriate cost allocation.
- b. General Administrative Percentage Allocation
 - i. Direct Medical Service Therapy Cost Pool: Apply the General Administrative time applicable to the Direct Medical Services percentage from the Random Moment Time Study (Activity Code 10). The direct medical services costs and time study results must be aligned to assure appropriate cost allocation.

5. IEP Ratio Determination: A district-specific IEP Ratio will be established for each

STATE PLAN UNDER TITLE XIX OF THE SOCIAL SECURITY ACT**Reimbursement for Services**

participating school district. When applied, this IEP Ratio will discount the Direct Medical cost pool by the percentage of IEP students enrolled in Medicaid.

The IEP ratio will be based on child count reporting required for IDEA on the first of December of the Fiscal Year for which the report is completed. The names and birthdates of students with a health related IEP will be identified from the December 1st Count Report and matched against the Medicaid eligibility file to determine the percentage of those that are enrolled in Medicaid. The numerator will be the number of Medicaid enrolled IEP students in the LEA per FERPA who have parental consent to release information to Medicaid (as defined under Section 3.1A of the State Plan) in their IEP and the denominator will be the total number of students in the LEA with an IEP. The IEP ratio will be calculated for each LEA participating in SEMI on an annual basis using student count data from the NJ SMART data warehouse as of the federal ED Facts reporting snapshot date for the fiscal year for which the cost report is completed.

6. Total Medicaid Reimbursable Cost: The result of the previous steps will be a total Medicaid reimbursable cost for each school district for Direct Medical Services.

E. IEP Specialized Transportation Services Payment Methodology

Effective dates of service on or after July 1, 2024, providers will be paid on a cost basis. Providers will be reimbursed interim rates for School-Based IEP Specialized Transportation services according to a School-based health services fixed fee schedule; no indirect costs will be applied. The effective date of the applicable fee schedules as well as a link to their electronic publication can be found on page 36 of Attachment 4.19-B of the State Plan. On an annual basis a cost reconciliation and cost settlement will be processed for all over and under payments.

IEP Specialized transportation may be reimbursable for each one-way trip provided to and from the location of an IEP direct medical service.

School based IEP specialized transportation is defined in 3.1-a. to and from school (or other direct service location) may be claimed as a Transportation Medicaid service when the following conditions are met:

1. Specialized transportation is specifically listed in the IEP as a required service;
2. The child required IEP specialized transportation in a vehicle specially adapted to serve the needs of an individual with a disability;
3. A SEMI Medicaid IEP direct medical service (other than transportation) is provided on the day that IEP specialized transportation is billed; and

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4. The service billed only represents the costs associated with the one-way trip on the specially adapted transportation for direct medical services as listed in the IEP.
5. The child is enrolled in Medicaid and per FERPA who have parental consent to release information to Medicaid.

Transportation costs included on the cost report worksheet will only include those personnel and non-personnel costs associated with special education reduced by any federal payments for these costs, resulting in adjusted costs for transportation. The cost identified on the cost report includes the following:

1. Bus Drivers
2. Mechanics
3. Substitute Drivers
4. Fuel
5. Repairs & Maintenance
6. Rentals/Lease costs
7. Insurance
8. Contracted-Transportation Services and Transportation Equipment cost
9. Depreciation for transportation equipment costing more than \$5,000

The specialized transportation cost-pool will include only those costs above associated with the specialized transportation program described above and step down those costs based on allowable Medicaid one-way trips.

The source of these costs will be audited payroll and general ledger data kept at the school district level. LEAs will also maintain bus logs for IEP specialized transportation services in order to document that the students received the transportation services to and/or from the location of the SEMI IEP direct medical services.

LEAs may report their transportation costs as IEP special education transportation only costs when the costs can be discretely identified as pertaining only to IEP special education transportation or as general transportation costs when the costs cannot be discretely identified as pertaining only to IEP special education transportation.

All special education transportation costs reported on the annual cost report as general transportation costs will be apportioned through the Medicaid One Way Trip Ratio. All special education transportation costs reported on the annual cost report as special education transportation only will only be subject to the Medicaid One Way Trip Ratio.

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Medicaid One Way Trip Ratio- An LEA-specific Medicaid One Way Trip Ratio will be established for each participating LEA. When applied, this Medicaid One Way Trip ratio will discount the transportation costs by the percentage of Medicaid enrolled students with an IEP one way trips. This ratio ensures that only Medicaid allowable transportation costs are included in the cost settlement calculation.

The Medicaid One Way Trip Ratio will be calculated based on the total number of one way trips provided to Medicaid enrolled students per FERPA who have parental consent to release information to Medicaid requiring special education transportation services per their IEP on specially adapted vehicles. Each LEA will be responsible for maintaining written documentation, such as trip logs, for individual health related trips and all trips provided. Numerator: Medicaid-eligible IEP one-way trips / Denominator: all one-way trips on the specially adapted vehicles in the cost pool (including any IEP and non-IEP trips taken in the vehicles).

F. Certification of Funds Process

Each provider certifies on an annual basis, through its cost report, their total actual, incurred allowable cost/expenditures, including the federal share and non-federal share. Certification is conducted on an annual basis.

Providers are permitted only to certify Medicaid-allowable costs and are not permitted to certify any indirect costs that are outside their unrestricted indirect cost rate.

G. Annual Cost Report Process

Each provider will complete an annual cost report for all school health services delivered during the previous state fiscal year covering July 1 through June 30. The cost report is due on or before December 31st of the same year as the reporting period. The primary purposes of the cost report are to:

1. School-based rehabilitative services as school-based health services document the provider's total CMS-approved, Medicaid allowable scope of costs for delivering school-based rehabilitative services, including direct costs and indirect costs, based on CMS-approved cost allocation methodology procedures; and
2. School-Based Rehabilitative Services Cost Reports as SEMI Cost Reports reconcile its interim payments to its total CMS-approved, Medicaid-allowable scope of costs based on CMS-approved cost allocation methodology procedures.

The annual School-Based Rehabilitative Services Cost Report includes a certification of funds statement to be completed, certifying the provider's actual, and incurred

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costs/expenditures. All filed annual Cost Reports are subject to a desk review by the Department of Human Services (DHS), Division of Medical Assistance and Health Services (DMAHS) or its designee.

H. The Cost Reconciliation Process

The cost reconciliation process must be completed within twenty-four months of the end of the reporting period covered by the annual Cost Report. There will be separate settlements for every Medicaid provider. The total CMS-approved, Medicaid allowable scope of costs based on CMS-approved cost allocation methodology procedures are compared to the provider's Medicaid interim payments for school health services delivered during the reporting period as documented in MMIS, resulting in a cost reconciliation. The results of the cost reconciliation and cost settlement process will be documented on the CMS-64 for the purpose of supporting the claim for federal matching funds.

For the purposes of cost reconciliation, the state may not modify the CMS-approved scope of costs, the CMS-approved cost allocation methodology procedures, or its approved time study for cost-reporting purposes. Any modification to the scope of cost, cost allocation methodology procedures, or time study for cost-reporting purposes requires approval from CMS prior to implementation.

I. The Cost Settlement Process

For services delivered for a period covering July 1st through June 30th, the annual SEMI Cost Report is due on or before December 31st of the same year. A tentative settlement may be processed within nine (9) months of the fiscal year end with the final cost reconciliation and settlement processes completed no later than twenty four (24) months after the end of the fiscal period to ensure all claims are paid through MMIS for the dates of service in the reporting period.

If a provider's interim payments exceed the actual, certified costs of the provider for school-based health services to Medicaid clients, the provider will return an amount equal to the overpayment. Overpayments will be recouped within one year of the identification of the overpayment.

If the actual, certified costs of a provider for school-based health services exceed the interim Medicaid payments, DMAHS will pay the federal share of the difference to the provider in accordance with the final actual certification agreement and submit claims to the CMS for reimbursement of payments in the federal fiscal quarter corresponding to the date of payment.

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DMAHS shall issue a notice of interim settlement that denotes the amount due to or from the provider. DMAHS shall also issue a notice of final settlement that denotes the final amount due to or from the provider upon completion of the final cost reconciliation.

- J. Awareness of Federal Audit and Documentation Regulations: The State Medicaid agency and any contractors used to help administer any part of the SEMI program are aware of federal regulations listed below for audits and documentation, and will provide documentation needed to support SEMI claims:
- a. 42 CFR 431.107 Required provider agreement
 - b. 45 CFR 447.202 Audits
 - c. 45 CFR 75.302 Financial management and standards for financial management systems