



DEPARTMENT OF HEALTH

Dennis R. Schrader, Secretary

STATE DEPARTMENT OF EDUCATION

Mohammed Choudhury, Superintendent

September 1, 2021

The Honorable Guy J. Guzzone
Chair
Senate Budget and Taxation Committee
3 West Miller Senate Office Bldg.
Annapolis, MD 21401-1991

The Honorable Maggie McIntosh
Chair
House Appropriations Committee
121 House Office Bldg.
Annapolis, MD 21401-1991

RE: 2021 Joint Chairmen's Report (p. 169) – Report on Medicaid Claims for School-Based Administrative Services

Dear Chairs Guzzone and McIntosh:

Pursuant to the requirements of the 2021 Joint Chairmen's Report (p. 169) the Maryland Department of Health (MDH) and the Maryland State Department of Education (MSDE) respectfully submits this report on the progress of federal guidance and agency progress to implement Medicaid claims for school-based administrative services. Specifically, the 2021 JCR references the 2020 JCR as follows:

A 2020 Joint Chairmen's Report response found that the State and local education agencies (LEA) would need to take several steps to initiate Medicaid claiming for school-based health services. Specifically, this report noted that the Maryland State Department of Education (MSDE) and the Maryland Department of Health (MDH) are waiting on federal guidance to be updated so that these agencies can initiate this administrative claiming program. The committees are concerned that, due to the complexity of this process, MSDE and MDH will not continue to pursue steps to help LEAs implement this type of claiming system, which would potentially provide significant savings.

As discussed in the 2019 and 2020 JCRs, Maryland Medicaid does not currently employ an **administrative claiming** program for school-based services. Such a program would be a major programmatic change from the current fee-for-service model, requiring the steps outlined in MSDE and MDH's response to the 2019 JCR.

Consistent with prior JCRs, the MDH and MSDE note that in December 2018, the U.S. Department of Health and Human Services Office of Inspector General (OIG) issued a broad audit report with respect to Medicaid school-based administrative claiming.¹ The audit pointed to

¹“Vulnerabilities Exist in State Agencies' Use of Random Moment Sampling to Allocate Costs for Medicaid School-Based Administrative and Health Services Expenditures”
<https://oig.hhs.gov/oas/reports/region7/71804107.pdf>

vulnerabilities in school-based administrative claiming methodologies and deficiencies in time study methodologies at both the state and federal level, causing a significant volume of improper payments. The OIG report recommended that CMS issue new guidance to states on school-based administrative claiming. CMS concurred with the audit's findings, and is now undertaking corrective action, to include an updated version of the claiming guide. The guide was last updated in 2003, and therefore predates the major changes in federal and state Medicaid policy over the last decade.

As of this date, CMS still has not issued updated guidance on school-based administrative claiming. Both state Medicaid programs, including Maryland, and stakeholders continue to await this guidance.²

Until the State is in receipt of updated, compliant federal guidance, it is not possible to assess feasibility, cost/savings, or timeline for the steps outlined in the 2019 JCR response on school-based administrative claiming implementation. Any analysis or planning based on the standing federal guidance would be noncompliant according to the federal OIG and expose the State to major audit risk. Once CMS issues updated school-based administrative claiming guidance, MSDE and MDH will be in a better position to assess opportunities related to school-based administrative claiming.

Until CMS issues further guidance, future quarterly updates required by the April 2021 JCR language will reconfirm that there have been no changes since this report.

If further information on this subject is needed, please contact Heather Shek, Director, Office of Governmental Affairs, at heather.shek@maryland.gov.

Sincerely,



Dennis R. Schrader
Secretary, MDH



Mohammed Choudhury
State Superintendent of Schools, MSDE

cc: Steven R. Schuh, Deputy Secretary, Health Care Financing and Medicaid
Heather Shek, Director, MDH Office of Governmental Affairs
Zachary Hands, Director, MSDE Office of Education Policy and Government Relations
Sarah Albert, Department of Legislative Services (5 copies)

² See e.g., [Letter to CMS on Updating School Based Medicaid Guidance](#), from stakeholders dated 2/16/2021 requesting CMS issue updated guidance by June 1, 2021.