



Fee For Service Program  
Alabama Medicaid Program Changes

# Agenda

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# Medicaid School Based Services

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There are two distinct Medicaid reimbursement programs that school systems may participate in:

Medicaid School Based Services	
Medicaid Administrative Claiming (MAC)	Fee For Service (FFS)
<p>Federal Medicaid Reimbursement for administrative activities such as:</p> <ul style="list-style-type: none"><li>• Coordination of medical and mental health related services covered by Medicaid</li><li>• Linking students to Medicaid services</li><li>• Monitoring the delivery of medical and mental health services performed in the school district</li></ul>	<p>Federal Medicaid Reimbursement for direct medical services such as:</p> <ul style="list-style-type: none"><li>• Speech Therapy</li><li>• Physical Therapy</li><li>• Occupational Therapy</li><li>• Speech Therapy</li></ul>

# Current Claiming Overview

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## MAC

- Quarterly time study to collect activities
- Quarterly expenditures collected from school systems
- Quarterly claims calculated based on actual costs and time study results
- Annual audit conducted and provided to Medicaid

## FFS

- Ongoing service tracking and submission via STI SETSWeb
- Services paid using statewide rates set by Medicaid
- Current FFS Claim calculation = #services x \$service rate
- Claim determined by number of service tickets at statewide rate rather than actual costs
- No program review/audit occurs

# Program Overview

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- The Alabama MAC Program was implemented in October 1999
  - 131 school systems currently participate
  - MAC generates ~\$25-30M annually in claims for Alabama schools
  - Program has matured so that reimbursement levels can be anticipated and participation requirements using web-based system are streamlined
- The Alabama FFS (Direct Service) Program is less mature
  - 15-20 school systems currently participate
  - FFS generates ~\$1M annually in claims for Alabama schools
  - Ongoing service documentation requirements can be cumbersome requiring:
    - Parental consent
    - Medicaid lookups
    - Robust audit documentation
  - Claiming levels are unpredictable and participation requirements can be time consuming

# Claim Opportunity

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Program	Projected Annual Claim	ADM Represented	\$Claim/ADM
MAC	\$25-30M	740,000	\$33-40/student
FFS*	\$15-20M	740,000	\$20-30/student
<b>Total</b>	<b>\$40-50M</b>	<b>740,000</b>	<b>\$53-70/student</b>

\*The FFS claim amount listed above is provided as an estimated range. Individual school system claiming levels will be determined based on CMS approval, eligible staff, time study results, Medicaid eligibility rates and actual costs incurred.

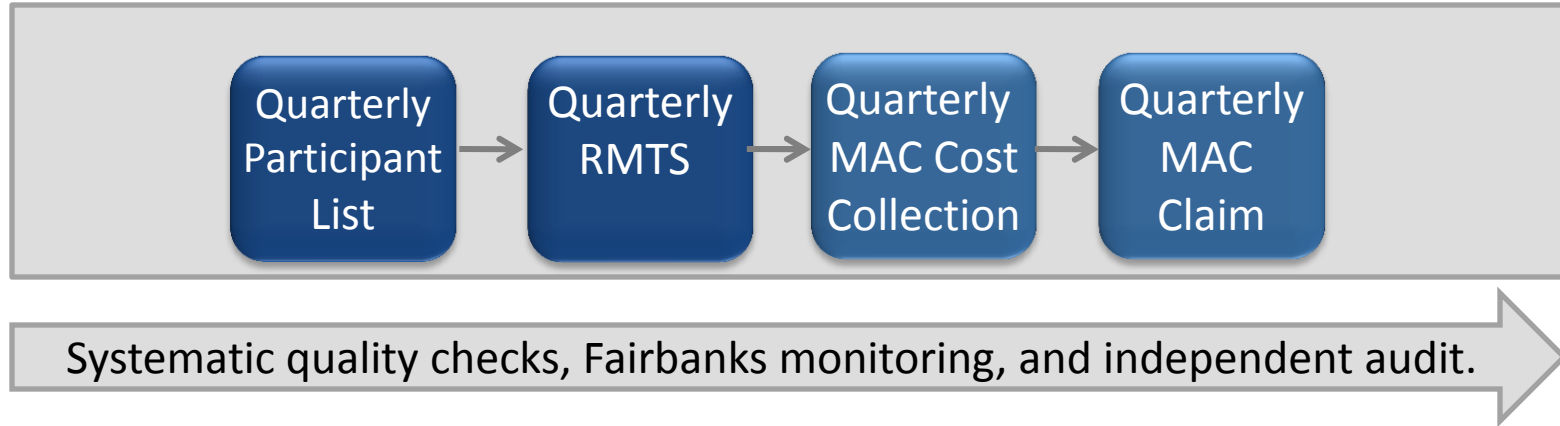
# FFS Opportunity for School Systems

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- Typically MAC and FFS generate similar claiming levels nationally
  - Opportunity to increase school system participation
  - Opportunity to significantly increase FFS reimbursement
- Alabama Medicaid is transitioning to a FFS Cost Report methodology
  - Goal to increase school system participation and reimbursement levels
  - Transition to CMS-preferred FFS claiming model and trend
  - Effective date of October 1, 2011
- Program Monitoring & Audit
  - Goal to streamline program documentation to minimize audit concerns

# Current Quarterly MAC Process

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- MAC claims are currently generated based on time study results being applied to actual quarterly costs reported by each school system
- The quarterly MAC claiming process can be slightly modified to incorporate changes to also calculate a FFS claim
- As a result, efficiencies can be gained utilizing the MAC process to increase FFS participation

# FFS Cost Reporting – Use of RMTS

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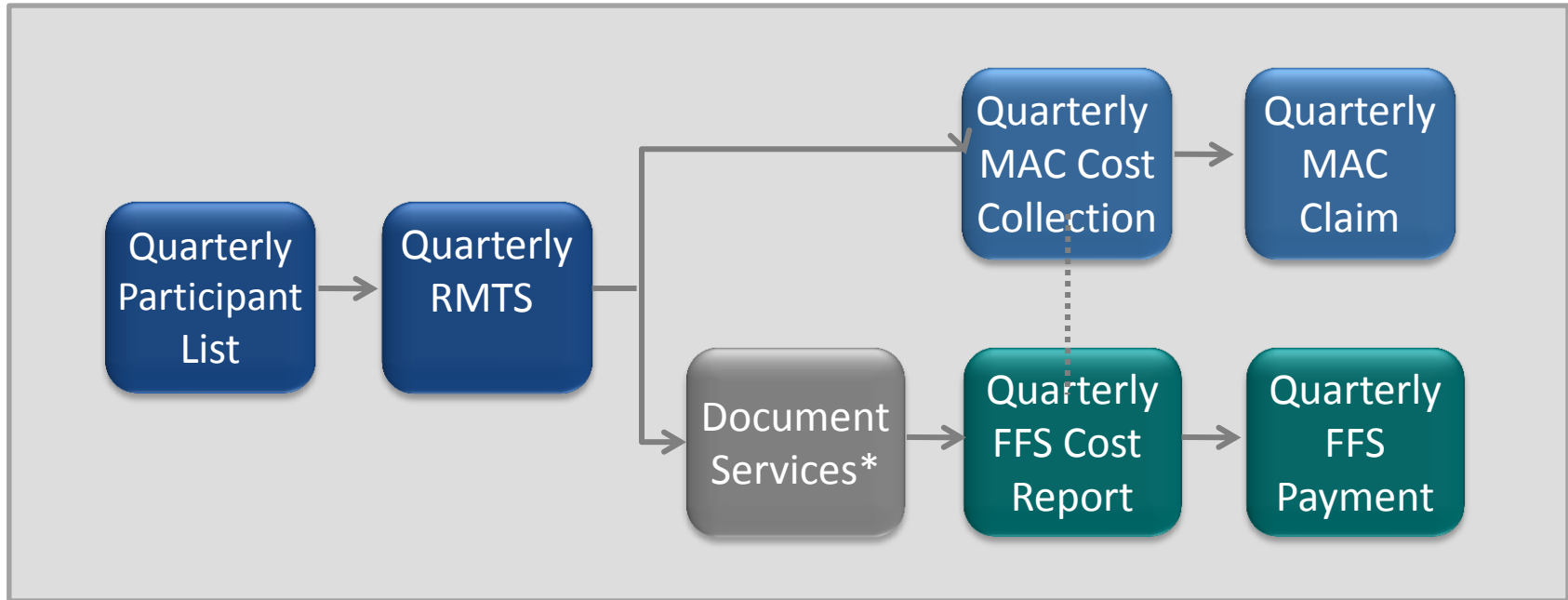
- Random Moment Time Study (RMTS) results can be used to measure time spent on Direct Service Activities
  - The random moment time study measures the amount of time staff spend on various activities, including MAC and Direct Service time
  - RMTS results are currently used to calculate MAC claims and can also be used in the FFS Cost Report to calculate FFS settlement amounts
  - This is an approved CMS methodology
- Since RMTS captures the percentage of time spent on direct service activities, this ratio can be applied to district costs collected in the new quarterly FFS Cost Report
  - Actual time spent on direct services will be captured in the RMTS
  - Actual costs for direct service providers will be collected in the Cost Report
  - Therefore, FFS payments will be based on actual costs and time study results

# How FFS Cost Reporting Works

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- Document time spent on direct services using the Random Moment Time Study (RMTS)
  - Activities are collected using RMTS throughout the quarter
  - Results will also be used for FFS Cost Report & Reconciliation
- Implement a Quarterly FFS Cost Report
  - School systems report costs for the provision of direct services, including staff and other related costs
  - These costs can be collected AT THE SAME TIME that MAC costs are collected and utilizing the same Fairbanks web-based system
- Conduct a Cost Settlement/Determine FFS Payment
  - FFS billing rates will be set to zero by Alabama Medicaid so that all FFS reimbursement will be based upon the Cost Report going forward
  - A final cost report review and calculation will occur to determine the portion of reported costs that are reimbursable under FFS

# MAC & FFS Process Efficiencies



Systematic quality checks, Fairbanks monitoring, and independent audit.

\*School systems are no longer required to document each service for Medicaid billing purposes, however school systems should continue to follow any IDEA documentation requirements.

# What is the FFS Cost Report Process?

## New FFS Process

Step 1	School Systems Identify Providers (Participant List)
Step 2	School Systems Participate in Quarterly RMTS
Step 3	School Systems Document Services <ul style="list-style-type: none"><li>• Reimbursement rates set to zero by Alabama Medicaid</li><li>• Service documentation for IDEA compliance/Medicaid reimbursement now driven by quarterly cost report</li></ul>
Step 4	School Systems Complete Quarterly Cost Report
Step 5	Fairbanks Reviews FFS Cost Report & Fairbanks Completes FFS Settlement/Claim for School Systems
Step 6	Fairbanks Submits Quarterly FFS Settlement/Claim Amounts to Medicaid for Payment
Step 7	Independent Program Audit Occurs & Annual Report Provided to Medicaid

# FFS Cost Report Summary

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- Alabama Medicaid goal of promoting full school system participation in the FFS program
  - Currently ~\$1M in annual reimbursement
  - Approximately 15-20 school systems billing FFS at minimal levels
- Goal of transitioning to a cost-based FFS methodology
  - Enable school systems to obtain all of the FFS reimbursement to which they are entitled
  - Ensure schools are receiving the appropriate level of FFS based on actual costs
  - Transition to a CMS-preferred methodology that reduces related risk to both the State and the school systems
- Goal of implementing a total managed FFS solution that simplifies FFS participation for both Medicaid and Alabama Schools
  - Fairbanks can implement a cost-based FFS methodology under a similar structure to the MAC program, requiring minimal resources while ensuring program accuracy
  - Implementation of a web-based FFS Cost Reporting process currently utilized successfully in other states

# Required Program Changes

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- The implementation of FFS Cost Reporting requires the following programmatic changes by CMS and Alabama Medicaid:
  - Participant List Category Changes
    - Schools now track providers based on licensing
    - Several new categories were added
  - RMTS Sample Size Changes
    - Direct Service providers will be sampled at increased level
    - Overall sample size will increase from 920 to 3,320 sampled moments each quarter
  - RMTS Compliance Requirements
    - 85% compliance requirement is now MANDATORY
    - Time studies must be completed within 7 calendar days
    - Non-compliance will jeopardize Medicaid funding

# Questions

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Lisa Carnes

Fairbanks LLC

[lcarnes@fairbanksllc.com](mailto:lcarnes@fairbanksllc.com)

312-450-6382

Fairbanks Client Information Center

[info@fairbanksllc.com](mailto:info@fairbanksllc.com)

888-321-1225