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Date: January 12, 2022 **PPL No. 22-001**
To: Local Educational Agency Medi-Cal Billing Option Program Providers
(LEA BOP Providers)
Subject: CALCULATION OF MEDICAID ELIGIBILITY RATE (MER) BY STATE
FISCAL YEAR FOR LEA MEDI-CAL BILLING OPTION PROGRAM (LEA
BOP) COST REPORTING

This Policy and Procedure Letter (PPL) informs LEA BOP Providers participating in the LEA BOP as to how to calculate their Medicaid Eligibility Rate (MER) for the State Fiscal Year (SFY) 2015-16 through 2020-21 Cost and Reimbursement Comparison Schedules (CRCS). The MER is used to apportion each LEA's direct service costs, as reported on its CRCS, to the LEA BOP. California's State Plan defines the MER as the following ratio that is calculated at a point in time, identified by DHCS:

$$\frac{\text{Count of Medi-Cal Eligible Enrolled Students in the LEA}}{\text{Total Count of Enrolled Students in the LEA}}$$

(based on the Data Tape Match process used to check Medi-Cal student enrollment)

MER Calculation for LEAs

The process to calculate the MER per SFY for LEAs has been approved by the Centers for Medicare and Medicaid Services (CMS), as follows:

CRCS Reports for SFYs 2015-16 through 2018-19

Based on available data, LEA BOP Providers have three possible options to identify their MER for these SFYs, including:

Option 1: If the LEA BOP Provider retained LEA BOP data match output results **for any point during the cost reporting year**, the LEA BOP Provider must use the LEA BOP data match result to obtain the numerator (number of Medi-Cal eligible enrolled students) for the MER. The denominator, representing total students enrolled at the LEA for the respective SFY, may be obtained from either the California's Department of

Education (CDE) [DataQuest website](#), or from the LEA's internal student information system.

Option 2: If the LEA BOP Provider did not maintain LEA BOP data match output files (option 1) for any/all of the four SFYs, the LEA BOP Provider must calculate their MER using an average MER from the quarterly School-Based Medi-Cal Administrative Activities (SMAA) invoices submitted to DHCS during the applicable SFY. If LEA BOP Providers did not participate in the SMAA Program during the applicable SFY, option two is not available for the calculation of the LEA's MER.

Option 3: If the LEA BOP Provider cannot calculate their MER using either option one or two, they will work with Guidehouse, DHCS' LEA BOP consulting contractor, to determine the methodology the LEA will use to calculate the MER for the applicable SFY. Guidehouse will work with LEA BOP Providers to assign an alternative methodology that will be used to calculate the LEA-specific MER. The alternative methodologies were outlined in California's Backcasting Plan that was approved by CMS, and will reflect each LEA BOP Provider's unique circumstances, including whether they participated in the SMAA Program at any point during or after SFY 2015-16.

LEA BOP Providers that need assistance with the identification of a MER methodology other than option one or two above, must **complete Attachment A to this PPL to document the request and submit the request to Guidehouse at LEA@guidehouse.com**. Guidehouse will confirm receipt of the Attachment within three business days. After submission of Attachment A, Guidehouse personnel will work with the contact person listed on Attachment A and provide guidance regarding the alternative approach that the LEA BOP Provider will use to calculate the MER for each requested SFY. Guidehouse will log all submitted requests and the alternative MER calculation methodology assigned to the LEA BOP Provider. This documentation will be made available for State and/or federal review.

CRCS Report for SFY 2019-20

In the spring of 2020, DHCS instructed LEA BOP Providers to determine the MER numerator using the data match eligibility confirmation process at any point during the last quarter of SFY 2019-20 (April to June 2020). LEA BOP Providers should have retained a data match output file between April and June 2020, which will be the basis for the count of Medi-Cal enrolled students used as the numerator in the SFY 2019-20 MER calculation. The denominator (total enrolled students) will be obtained from [CDE's DataQuest website](#), or from the LEA's internal student information system. **In cases where the LEA BOP Provider did not retain a data match output file between April and June 2020, they must complete Attachment A to this PPL to document a**

request for an alternative MER calculation methodology and submit the request to Guidehouse at LEA@guidehouse.com. Guidehouse will confirm receipt of the Attachment within three business days. After submission of the Attachment, Guidehouse personnel will work with the contact person listed on Attachment A and provide guidance regarding the alternative approach that the LEA BOP Provider will use to calculate the MER for each requested SFY. Guidehouse will log all requests and the alternative MER calculation methodology assigned to the LEA BOP Provider for SFY 2019-20. This documentation will be made available for State and/or federal review.

CRCS Report for SFY 2020-21

In the fall of 2020, DHCS instructed LEA BOP Providers to determine the MER numerator using the data match eligibility confirmation process at any point during the month of October 2020. LEAs should have retained a data match output file between October 1 and October 31, 2020, which will be the basis for the count of Medi-Cal enrolled students used as the numerator in the SFY 2020-21 MER calculation. The SFY 2020-21 denominator (total enrolled students) will be obtained from [CDE's DataQuest website](#), or from the LEA's internal student information system. **In cases where the LEA BOP Provider did not retain a data match output file in October 2020, they must complete Attachment A to this PPL to document a request for an alternative MER calculation methodology and submit the request to Guidehouse at LEA@guidehouse.com.** Guidehouse will confirm receipt of the Attachment within three business days. After submission of the Attachment, Guidehouse personnel will work with the contact person listed on Attachment A and provide guidance regarding the alternative approach that the LEA BOP Provider will use to calculate the MER for each requested SFY. Guidehouse will log all requests and the alternative MER calculation methodology assigned to the LEA BOP Provider for SFY 2020-2021. This documentation will be made available for State and/or federal review.

MER Technical Assistance Form

Attachment A contains the request form for MER technical assistance that may be submitted to LEA@Guidehouse.com. Although you will receive a written request within three business days to acknowledge that the request was received, the alternative MER calculation methodology provided to the LEA BOP Provider will be prioritized in order of CRCS due dates. Accordingly, SFY 2019-20 and 2020-21 requests will be prioritized over requests for SFYs 2015-16 through 2018-19, as the SFY 2019-20 and 2020-21 CRCS reports are due April 30, 2022 and March 1, 2022, respectively.

LEA Supporting Documentation

Source data used to calculate the LEA BOP Provider's MER must be maintained as documentation that supports the development of the LEA's CRCS. This documentation is required to be maintained by LEA BOP Providers for three years from the date of CRCS submission. If an audit and/or review is in process, LEA BOP Providers must maintain documentation until the audit/review is completed, regardless of the three-year record retention time frame. Please note that MER supporting documentation will contain Protected Health Information and must be stored in a secure environment with controlled access to the information.

MER Adjustment Factor

Per PPL 21-015, claims for beneficiaries with an Unsatisfactory Immigration Status (UIS) are not eligible for LEA BOP reimbursements. Therefore, the MER will be discounted on the CRCS by an UIS adjustment factor for SFYS 2015-16 through 2020-21. The UIS adjustment will discount the MER to account for students with UIS that may have been included in the numerator figure of the MER in historical periods. The UIS Adjustment Factor, included in the following table, has been calculated by DHCS by determining the average percentage of Medi-Cal children under age 22 that were identified as having unsatisfactory immigration status per SFY. LEA BOP Providers will report the student counts for the MER numerator and denominator using the SFY methodology outlined in this PPL, and the CRCS will automatically apply the following UIS adjustment factors:

Unsatisfactory Immigration Status Adjustment Factor by SFY

State Fiscal Year	UIS Adjustment Factor
2015-16	2.90%
2016-17	3.22%
2017-18	3.26%
2018-19	3.35%
2019-20	3.32%
2020-21	3.18%

MER Calculation for County Offices of Education (COEs)

COEs run several programs, including special education programs that provide services to students when a local district cannot serve their needs. In addition, they operate other programs, such as programs for incarcerated students, Reserve Officer's Training Corps, homeschool education, charter schools, alternative schools, etc. When a COE is a Medi-Cal LEA BOP Provider, they will need to consider the enrolled students that participate in their special education programs where the COE is acting as the billing provider for Medi-Cal reimbursement purposes.

In determining the MER calculation, it will be necessary for the COE to identify students that are **enrolled in the COE and served through the COE's special education program(s)**. The subset of the COE's total enrollment that received special education services will be the denominator in the MER calculation for each SFY. The numerator will be based on the Medi-Cal data match results for students identified and included in the denominator. **COEs will not base their MER on total students served.** Although COEs do provide services to students that are not enrolled in the COE, these students are counted in the enrollment of the local district. In these cases, the local LEA and their COE have a contract/Memorandum of Understanding where the COE is reimbursed to provide services to students that are enrolled in their local LEA.

MER Calculation for Special Education Local Plan Areas (SELPA)

For SELPAs, the MER calculation methodology is very similar to that described above for COEs. If a SELPA has five participating districts, the count of students from each member district's special education students would be the denominator; the numerator would be the number of total Medi-Cal eligible and enrolled students receiving special education services for all member districts (e.g., the data match results for all students included in the denominator).

Nothing stated in this PPL shall supersede any state or federal regulations or statutes.

If you have any questions concerning this PPL, please contact the LEA BOP by e-mail at LEA@dhcs.ca.gov.

Sincerely,

ORIGINAL SIGNED BY JILLIAN MONGETTA

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