

**Local Educational Agency  
Medi-Cal Billing Option Program  
Specialized Medical Transportation  
Claiming Guide**



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## Background

The Local Educational Agency (LEA) Medi-Cal Billing Option Program (BOP) was established in 1993, and is authorized under California's Welfare and Institutions Code section 14132.06. The LEA BOP is funded through a combination of local and federal funds. The LEA BOP provides federal reimbursement to LEAs for authorized direct health-related services administered by qualified medical practitioners to Medi-Cal enrolled students. Reimbursement is based upon a fee-for-service model, and is paid typically at 50% of the allowable Medi-Cal cost. There are no State General Funds expended in the LEA BOP.

Services are delivered through the LEAs that either employ or contract with practitioners to provide the covered services, as well as specialized medical transportation (SMT) services. LEAs must submit a signed Provider Participation Agreement (PPA) to The Department of Health Care Services (DHCS) to participate in the LEA BOP. Program reimbursement is restricted in its use and must supplement, not supplant, existing services.

LEAs may seek reimbursement from the LEA BOP for school-based medically necessary services. The LEA BOP only covers SMT services provided to Medicaid enrolled students with disabilities, when the need for SMT is specifically listed in the student's Individualized Education Plan (IEP) or Individualized Family Service Plan (IFSP) as a required service; SMT services that are not specifically listed in an IEP or IFSP cannot be billed under the LEA BOP.

LEAs may bill for two components of medical transportation through the LEA BOP: (1) a qualified one-way trip, and (2) mileage associated with the one-way trip. Note that LEAs may not bill for mileage unless they have billed for the one-way trip. However, LEAs can bill for only the one-way trip charge without billing for the associated mileage.

DHCS designed this SMT Claiming Guide to provide guidance to LEAs to assist them in claiming for SMT services, including the one-way trip and associated mileage. This document offers guidance and examples for submitting LEA BOP claims and documenting SMT services provided to students with an IEP or IFSP.

**Note:** The reimbursement rates that appear in the examples presented within this SMT Claiming Guide may not be current. To see the most current reimbursement rates, please refer to:

<http://www.dhcs.ca.gov/provgovpart/Pages/LEAClaimsProcessing.aspx>

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## LEA SMT Requirements

In order to bill the LEA BOP for covered SMT services, the LEA **must**:

- Provide transportation in a specially adapted vehicle or vehicle that contains specialized equipment, including but not limited to lifts, ramps, or restraints, to accommodate the LEA eligible beneficiary's disability.
- Ensure that both the SMT and the Medicaid covered services are authorized and documented in the student's IEP/IFSP.
- Provide a transportation trip log that includes origination point and destination point for each student, student's full name, and date of when the transportation was provided. If the LEA is billing for mileage associated with the trip, the total mileage should also be included in the documentation.
- Review school attendance records to verify that the student was in school and received an approved LEA Medi-Cal Billing Option Program covered medical service, other than LEA covered medical transportation, on the date the transportation was provided.
- Ensure that the LEA BOP covered medical service meets all the necessary standards to be billed through the LEA BOP.

## SMT Documentation Requirements

LEAs are required to include the following SMT service documentation in the student record:

- The student's first and last name and date of birth.
- The general service category (transportation).
- The date that the LEA covered medical transportation service was provided.
- The total number of miles (mileage can only be billed if also billing for the one-way trip).
- The origination point and destination point.
- Documented verification that the student was in school and received a LEA Medi-Cal BOP covered medical service, in addition to the SMT service, on the date the transportation was provided.

**Note:** It is critical that providers verify that a student received an allowable LEA BOP covered medical service on the same day the student received the SMT service. When seeking reimbursement for transportation, the address of the origination point and destination point must be documented in the student's trip log.

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## Provider Qualifications

An LEA-employed or LEA-contracted driver must deliver LEA covered SMT services. Transportation provided by family members is not a LEA BOP reimbursable service.

## How to Calculate Mileage

Federal reimbursement is allowable to LEAs for the direct route miles traveled between the origination and destination points **only**. If there is a transportation service with multiple students being picked up from different locations, a LEA may not bill for any miles in excess of a direct route between the origination and destination point. The mileage for LEA covered SMT services can be calculated and documented by the following methods:

- 1) The vehicle odometer readings at the beginning and end of the trip (for single student trips or when multiple students are transported to and from the same location).
  - When using this method, the LEA will calculate the mileage based on the odometer reading when the student boards the vehicle (origination point) and when the student exits the vehicle at their final destination (destination point).
- 2) By using a mapping software such as Google Maps, Map Quest, Yahoo, etc. to measure the distance between the origination and destination points for the specified trip (for single or multiple student trips).
  - When using this method, the LEA will calculate the mileage based **on a direct route** from the origination point to the destination point. A print out of the mapped route must be retained in the student's record.
- 3) By using an electronic transportation management and billing software to measure the distance between the origination and destination points for the specified trip.
  - When using this method, the software **must have the ability to calculate the direct route from the origination point to the destination point**, not the total distance traveled between the origination and destination point.

Regardless of how your LEA chooses to calculate mileage, the LEA must have a trip log from the transportation provider stating the origination point and destination point.

- The LEA may bill for a trip without billing mileage (mileage cannot be billed without billing for the trip).

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**SMT Cost Settlement**

Cost settlement for SMT services will begin for dates of service July 1, 2019, and forward. This requirement means that if the LEA bills SMT under the LEA BOP for services rendered on or after July 1, 2019, they must also include transportation costs on the LEA cost report. Transportation reimbursement provided through the LEA BOP for dates of service July 1, 2015 through June 30, 2019 is considered final payment for transportation services rendered and does not require cost settlement. For these service dates, LEAs will not include these reimbursements or associated costs in the Cost and Reimbursement Comparison Schedule.

**SMT Cost Reporting**

If your LEA has billed for students with an IEP or IFSP that receive SMT services on or after July 1, 2019, your LEA will be required to report SMT costs, the Medicaid One-Way Trip Ratio, and the interim reimbursement for SMT services on the cost report, known as the Cost and Reimbursement Comparison Schedule (CRCS). If your LEA did not bill the LEA BOP for SMT services delivered on or after July 1, 2019, you are not impacted by these requirements.

**SMT Costs:**

As of state fiscal year (SFY) 2019-20, the CRCS has been modified to include worksheets to report SMT service costs. The SMT costs must be captured and maintained by your LEA within their accounting structure. SMT costs on the CRCS will only include those personnel and non-personnel costs associated with specialized medical transportation services. The costs identified on the CRCS include the following:

- 1) Personnel costs, limited to the following staff that provide or support SMT services:
  - Bus Drivers
  - Mechanics
  - Substitute Bus Drivers
  
- 2) Other allowable SMT costs limited to:
  - Lease/Rental costs
  - Insurance costs
  - Maintenance and Repair costs
  - Fuel and Oil costs
  - Contracted Services – SMT services and Specialized Transportation Equipment cost

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- 3) Allowable depreciation expense for SMT equipment costs in excess of \$5,000 (depreciation must be calculated using the straight-line method of depreciating assets). Note: Does not include equipment applicable to general education.

**Allocation of Shared Transportation Costs**

In instances where LEA transportation costs are not direct-costed to specialized transportation services, it is permissible for LEAs to allocate costs to SMT on the CRCS. For example, the LEA may allocate employee salaries/benefits to specialized medical transportation services when that employee's duties include driving and/or servicing both specially adapted vehicles and regular transportation vehicles. The required allocation methodology will be the LEA's ratio of specially adapted vehicles to the total number of vehicles.

The following example illustrates a scenario where a mechanic works on both specialized and general transportation vehicles, thus requiring the LEA to use the cost allocation methodology to determine the specialized portion of the mechanic's total salary and benefit cost:

Total Mechanic Salary/Benefit Cost: \$40,000

Number of Specially-Adapted Vehicles: 5

Number of Total Vehicles: 25

Specially-Adapted Vehicle Ratio: 20% (5 vehicles divided by 25 vehicles)

Total Cost Allocated to Specialized Transportation Services = \$8,000 ( $\$40,000 \times 20\%$ )

The total cost allocated to SMT (\$8,000, in this example) would be entered into the LEA's CRCS on Worksheet E.1 (Transportation – Employed Personnel Costs). This amount would be further allocated to Medi-Cal through the application of the One-Way Trip Ratio (detailed below) and the Federal Medicaid Assistance Percentage (FMAP), both of which are included on the CRCS.

Any costs allocated to SMT services and reported on CRCS Worksheets E.1 (Transportation Personnel Costs) and E.2 (Other Transportation Costs) will require documentation to support the allocated amount that is reported on the annual CRCS. Costs reported on CRCS Worksheet E.3 (Transportation - Equipment Depreciation) are **not** eligible for allocation using the methodology outlined above; equipment costs reported on Worksheet E.3 must be costs solely related to SMT.

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**Medicaid One-Way Trip Ratio**

A 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 IEP/IFSP one way trips. This ratio ensures that only Medicaid allowable transportation costs are included in the cost reconciliation. The ratio must be calculated using actual student counts. It is not acceptable to use counts as of a snapshot date, or estimated counts, such as an average. The Medicaid One-Way Trip Ratio is calculated as follows:

**1. Total Number of Paid Medi-Cal IEP/IFSP One Way Trips(enumerator)**

Report the total number of paid one-way trips for Medicaid eligible IEP/IFSP students with SMT services documented in the IEP/IFSP. This number may be obtained from a DHCS provided paid claims data report for the fiscal year.

**2. Total Number of All IEP/IFSP One-Way Trips (denominator)**

Report the total number of SMT one-way trips during the cost reporting period for all students (i.e., Medi-Cal and non-Medi-Cal) with SMT services identified in the IEP/IFSP. This trip count should include all trips for students riding in specialized vehicles regardless of whether a medical service was provided on the same day. Special education students riding on buses transporting general education students must not be included in this denominator.

Effective for SFY 2019-20 and thereafter, the One-Way Trip Ratio will be applied to the SMT costs (identified above) to calculate the Medi-Cal allowable SMT costs on the CRCS.

Example for Calculating the SMT Costs:

Total Number of Paid One-Way Trips for Medi-Cal Special Education Students with SMT Services Documented in the IEP/IFSP	A	3,100
Total Number of One-Way Trips for All Special Education Students with SMT Services Documented in the IEP/IFSP	B	16,200
Medicaid One-Way Trip Ratio	$C = A/B$	19%
LEA SMT costs	D	\$100,000
Total Allowable SMT Costs*	$E = D * C$	\$19,136

\*The total allowable SMT costs will be reported on the CRCS to apportion costs to LEA BOP for the applicable SFY.



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**Billing for LEA Covered SMT Services**

LEA covered SMT services include a per-trip component and a mileage component. These two components must be billed separately using the following procedure codes:

- The current maximum allowable reimbursement rate for a one-way trip is \$18.54. Providers bill one-way trip as one unit of service (a round trip is two units).
  - Procedure code T2003 with the TM (IEP) or TL (IFSP) modifier will be used to bill for each one-way trip.
  
- The current maximum allowable reimbursement rate for mileage is \$1.30/mile.
  - Multiply the total trip mileage by the mileage rate (direct route miles traveled between the origination and destination points **only**).
  - Procedure code A0425 with the TM (IEP) or TL (IFSP) modifier will be used to bill for mileage.
  - Mileage **may not be billed** without a trip log indicating the miles traveled.
  - A trip may be billed without mileage.

**Billing Example**

- Procedure code T2003 and modifier TM (IEP) are used to bill the LEA covered SMT (trip), which is identified in the student’s IEP. The student receives another LEA BOP service on the day that transportation is billed.
- The reimbursement rate for a trip is \$18.54/trip. Since this is a round trip, there are two trips or units billed. Trip claim = 2 x \$18.54 = \$37.08
- Procedure code A0425 and modifier TM are used to bill the LEA covered medical transportation (mileage).

The reimbursement rate for mileage is \$1.30/mile.

Mileage cost = \$1.30 x 24 (total direct route miles) = \$31.20

<b>Calculating Transportation Services</b>								
	Trip Claim 2 x \$18.54		Mileage Claim 24 x \$1.30		Total Claim		Federal Reimb. (50% FMAP*)	<b>Amount Reimb.</b>
Trip with mileage	\$37.08	+	\$31.20	=	\$68.28	x	.50	<b>\$34.14</b>
Trip without mileage	\$37.08	+	No Mileage	=	\$37.08	x	.50	<b>\$18.54</b>

\* FMAP (Federal Medical Assistance Percentage) – The federal government’s share of a state’s expenditures for Medicaid. The FMAP is determined annually for each state.

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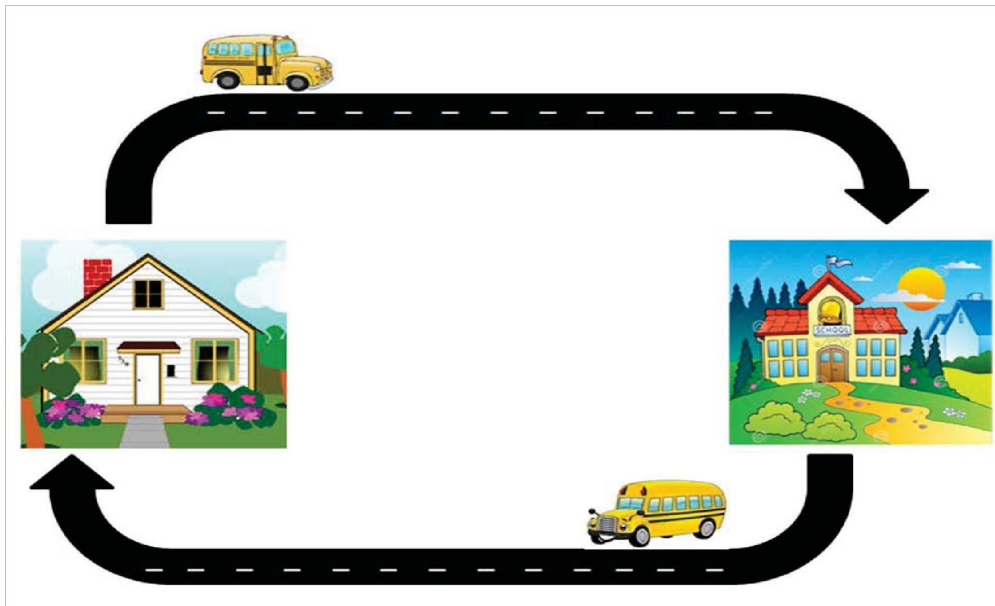
**BILLING SCENARIOS**

**Scenario 1: Home to school and school to home**

An allowable LEA Medi-Cal Billing Option Program covered medical service, other than transportation, is provided at school and both transportation and the medical service are listed in the student’s IEP/IFSP.

**Example:** The specially adapted vehicle picks up the student at home and takes the student to school covering a distance of seven (7) miles. The same vehicle takes the student back from school to home covering another seven (7) miles.

Calculating Transportation Services							
Trip Claim		Mileage Claim				Federal Reimb. (50% FMAP)	<b>Amount Reimbursed</b>
2 x		14 x		Total Claimed	x		
\$18.54	+	\$1.30	=				
\$37.08	+	\$18.20	=	\$55.28	x	.50	<b>\$27.64</b>



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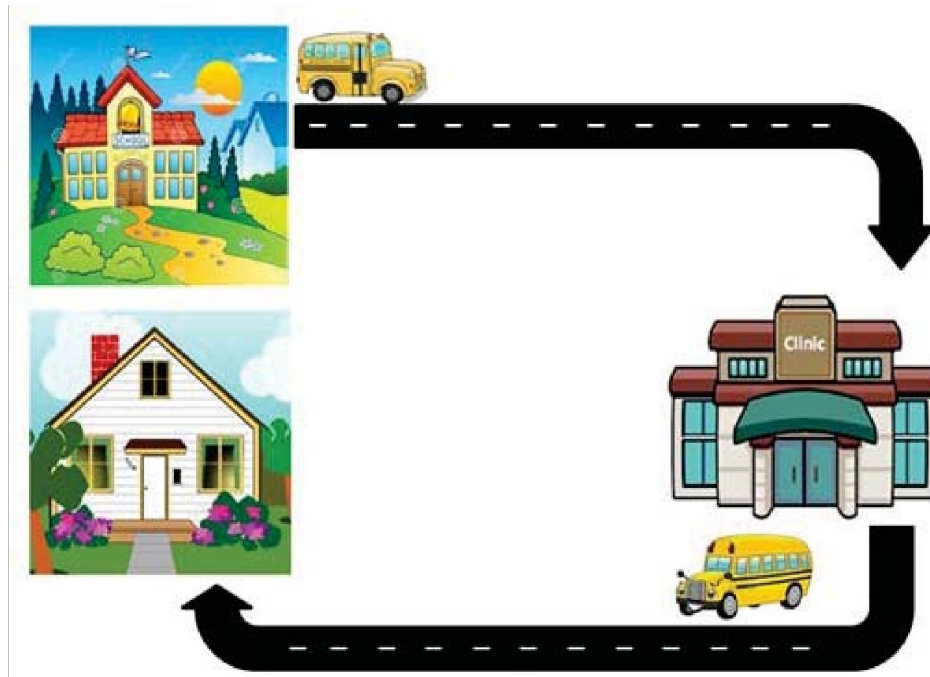
**Scenario 2: School to service location and service location to home**

An allowable LEA Medi-Cal Billing Option Program covered medical service, other than transportation, is provided at the service provider’s facility and both transportation and medical service are listed in the student’s IEP/IFSP.

**Example:** The specially adapted vehicle picks up the student at school and takes the student to the service provider covering a distance of eleven (11) miles. The vehicle takes the student from the service provider to home covering another fifteen (15) miles.

**Note:** In this example, transportation from home to school is not covered because an allowable LEA Medi-Cal Billing Option Program covered medical service was not provided at the school. LEAs will be reimbursed for the trips from school to provider and from provider to home.

Calculating Transportation Services							
Trip Claim		Mileage Claim				Federal Reimb. (50% FMAP)	<b>Amount Reimbursed</b>
2 x		26 x	=	Total Claimed	x		
\$18.54	+	\$1.30	=	\$70.88	x	.50	<b>\$35.44</b>



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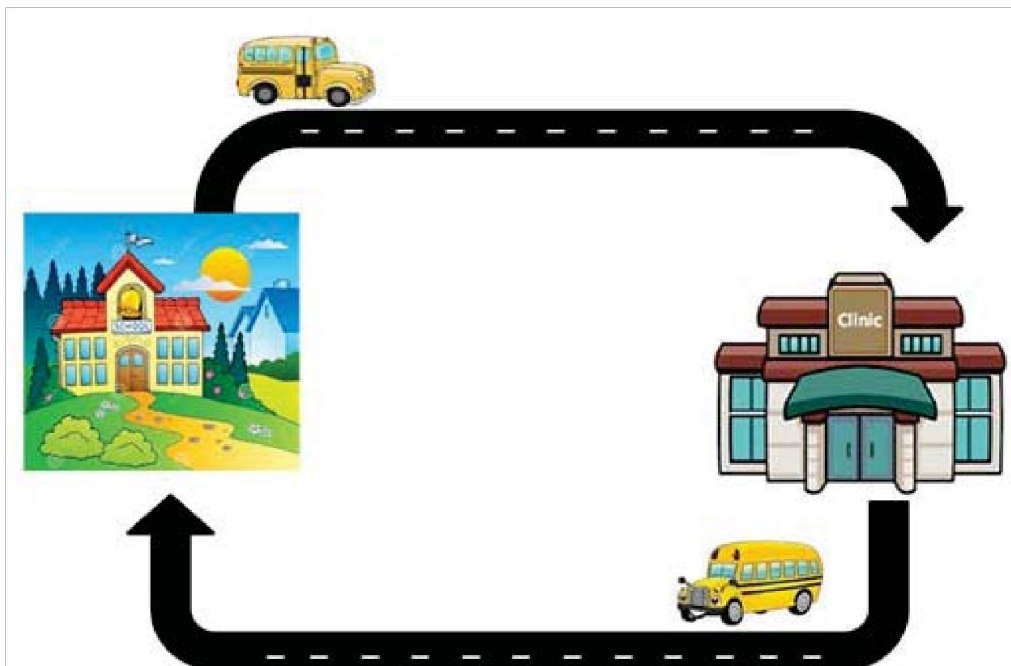
**Scenario 3: School to service location and service location to school**

An allowable LEA Medi-Cal Billing Option Program covered medical service, other than transportation, is provided at the service provider’s facility and both transportation and medical service are listed in the student’s IEP/IFSP.

**Example:** The specially adapted vehicle picks up the student at school and takes the student to a service provider for treatment, covering a distance of ten (10) miles. The vehicle takes the student back from the service provider to school covering another ten (10) miles.

**Note:** In this example, transportation from home to school is not covered because an allowable LEA Medi-Cal Billing Option Program covered medical service was not provided at the school. LEAs will be reimbursed for the trips from school to provider and from provider back to school.

Calculating Transportation Services							
Trip Claim		Mileage Claim		Total Claimed		Federal Reimb. (50% FMAP)	<b>Amount Reimbursed</b>
2 x		20 x	=		x		
\$18.54	+	\$1.30	=	\$63.08	x	.50	<b>\$31.54</b>



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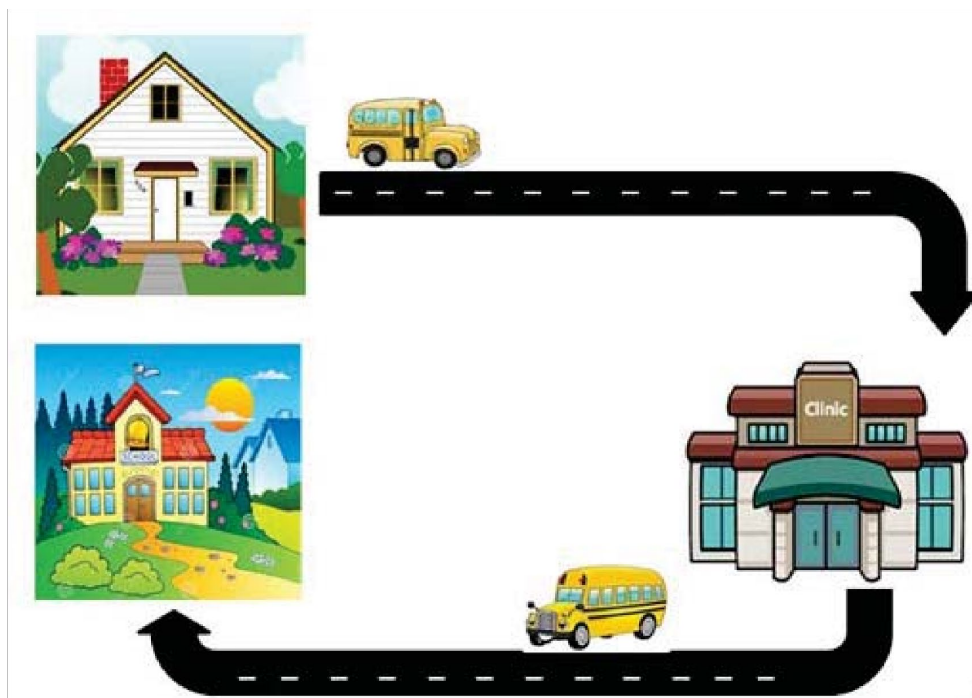
**Scenario 4: Home to service location and service location to school**

An allowable LEA Medi-Cal Billing Option Program covered medical service, other than transportation, is provided at the service provider’s facility and both transportation and medical service are listed in the student’s IEP/IFSP.

**Example:** The specially adapted vehicle picks up the student at home and takes the student to service provider, covering a distance of sixteen (16) miles. The vehicle takes the student from the service provider to school, covering another eight (8) miles.

**Note:** In this example, transportation from school to home is not covered because an allowable LEA Medi-Cal Billing Option Program covered medical service was not provided at the school. LEAs will be reimbursed for the trips from home to provider and from provider to school.

Calculating Transportation Services							Amount Reimbursed
Trip Claim	+	Mileage Claim	=	Total Claimed		Federal Reimb. (50% FMAP)	<b>\$34.14</b>
2 x \$18.54		24 x \$1.30			x		
\$37.08	+	\$31.20	=	\$68.28	x	.50	



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**Scenario 5: Multiple origination points to service location (school or service provider)**

An allowable LEA Medi-Cal Billing Option Program covered medical service, other than transportation, is provided at the service provider's facility and both transportation and medical service are listed in the student's IEP/IFSP.

**Example:** The specially adapted vehicle picks up the student A at home, drives 3 miles to pick up student B at home, then drives 4 miles and picks up student C at home. The specially adapted vehicle drives another 4 miles to drop all of the students off at the service location, covering a total distance of 11 miles.

**Student A** - lives 9 miles from service location

- The provider cannot bill more than 9 miles for student A for the one-way trip
- The provider cannot include the total one-way bus route of 11 miles for student A

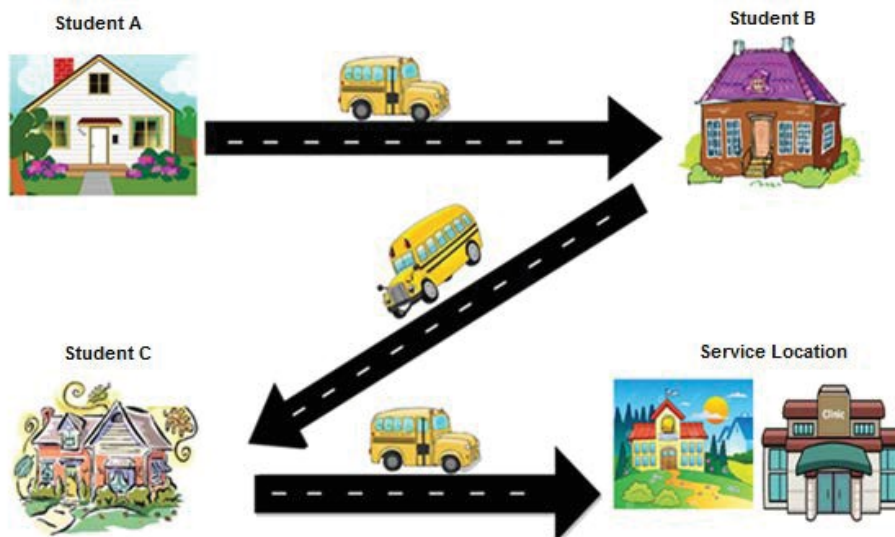
**Student B** - lives 6 miles from service location

- The provider cannot bill more than 6 miles for student B for the one-way trip
- The provider cannot include the total one-way bus route of 8 miles for student B

**Student C** - lives 4 miles from service location

- The provider cannot bill more than 4 miles for student C

**Note:** To measure the distance between the origination and destination points for a student (e.g., student A lives 9 miles from service location) for the specified trip, using the direct route between the two locations, the provider may use mapping software such as Google Maps. The provider may also establish the distance with an odometer reading.



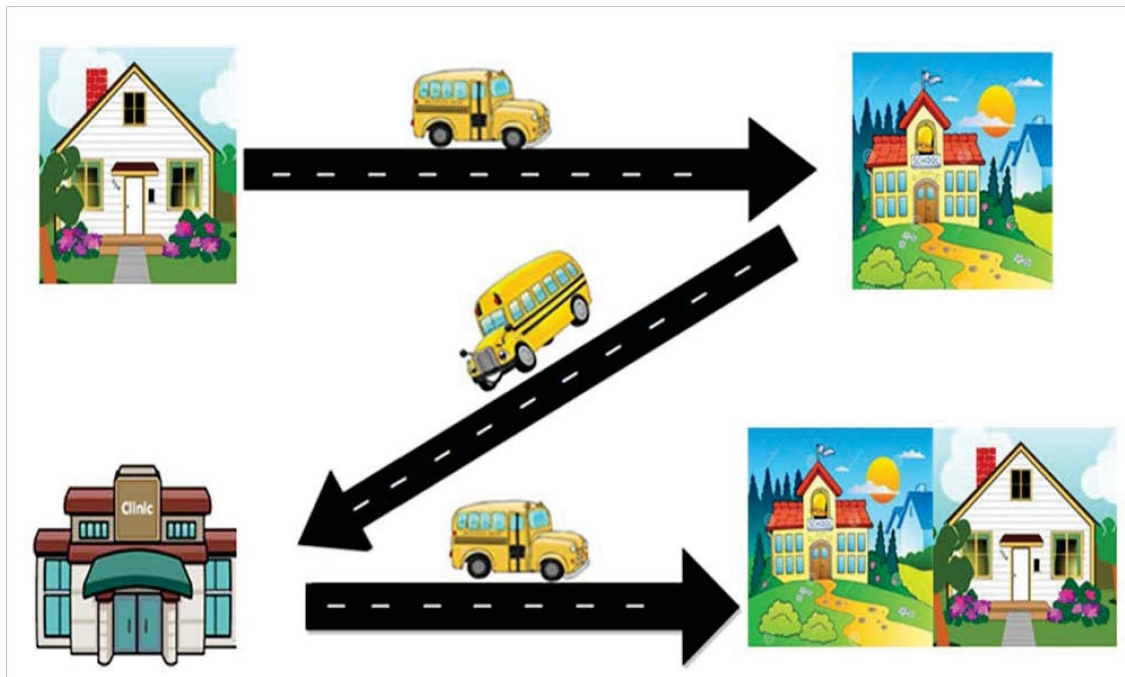
**Scenario 6: Home to multiple treatment service locations on the same day (school and service provider)**

**Example:** The specially adapted vehicle picks up the student at home and transports the student to school where treatment service 1 is provided. Later, the student is transported from school to receive treatment service 2 from an outside service provider. The student leaves treatment service 2 and returns to school or home. All services provided are written in an IEP.

The student must also attend school on the day in which service 1 is provided, in order for transportation to be billable. Receiving only treatment services at school does not count as the student attending school. In this scenario, the LEA may bill for three separate units of service, in addition to the associated mileage for all three trips.

Measure the distance between the origination and destination points for the student for the specified trip, using the direct route between the two locations, the provider may use mapping software such as Google Maps, Map Quest, Yahoo, etc. The provider may also establish the distance with a separate odometer reading.

- Origination point must take the student to or from treatment to bill for services.



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**Scenarios 7 through 10 relate to the State Guidelines for LEA Covered SMT, referenced on Page 4:**

**Scenario 7 (Billable)** – The student’s disability requires the student to be restrained when transported to the school. The need for SMT services and the related treatment services are both included in the IEP. The student receives a LEA covered service at the school site on the day of the transport.

**Scenario 8 (Billable)** – The student’s disability requires the student to be restrained when transported to the school. In addition, the student requires speech therapy services, which the school also provides. Speech therapy services, seizure related treatment services, and SMT services are included in the IEP. The student receives a speech therapy service at the school site on the day of the transport, not seizure related treatment.

**Scenario 9 (Billable)** – Same as scenario 7, except the student does not receive related treatment services at the school, as the school is not equipped to provide those types of services. However, the student’s disability requires the student to be restrained when transported to receive medical treatment, and SMT services are included in the IEP. The student receives a LEA covered service at the out of school site on the day of the transport.

**Scenario 10 (Not Billable)** – A student receives transportation in a specially adapted vehicle to the school site where the student receives a LEA covered service. Note: The covered service is not documented in the IEP. In addition, the student’s IEP does not include the need for SMT because the student’s disability does not require use of special adaptations or equipment during transport.



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## **Transportation Regulations and Resources**

Each State administers its Medicaid program including LEA covered SMT in accordance with a Center for Medicare and Medicaid Service (CMS) approved State Plan. See CA State Plan Amendment 15-021.

Applicable federal requirements:

### **34 CFR §300.34**

34 CFR §300.34 “transportation includes:

- Travel to and from school and between schools
- Travel in and around school buildings;
- Specialized equipment (such as a special or adapted buses, lifts, and ramps) if required to provide special transportation for a student with a disability.

### **42 CFR §431.53**

42 CFR 431.53 stipulates that a state plan must “specify that the Medicaid agency will ensure necessary transportation for recipients to and from providers and describe the methods that the agency will use to meet this requirement.”

### **1997 CMS Technical Assistance Guide Social Security Act§ 1903 (c)**

Section 1903(c) of the Social Security Act provides that the secretary may not prohibit or restrict payment for medical assistance for covered services because such services are included in the student’s IEP or IFSP pursuant to Individuals with Disabilities Education Act (IDEA).

### **1999 State Medicaid Directors Letter**

Clarifies CMS’s policy regarding Federal Medicaid requirements for claiming transportation costs.

### **Policy and Procedure Letter 18-027**

This regulatory action added a definition for “LEA Specialized Medical Transportation Services”, and amended a number of other CCRs to be consistent with the California Welfare and Institutions Code and the Code of Federal Regulations. The effective date for this regulatory action was April 1, 2016.

### **Policy and Procedure Letter 20-004R and 20-XXX (pending review)**

Provides guidance on the cost settlement process related to SMT costs.