

California School-Based SMAA Manual
SECTION 6
Time Survey

Subject	Page
Time Survey Methodology	6-1
Random Moment Time Survey (RMTS)	6-1
Overview of RMTS	6-1
Administrative Structures for RMTS Participation	6-2
Implementation of RMTS	6-3
RMTS System Software Platform	6-4
SSP Standards	6-4
Time Survey Participants (TSP)	6-5
Approved Job Classifications	6-8
TSP Replacement	6-11
TSP Equivalency List	6-11
Roster Report	6-11
Time Survey Start and End Dates	6-12
RMTS Sampling Requirements	6-12
RMTS Process and Notification	6-14
RMTS Hard Copy Option	6-16
Training Types and Overview	6-17
Documentation of Sampled Moments	6-17
Time Survey Return Compliance	6-18
Coding of Random Moments	6-19
RMTS Clarifying Question (CQ) Procedure	6-20
Quality Assurance Process	6-23
Claiming Unit/LEA Participation Standards	6-27
Quarter 1	6-27
Financial Data	6-27
Revenue Offsets	6-29
Documentation Requirements	6-30
Record Retention	6-30
Oversight and Monitoring	6-31
SMAA Direct-Charging in Lieu of Time Survey	6-34
Indirect Costs	6-34

Time Survey Methodology

The purpose of the time survey is to identify the proportion of time allowable and reimbursable under the administrative and direct medical service claiming programs. DHCS oversees these time surveys on a quarterly basis in order for claiming units to be able to participate in the school-based programs. A time survey is not designed to show how much of a certain activity a worker performs; rather, it reflects how time is allocated among different activities.

In most claiming units, it is uncommon to find staff whose activities are limited to just one or two specific functions. Staff members typically perform a number of activities, which may or may not be related to covered direct medical services. Sorting out the portion of the activity that is related to these direct medical services and to all other functions requires a time allocation methodology that is objective and empirical (i.e. based on documented data). Staff time has been accepted as the basis for allocating staff cost. The federal government has developed an established tradition of using time surveys as an acceptable basis for cost allocation.

Random Moment Time Survey (RMTS)

Beginning January 1, 2015, the State implemented a RMTS methodology for the SMAA program, requiring all claiming units to participate in the time survey in order to receive reimbursement for Medi-Cal administrative activities. As of July 1, 2020, the LEA BOP will integrate into the RMTS process. LEA BOP providers that are required to participate in RMTS, but choose not to participate in the time survey, will no longer be eligible to receive Medi-Cal direct service reimbursement. To ensure LECs, LGAs, and claiming units can accurately account for the amount of time a qualified TSP spends performing Medi-Cal program eligible activities, California will utilize a statistically valid time survey methodology that is in compliance with 2 CFR Part 200 et seq. Both school-based programs will use the California RMTS methodology.

Local Educational Agencies (LEA) are not required to participate in their respective LEC/LGA RMTS; however, LEAs may not implement and operate an RMTS at the district level independent from their LEC/LGA. The Los Angeles Unified School District (LAUSD) is the only exception, as their individual RMTS plan was previously approved by the Centers for Medicare & Medicaid Services (CMS).

Overview of RMTS

LEAs that choose to participate in either or both of the school-based programs are required to contract with a LEC or LGA to participate in the RMTS process. RMTS is the approved time survey methodology for determining the percentage of time that is considered reimbursable for school-based services. LEAs that currently contract with a LEC/LGA and participate in the SMAA program RMTS, will not need to enter into an additional contract agreement for the LEA BOP RMTS, since one RMTS will be administered that will cover both school-based programs. An LEA staff member that participates in the time survey process is referred to as a TSP.

During a time survey moment, which is one minute of time, a TSP must respond to four questions fully describing the activity performed so that it may be coded to a specific type of activity.

Time survey codes distinguish between each activity a TSP is engaged in during a time survey moment. Time survey results represent all moment responses, whether reimbursable or non-reimbursable. The time survey result will then be used to identify, measure, and allocate the LEA staff time that is devoted to Medi-Cal reimbursable school-based services activities.

The RMTS method polls select TSPs on an individual basis at random time intervals on a quarterly basis and totals the results to determine the work effort for the entire population of TSPs over that quarter. Each RMTS moment is randomly assigned and each TSP has equal opportunity to be selected. Some TSPs may be selected multiple times in a quarter and others may not be selected at all.

The RMTS process is a web-based system. An RMTS-paper-based method will only be accepted for claiming units that do not have access to electronic information systems (EIS) or that have policies that restrict the use of such systems.

Administrative Structures for RMTS Participation

DHCS reserves the right for final approval of all RMTS Administrative Units in the state. DHCS will require three types of Administrative Units for claiming purposes: 1) LECs; 2) LGAs; and 3) LAUSD. Each Administrative Unit in the State that participates in the administrative or direct medical service claiming programs will maintain a viable universe of potential TSPs in order to establish a sample pool or pools of TSPs from which a statistically valid random sample can be derived. LECs/LGAs will work with their reporting claiming units to identify the appropriate staff for inclusion in the universe of potential TSPs in accordance with DHCS policy.

Some LECs may choose to join together with other LECs and some LGAs may choose to join together with other LGAs in groups known as “consortia” in order to share the costs and duties of preparing the quarterly time surveys. LECs may not join together with LGAs and LGAs may not join together with LECs for the purpose of creating a consortium. If a consortium is formed, a single point of contact will need to be identified to communicate with DHCS on all matters concerning the consortium’s RMTS issues. The LECs/LGAs of each consortium will need to develop and maintain a sample pool(s) consisting of all eligible staff from all of the participating claiming units within the consortium. All consortia must be developed and identified three months prior to the beginning of a State Fiscal Year (SFY). DHCS must receive the notice of the details of each consortium no later than April 1 and must submit notification of approval no later than July 1 to each qualified consortium. A consortium will not be approved in any other quarter. Should the consortia dissolve at any time, the single point of contact must notify DHCS within 60 days. All DHCS notifications of approval shall automatically renew annually unless a consortium has provided a 60-day notice to dissolve

Before the beginning of the fiscal year, LECs/LGAs must submit a Condition for Consortium RMTS Participation (Condition) letter agreeing to all processes and procedures described in this plan if they wish to participate. Upon DHCS review and approval, the Condition letter will be accepted as a complete collaborative RMTS plan and the LEC/LGA will be considered a qualified participant of the RMTS methodology. The condition letter to be submitted to DHCS must include:

- The specific LECs/LGAs participating in the consortium;
- The individual designated as the single point of contact for DHCS;
- Copies of all contracts between entities, including sub-recipient entities;
- The process for oversight of all RMTS activities; and
- A detailed list of all job classifications that comprise each sample pool.

While a consortium will combine LECs or LGAs for the purpose of creating a viable sample pool that can create a statistically valid random sample of moments, the claiming units will continue to individually invoice DHCS for SMAA reimbursement through their respective LEC/LGA. DHCS will continue to enter into signed agreements with the individual LECs/LGAs and not enter into any agreement(s) with any consortium as a whole.

Each quarter's survey moments will be randomly distributed among the consortium's claiming unit participants. All of the claiming units within the consortium that have satisfied the established participation standards, will use the quarter's RMTS results for calculations on their individual SMAA claiming invoice or LEA BOP CRCS, to be submitted to DHCS.

Implementation of RMTS

Each LEC/LGA or consortia and LAUSD are responsible to staff their individual RMTS programs with administrators and a minimum of three Central Coders comprised of two primary coders and one senior coder.

The following are necessary components for an RMTS system.

- Establish a compliant web-based random moment generation and sampling system;
- Establish a system for manual, or hard copy, participant responses for use in claiming units that do not have access to, or have policies preventing the use of Electronic Information Systems (EIS);
- Develop an online participant tutorial that will be fully operational prior to the first quarter of implementation;
- Develop training materials for participants who must use the hard copy system;
- Develop, implement, and complete a training plan for the Central Coders regarding the mechanics of coding; and
- Establish efficient and effective RMTS office operations, including inter-coder reliability and quality assurance procedures.

Prior to the first quarter of a new system platform, pre-testing the RMTS system must be performed. Testing of the sampling process will be designed to resolve any misinterpretations or system problems before the official time survey is conducted. The steps taken for pre-testing the RMTS system performance will be well documented and placed in the LEC/LGA audit binder.

RMTS System Software Platform

The RMTS system software platform is a computer-based system that utilizes the Internet to generate and catalog time survey moments. The web-based computer software that is used for RMTS is referred to as the system software platform (SSP). DHCS reserves the right for final authorization of all RMTS SSPs in the State. DHCS will allow up to two SSP types each for LECs and LGAs. Each LEC/LGA may select from one of the two DHCS authorized SSPs for use in their respective regions or consortia. DHCS' authorization of an SSP will be based on the SSP standards included in the SMAA Manual and the criteria used by the LEC/LGA in selecting its SSP. All claiming units will utilize the SSP(s) approved by their respective LEC/LGA. LAUSD will maintain an independent SSP and RMTS methodology as approved by CMS in the district's RMTS Implementation Plan until such time as the State deems it necessary to incorporate LAUSD into the State system.

Before the LEC/LGA can begin using their RMTS SSP, they will identify how many claiming units will participate, the estimated number of eligible participants in each claiming unit, and the method of contacting each claiming unit's personnel department for verification of human resources, payroll, and electronic information systems (EIS) access issues. At this stage, as many of the variables as possible will be identified so that subsequent modifications to the system design are kept to a minimum.

SSP Standards

The standards for the SSP include but are not limited to:

- Must provide real time access for senior coder(s) to correct any errors;
- Must provide DHCS real-time access to system operations and all RMTS data;
- Must provide real-time, read-only access for LEA Coordinators to view preliminary code assignments;
- Must be an Internet-based system and include the ability to generate a hard copy moment and the ability to manually input the hard copy moment responses into the system;
- Must provide a standardized reporting format;
- Must provide a built-in locking mechanism for time survey samples generated by participants, all coding activity, and all communications between coders and participants regarding clarifying questions;
- Must store the pseudorandom numbers¹ and the information used to generate the random sample; and,
- Must historically track all RMTS coding change.

¹ Per a July 2016 Office of Inspector General report on school-based claiming, *pseudorandom numbers are*, "computer generated and are based on algorithms that use Mathematical formulae or simply pre-calculated tables to produce sequences of numbers that appear random. Pseudorandom number generators can produce many numbers in a short time and can reproduce a given sequence of numbers at a later date if the starting point in the sequence is known.

Time Survey Participants (TSP)

All claiming units that participate in the time survey will identify allowable Medi-Cal direct service and administrative costs within a given claiming unit by having staff who spend their time performing reimbursable activities participate in a quarterly time survey. For purposes of this implementation plan, individuals receiving compensation from claiming units for their services and whose job classification is authorized to perform school-based Medi-Cal services, as defined in this Manual, are termed TSPs. TSPs shall not include claiming unit staff who Direct Charge their MAA time or individuals such as parents or other volunteers who receive no compensation for their work. This is referred to as “in-kind compensation.” TSPs shall not include direct medical service contractors that provide direct services through the LEA BOP. The following table illustrates LEA BOP requirements for each model of service delivery:

Model of Service Delivery	Include in interim billing?	Include in TSP List?	Include in CRCS?
<p>Model 1: Direct Employment of Health Care Practitioners <i>The LEA employs health care practitioners to provide health services to LEA students. The LEA bills and receives Medi-Cal payments for the covered services provided to Medi-Cal students.</i></p>	Yes	Yes, if employee is not 100% federally funded	Yes, if employee is on TSP list and is not 100% federally funded
<p>Model 2: Contracting of Health Care Practitioners or Clinics <i>The LEA contracts with health care practitioners or clinics to provide health services to LEA students. The health care practitioner or clinic (not the LEA) is considered the provider of services. The LEA does not bill to or receive Medi-Cal payments for services. For the LEA provider to bill and receive Medi-Cal reimbursement for the covered services, the provider of services must voluntarily reassign their right to payment to the LEA.</i></p>	Yes, if the contractor voluntarily assigns their right to payment to the LEA	No, contractors are excluded from RMTS	Yes, include contractor costs on Worksheet D, “Contractor Costs”

<p>Model 3: Direct Employment and Contracting with Health Care Practitioners to Supplement Services <i>The LEA uses a combination of employed and contracted health care practitioners to render health services to LEA students. The services rendered by the additional health professionals must be the same as those offered by LEA practitioners. The LEA bills and receives Medi-Cal payments for covered services provided to Medi-Cal students.</i></p>	<p>Yes</p>	<p>Yes, if employee is on TSP list and is not 100% federally funded</p> <p>No, if a contractor (excluded from RMTS)</p>	<p>Yes, if employee is on TSP list and is not 100% federally funded</p> <p>Yes, include contractor costs on Worksheet D, "Contractor Costs"</p>
<p>Model 4: Mix of Employed and Contracted Providers <i>The LEA provides some services directly but wishes to contract out entire service types without directly employing even a single practitioner in a service category. The school may establish itself as an organized health care delivery system under which it provides at least one service directly, such as case management, but provides additional services solely under contract. For the LEA to bill and receive Medi-Cal reimbursement for the covered services, the provider of services must voluntarily reassign their right to payment to the LEA.</i></p>	<p>Yes, if the contractor voluntarily assigns their right to payment to the LEA</p>	<p>Yes, if employee is on TSP list and is not 100% federally funded</p> <p>No, if a contractor (excluded from RMTS)</p>	<p>Yes, if employee is on TSP list and is not 100% federally funded</p> <p>Yes, include contractor costs on Worksheet D, "Contractor Costs"</p>

DHCS has identified and approved appropriate job classifications for inclusion in the RMTS. Additions to the list will be dependent upon job duty equivalency, similar credential(s), license(s), or certification(s) and will require DHCS approval. LECs/LGAs will develop and submit or make available to DHCS a TSP equivalency list to DHCS no later than 45 calendar days prior to the beginning of a new quarterly time survey.

The LECs/LGAs will use the two-participant pool methodology. All claiming unit staff in the Participant Universe will be reported into one of two participant pools: Participant Pool 1, "Direct Service Providers," and Participant Pool 2, "Administrative Services Providers." The two participant pools are mutually exclusive, i.e. claiming unit staff must not be included in both pools. The following pages provide an overview of the eligible job categories in each cost pool. As a part of their regular job functions, the claiming unit staff with job classifications listed in Participant Pool 1 are eligible to provide direct medical services through the LEA BOP, as well as activities reimbursable under the SMAA Program. The individuals listed in Participant Pool 1 will meet the provider credential and license requirements necessary to provide and bill for direct medical services.

Claiming unit staff with job titles in both Participant Pools 1 and 2 are not automatically included in the time survey as a TSP. A claiming unit must determine whether the individual performs reimbursable activities and if they are less than 100% federally funded. Individuals that are 100% federally funded (excluding SACS resource code 5640) will be excluded from the time survey.

In order to be eligible to participate in RMTS, a TSP's classification must be funded, at least partially, by non-federal sources such as county funds or State General Funds. Although a TSP's costs may be initially identified as eligible and therefore placed into a participant pool, at some point the funding source for that position may change for various reasons and become 100 percent federally funded and no longer eligible.

A moment response is considered valid if the response was properly submitted by a TSP whose costs were initially eligible to be included in the participant universe for a given quarter but became ineligible at some point during the school year due to changes in the funding source for those costs. The moment response will be included in the universe of eligible moments for calculation of the final RMTS activity code percentages for that quarter; however, the salary and benefit costs associated with that particular TSP cannot be included in the invoice or cost report and must be removed from the cost pool prior to calculation of reimbursement. Each LEC/LGA must annually notify the DHCS no later than December 31, using Attachment A, of the total number of TSPs in its approved participant universe whose funding became 100% federally funded during the previous school year.

Mutually exclusive time surveys will be conducted for Participant Pools 1 and 2. Although some staff may perform both direct medical services and SMAA related activities, they will only be allowed to participate in one of the two pools. Each Administrative Unit has two (2) Participant Pools that are made up as follows:

- Participant Pool 1 is comprised of direct medical service staff, including those who conduct both direct services and administrative claiming activities, as well as staff that only provide direct medical services. Individuals listed in this pool must meet the qualifications necessary for reimbursement through the LEA BOP. LEA BOP practitioner qualifications can be found in the *loc ed rend* section of the LEA Provider Manual at: <http://www.dhcs.ca.gov/provgovpart/Pages/LEAProviderManual.aspx>
- Participant Pool 2 is comprised of only administrative claiming staff that will not bill direct medical services during the quarter. Staff should be included in Cost Pool 2 only if they perform allowable Medicaid administrative activities on a regular basis.

Approved Job Classifications

The following table identifies the approved job classifications in Participant Pools 1 and 2:

Participant Pool 1 (Direct Service Providers)

1. Associate marriage and family therapist
2. Audiologist with a valid credential/license
3. Certified nurse practitioner/Public health nurse
4. Credentialed school counselor
5. Credentialed school psychologist
6. Credentialed school social worker
7. Licensed audiologist
8. Licensed clinical social worker
9. Licensed educational psychologist
10. Licensed marriage and family therapist
11. Licensed occupational therapist
12. Licensed optometrist
13. Licensed physician
14. Licensed psychiatrist
15. Licensed physical therapist
16. Licensed physician assistant
17. Licensed psychologist
18. Licensed registered nurse, including registered credentialed school nurse
19. Licensed respiratory care practitioner
20. Licensed/credentialed speech-language pathologist
21. Licensed vocational nurse
22. Occupational therapist assistant
23. Orientation and mobility specialist
24. Physical therapy assistant
25. Program specialist
26. Registered associate clinical social worker
27. Registered dietician
28. Registered marriage and family therapist intern
29. Registered school audiometrist
30. Speech-language pathology assistant
31. Trained health care aide
32. Other positions approved by CMS for the LEA BOP

Participant Pool 2 (Administrative Service Providers)

1. Coordinator- various selected positions (Medi-Cal, Mental Health, Speech, Nursing, etc.)
2. Community Liaison
3. Direct service practitioners (Cost Pool 1) that are unqualified to bill under the LEA BOP (i.e., an SLPA without supervision)
4. Direct service practitioners (Cost Pool 1) that are not providing direct billable health services
5. Director - various selected positions (Mental Health, Speech, Nursing, etc.)
6. Director/Administrator - various selected positions (i.e., Mental Health, Speech, Nursing, etc.)
7. Education/Instructional Aides
8. Family Resource Center Staff (i.e., manager, secretary, office manager, clerk, assistant, director, coordinator, etc.)
9. Health Care Assistant/Advocate
10. Health Center Staff (i.e., manager, secretary, office manager, clerk, assistant, director, coordinator, etc.)
11. Health Technician/Specialist
12. Health Services Special Education Teachers
13. Instructor, Orientation and Mobility (visually handicapped)
14. Interpreters & Interpreter Assistants
15. Medical Administrative Coordinator / Assistant
16. Medical Assistant
17. Medical Interns
18. Office Clerical Staff (i.e., technician, secretary, office manager, clerk, assistant, etc.)
19. Organization Facilitator
20. Parent Community Facilitator / Liaison
21. Placement Assistant

Participant Pool 2 (continued)
(Administrative Service Providers)

22. Principal and /or Assistant Principal
23. Principal at Special Education Schools
24. Professional Expert
25. Pupil Support Services Administrators
26. Pupil Support – Technicians
27. School Bilingual Assistant
28. Secretary, Sr. Secretary
29. Sign Language Interpreter
30. Special Education Administrators
31. Special Education Support Technician/Assistant
32. Student Support Services Coordinator/ Case Manager
33. Teacher- various selected positions (special ed, alternative ed, resource, SDC)
34. Translator; Sr. Translator
35. Transportation Planner / Router
36. Other groups/individuals that may be approved by DHCS

Part of the LEC/LGA review process is to ensure that all of the eligible claiming unit staff are included in the universe of potential TSPs. Each quarter the claiming units will certify and upload the universe of potential TSPs to the SSP and will submit, to the LECs/LGAs, a TSP roster of staff eligible to participate in the RMTS process. LAUSD must also submit their TSP list to the LEC/LGA for review and approval. The LEC/LGA will also certify each TSP list prior to the beginning of each quarter. Each eligible staff member is placed into the appropriate participant pool. The entire list of eligible claiming unit staff from all participating claiming units in a particular LEC/LGA are included in the universe of potential TSPs. Claiming units can only claim costs for TSPs that were included in the approved universe of TSPs.

CMS granted an exception for TSPs not on the approved list. This exception applies to any school district with an average daily attendance (ADA) of no more than 600 students, and allows the qualifying district to designate any one staff person at each physical school site within the district to perform MAA and participate in the RMTS process as a TSP. This exception will only be granted in cases where the designated staff person is the only individual participating in the SMAA program at the physical school site within the district. The district must follow the exception process for any job classifications at the physical site not included on the approved participant lists. If any district intends to utilize this exception, they must submit to DHCS through their respective LEC/LGA or Consortium a completed DHCS form 6136, located on the SMAA website at the same time they submit the TSP universe for certification for a given quarter. If any district meeting these criteria requests to include more than the one designated staff person, the district must utilize the standard TSP justification process for all non-authorized positions (see (PPL 15-025) and Appendix D).

Prior to the beginning of a quarterly time survey, DHCS will access the SSP and review the list of all TSPs for a given LEC/LGA or Consortium. If all job classifications comply with federal regulations, DHCS will issue an approval letter or email at least 14 calendar days prior to the beginning of the next quarterly time survey. If specific job classifications do not comply with federal regulations, DHCS will request a justification be submitted by the LEC/LGA or Consortium for the non-compliant job classifications before the TSP list can be certified for the next quarterly time survey. Once DHCS has approved a TSP list, the LEC/LGA or Consortium must certify the TSP list in the software system prior to the beginning of the upcoming quarterly time survey.

At the end of the quarter, the LEC/LGA sends a report to each claiming unit listing the TSPs who were approved for participation in the RMTS. The report is sent to the claiming units and will only include the eligible staff that were identified and approved at the beginning of the claiming quarter. Claiming units can only claim costs for TSPs that were included in the approved universe of potential TSPs. The LEC/LGA can compare the report of eligible claiming unit staff against the list used in the universe of potential TSPs. This report must be a match since all TSPs submitted by the claiming units are included in the universe of potential TSPs.

The report listing eligible staff must be used to generate the salaries and benefits for the invoice or CRCS. The costs of staff who replace an approved TSP during the quarter may also be included in the invoice or CRCS.

TSP Replacement

This quarterly certified TSP list may include vacant positions that are planned to be filled during the reporting quarter. If a vacant position is filled during the quarter, the individual will complete the time study (if sampled), and actual costs incurred for the position during the quarter are eligible to be reported. If a vacant position is not filled during the quarter, then any sampled time study moments are coded to Code 17 “Not Working/Not Paid” and only those proportional costs eligible during the period that staff received compensation are to be reported.

If a previously certified position becomes vacated during the quarter, it may be filled with a direct replacement. The direct replacement will complete the time survey moment (if sampled), and the proportional costs incurred for both the original participant and direct replacement are eligible to be reported. If the vacated position is not filled during the quarter, then any sampled time survey moments are coded to Code 17 “Not Working/Not Paid” and only those proportional costs eligible during the period staff received compensation can be reported.

TSP Equivalency List

The TSP Equivalency List will identify specific job classifications that perform duties that are substantially similar to those job classifications on the approved TSP lists. DHCS will have final approval of requests for exceptions to the list of approved job classifications. Requests for exceptions to the list of approved job classifications must be submitted or made available to DHCS no later than forty-five (45) calendar days prior to the beginning of a new quarterly time survey. A completed TSP Equivalency Form that includes a detailed justification must be submitted along with copies of any duty statements to meet the requirements of the job categories listed on the approved job classifications list. The TSP Equivalency Form can be found in Appendix H. Each LEC and LGA will maintain an equivalency list for the LEAs within its service region for job classifications that are substantially similar in duties and responsibilities to those listed in Participant Pools 1 and 2. DHCS will issue quarterly reports to CMS no later than six (6) months after the end of the quarter regarding all exceptions to the approved job classification list. This report will include a listing of each claiming unit that is operating with approved exceptions, as well as the number and type of positions for each approved exception.

Roster Report

Claiming units must submit an annual Roster Report, along with quarterly updates, to their respective LEC/LGA Coordinator no later than 14 calendar days prior to the beginning of each quarter. The Roster Report includes all TSPs included in the RMTS and all Direct Charge staff for that particular quarter (Direct Charge staff only applies to SMAA and does not impact the Pool 1 TSP list). Copies of the annual Roster Report and associated quarterly updates must be maintained in the audit file for that particular claiming unit. The roster report must be updated and approved quarterly prior to the beginning of each RMTS quarter. If changes are necessary for the annual Roster Report, modifications to this report may be made on a quarterly basis. Fourteen calendar days prior to the beginning of the next quarter, the Roster Report for that quarter is closed and no further modifications to a claiming unit's roster may be made. The Roster Report includes, but is not limited to, the following information:

- TSP and Direct Charge staff names;
- TSP and Direct Charge staff job classifications;
- TSP's base work schedule—all work days and hours;
- Employee ID#'s- employee number (if applicable);
- Email addresses- must be district email, not private e-mail; and,
- School Calendar

Time Survey Start and End Dates

All student attendance days are included in the potential days to be randomly selected for the time survey. Each quarter, district calendars will be reviewed by the LEC/LGA to determine the dates that the students are in attendance and those dates will be included in the RMTS sample. School calendars will be evaluated annually and the sample dates will be determined and documented by the LGA/LEC, who is required to notify the SSP vendor of these dates.

Sampling Requirements (RMTS)

The RMTS sampling methodology is constructed to achieve a level of precision of +/- 2% with a 95% (ninety-five percent) confidence level for activities. This is in accordance with the CMS Medicaid School-Based Administrative Claiming Guide of May 2003. Statistical calculations show that a minimum sample size of 2,401 moments each quarter, per cost pool, is adequate to obtain this precision when the total pool of moments is greater than 3,839,197. The minimum sample size of 2,401 moments plus a fifteen percent oversample, for a total of 2,761 sampled moments per participant pool, will be the threshold to establish a viable pool of sample moments for all Administrative Units.

The recommended minimum sample size is 2,401, plus a 15% oversample for 2,761 moments. Using the formula described below, the minimum number of VALID responses is 85% of the sampled moments. If the number of sampled moment is 2,761 then 85% is 2,347 ($2,761 \times .85$). **The standard of 2,401 moments, plus the oversample (2,761), is the number of moments to be sampled, not validated.** DHCS requires an 85% compliance rate, so 85% of the sampled moments must be valid or else a sufficient number of non-responses must be coded non-Medicaid (Code 1) to achieve the minimum number of valid responses (2,347).

Additional moments are selected each quarter to account for any invalid moments in order to ensure each Administrative Unit achieves the 85% compliance rate of valid moments necessary for a statistically valid sample. Activity Codes 1-17 are counted toward the 85% compliance rate. To ensure an adequate number of responses and to meet precision requirements, a non-response rate may be factored in. For instance, using the formula below, the calculated minimum number of sample items is 2,401. An oversample may be used to compensate (not substitute) for the potential number of non-responses. Thus, the sample size would be 2,761 ($2,401 \times 1.15$).

The following formula is used to calculate the number of moments sampled for each time survey cost pool:

$$SS = \frac{Z^2 * (P) * (1-P)}{c^2}$$

Where: Z = Z value (e.g. 1.96 for 95 percent confidence level)
 p = percentage picking a choice, expressed as decimal
 (.5 used for sample size needed)
 c = confidence interval, expressed as decimal
 (e.g., .02 = + or - 2)

CORRECTION FOR FINITE POPULATION

Where: pop = population

$$\text{new ss} = \frac{SS}{1 + \frac{SS-1}{pop}}$$

In the following table, N is equal to the total pool of “moments” within the time survey and is calculated by taking the number of working days in the sample period, times the number of work hours of each day, times the number of minutes per hour, and times the number of participants within the time survey. The total pool of moments for the quarter is reduced by the exclusion of weekends, holidays and hours during which employees are not scheduled to work.

The table shows the sample sizes necessary to ensure statistical validity at a 95 percent confidence level and tolerable error level of 2 percent. Additional moments will be selected to account for unusable moments, as previously defined.

N=	Sample Size Required	Sample Size plus 15% Oversample
100,000	2,345	2,697
200,000	2,373	2,729
300,000	2,382	2,739
400,000	2,387	2,745
500,000	2,390	2,749
750,000	2,393	2,752
1,000,000	2,395	2,754
3,000,000	2,399	2,759
>3,839,197	2,401	2,761

RMTS Process and Notification

The RMTS process is described here as four steps:

1. Identify total pool of TSPs;
2. Identify total pool of time survey moments;
3. Randomly select moments and randomly match each moment to a TSP; and
4. Notify TSPs about their Selected Moments.

Step 1: Identify Total Pool of TSPs - The TSP Universe

At least 14 calendar days prior to the beginning of quarter two and each subsequent quarter, LECs/LGAs and LAUSD must certify to DHCS, a staff roster providing a comprehensive list of all claiming unit staff eligible to participate in the RMTS. This list of names will be known as the TSP Universe. It is critical the TSP Universe be accurate; if a practitioner employed by the LEA is not included on a claiming unit's TSP list for a particular quarter, their costs cannot be included on the CRCS or SMAA invoice for that quarter.

The TSP Universe will be grouped into job categories (that describe the job function), and each job category will be assigned into one of two mutually exclusive participant pools for each claiming unit participating in the time survey. The TSP Universe must be approved by DHCS prior to a claiming unit's participation in RMTS for that quarter.

NOTE: The TSP Universe document must be submitted, or made available electronically, to DHCS no later than 14 calendar days before the quarter begins.

Step 2: Identify Total Pool of Time Survey Moments

The total pool of "moments" within the time survey is represented by calculating the number of working days that students are in session in the sample period, times the number of work hours of each day, times the number of minutes per hour, and times the number of TSPs within the TSP Universe. The total pool of moments for the quarter is reduced by the exclusion of weekends, holidays and hours during which employees are not scheduled to work.

The Total Pool of Moments document must be submitted or made available electronically by the RMTS vendor to the LECs/LGAs for submittal to DHCS no later than 14 calendar days before the quarter begins.

Step 3: Randomly Select Moments and Randomly Match Each Moment to a TSP

Once compiled, each participant pool is sampled to match TSPs with moments in the time survey. The sample is selected from each participant pool, along with the total number of eligible time survey moments for the quarter. Using a statistically valid random sampling technique, the desired number of random moments is selected from the total pool of moments. Next, each randomly selected moment is matched, using a statistically valid random sampling technique, with a TSP in the TSP Universe.

Each time the selection of a minute and the selection of a TSP name occurs, both the minute and the name are returned to the overall sample pool to be available for selection again. In other words, the random selection process is done “with replacement” so that each minute and each person are available to be selected each time a selection occurs. This step guarantees the randomness of the selection process.

Each selected moment is defined as a specific one-minute unit of a specific day from the total pool of time survey moments and is assigned to a specific TSP. Each moment selected from the pool is included in the time survey and coded according to the documentation submitted by the TSP.

The sampling period is defined as the three-month period comprising each quarter of the SFY calendar. The following are the quarters followed for the school-based programs:

- Quarter 1 = July 1 – September 30 (SMAA Program applies an average of Q2 – Q4, the LEA BOP does not utilize Q1 results for the CRCS)
- Quarter 2 = October 1 – December 31
- Quarter 3 = January 1 – March 31
- Quarter 4 = April 1 – June 30

Moments selected and matched with TSPs for each quarter will be referred to as the Master Moments List. This will include the claiming unit identifying information, the name of each participant selected for the time survey and the date and time of the moment selected for that participant. LECs/LGAs/Consortia will maintain this list in a secure location for each claiming unit. In addition, each Master Moment List will be submitted by the LEC/LGA and LAUSD to DHCS when it is generated, in advance of the start of the quarter and no later than the first day of the quarter, for DHCS quality assurance and monitoring purposes.

The majority of claiming unit staff work a traditional school year. Since the time survey results captured during a traditional time survey are reflective of any other activities that would be performed during the summer quarter, a summer quarter time survey will not be conducted. For SMAA, claiming units will use an average of the three (3) previous quarters (Quarter 2, October- December, Quarter 3, January-March, and Quarter 4, April-June) time survey results to calculate a claim for the Quarter 1 (July-September) period. This is in accordance with the May 2003 CMS Medicaid School-Based Administrative Claiming Guide, page 42. Specifically:

“...the results of the time survey performed during the regular school year would be applied to allocate the associated salary costs paid during the summer. In general, this is acceptable if administrative activities are not actually performed during the summer break, but salaries (reflecting activities performed during the regular school year) are prorated over the year and paid during the summer break.”

Step 4: Moment Notification

Email is the standard method by which TSPs are notified of their requirement to participate in the time survey and of their sampled moment. TSPs will be notified of their sampled moment no more than one student attendance days prior to the sampled moment. After the occurrence of the moment, each TSP is asked to record and submit his/her activity for that particular moment. The

response period shall be four student attendance days. Throughout this entire process, the claiming unit's LEA Coordinators and DHCS have real-time access in the SSP to view their TSP roster, the dates/times of their TSPs' moments, and whether or not the moment has been completed; however, LEA Coordinators can only view pending TSP moments that will occur within four student attendance days.

Moments close after four student attendance days, which means TSPs will not be able to complete their moment after that time. If a TSP does not respond to their moment within the four student attendance day response period, the moment is considered invalid. If the return rate of valid moments is less than 85% then a sufficient number of invalid moments will be coded as non-reimbursable (Code 1) in order to achieve the minimum of 2,041 moments for a valid sample and to achieve the 85% compliance rate. In the event that a TSP is not working during their sampled moment and unable to complete the moment, the LEA Coordinator can report that a TSP was either on "Paid Time Off" or "Not Working/Not Paid." The LEA Coordinator can report TSPs as "Paid Time Off" or "Not Working/Not Paid" at any time prior to the last business day of the quarter and in the event of an audit, should be prepared to supply evidence of the reported status.

The LECs/LGAs and DHCS will have the ability to run real time compliance reports that are comprehensible and provide individual claiming unit compliance rates, overall time survey results, moment status and other required information for program compliance. A validity check of the time survey results is completed by the SSP vendor and verified by the LEC/LGA each quarter prior to the calculation of the claim. The validity check ensures that the minimum number of responses is received each quarter to meet the required RMTS confidence level. The number of completed and returned time survey moments is analyzed to confirm that the confidence level requirements have been met. Once the validity of the sample has been confirmed, the time survey results are calculated and prepared for the calculation of the SMAA quarterly claim or for inclusion in the LEA BOP CRCS.

RMTS Hard Copy Option

Subject to LEC/LGA approval, claiming units that have TSPs who cannot access email due to district policy or lack of Internet access, equipment or software, will be given the option to access a hard copy RMTS moment. This will also apply if there is a disruption to Internet access that will impede the participants' ability to respond. The LEC/LGA must be informed of a TSP's need to receive a hard copy RMTS moment when a claiming unit submits their TSP Universe to ensure approval and delivery of the printed moment to the TSP, if selected. In order to ensure the moment response is entered into the SSP within the required 5 student attendance day timeline, the moment, certified by the TSP, must be returned to the LEC/LGA within 3 student attendance days of the moment. This provides sufficient time to input the response into the SSP. Communication of the certified moment between the TSP and the LEC/LGA may be accomplished via fax, telephone, or in-person. Whichever method of communication is selected, the LEC/LGA/LEA must maintain a record of the hard copy moment in the audit file, and the actual date and time the certified moment was delivered. Regardless of the method of communication, all information must be input into the system by the LEC/LGA no later than 5 student attendance days from the occurrence of the moment.

Training Types and Overview

LEA RMTS Coordinator Training

DHCS must approve all RMTS training material used by the LEC/LGA/LEA (claiming unit). The LECs/LGAs will perform annual training for the claiming unit's RMTS Coordinators, which will include an overview of the RMTS software system and information on how to access and input information into the system. It is essential for the RMTS Coordinators to understand the purpose of the time survey process, the completion of the RMTS methodology, the timeframes and deadlines for participation, and that their role is crucial to the success of the school-based programs. In addition, the annual training will cover topics such as school-based program updates, process modifications, and compliance issues. All training materials will be accessible to RMTS Coordinators through the LGA/LEC.

Central Coding Staff Training (Activity Coding)

DHCS will provide annual mandatory coder training for the regional/county senior coding staff who will then train their individual primary coding staff. The training will include an overview of the activity codes and a set of sample responses for each code. Additionally, training will include a detailed description of the similarities and differences in parallel and non-parallel codes discussed in Section 4, SMAA Overview. Central Coder training will also include a discussion of the proper procedure for contacting the TSPs timely for clarifying questions for unclear responses, and an understanding of the importance of avoiding leading questions when asking those clarifying questions.

TSP Training

Time survey training for TSPs will be incorporated into the moment documentation portion of the RMTS SSP so sampled staff will have to review the information prior to documentation of their sampled moment. The TSP training will not include an overview of activity codes since all coding will be completed by Central Coders. The following items must be included in TSP training:

- Overview of the school-based Medi-Cal programs;
- Overview of the required process to participate in RMTS;
- Review the standards for RMTS documentation submitted by the TSP; and
- Response process by the TSP to respond to a clarifying question.

Documentation of Sampled Moments

All documentation of sampled moments must be sufficient to provide answers to the time survey questions needed for accurate coding:

Pre-Sample Questions:

1. Were you working at the time of your moment?
2. Was the activity being performed related to a student assessment, as defined in the LEA Provider Manual, or pursuant to a service listed on a student's IEP, IFSP, or 'Care Plan'?

Sample Questions:

1. Who were you with? (*Remember not to list proper names.)
2. What were you doing?
3. Why were you performing this activity?

In addition, each TSP will certify the accuracy of their response prior to submission. TSPs can only access their assigned moment based on a unique and secure system login that connects the TSP to the moment. After answering the documentation questions, they are shown their responses and asked to certify that the information they are submitting is accurate. Their moment is not completed unless and until they certify the accuracy of the information.

Since the TSP only has access to their information, this conforms to the electronic signature policy and allows them to verify that their information is accurate. Once the TSP has certified their moment, the sample is locked in the SSP and cannot be altered. The TSP may provide clarification through the SSP to a coder if requested, but the initial sample is never altered.

Time Survey Return Compliance

DHCS/LEC/LGA will require an 85% response rate for all valid moments within a particular RMTS universe within a given quarter. If the return rate of valid moments is less than 85%, a sufficient number of invalid moments will be pulled and coded as non-allowable (Code 1) to achieve the minimum number of moments to attain a valid sample. To ensure that enough moments are received to have a statistically valid sample, each LEC/LGA/Consortia must oversample at fifteen percent (15%) more moments than needed for a valid sample size. TSPs must submit completed moments within four student attendance days after the sampled moment has passed.

To Calculate the TSP Universe Compliance Rate:

<u>Total Valid Moments</u>	<u>Code 1-17</u>
Total Sampled Moments	Code 1-18

NOTE: In the event a TSP fails to respond to a moment due to unpaid leave, the moment may be reassigned to Code 17, and shall not count against the compliance rate for the TSP Universe (i.e. the unpaid leave shall not be included in the numerator in the above calculation).

The LEC/LGA will monitor claiming unit compliance throughout the claiming period. If a claiming unit has been selected for at least 14 moments and has less than an 85% compliance rate, the following shall apply:

- First occurrence – The LEC/LGA will notify DHCS via email of the claiming unit’s non-compliance and DHCS will work with the LEC/LGA to issue a warning letter to the claiming unit’s Superintendent, Chief Business Official, and/or other designee.
- Second occurrence (within the subsequent 12 months) – When it is determined that a claiming unit is non-compliant for 2 quarters where 85% compliance is not reached regardless of fiscal year, the claiming unit will be suspended from participation in both

school-based programs for one quarter, during the next available quarter, and thereby forfeit the associated reimbursement. The claiming unit's Superintendent, Chief Business Official, and/or other designee will be notified in writing by DHCS.

After one quarter of non-participation, the LEA will be conditionally reinstated. If during this conditional quarter, the district meets 85% compliance they will be reinstated. If the district does not meet 85% compliance in the conditional quarter, the claiming unit is suspended for an additional quarter.

Coding of Random Moments

The LEC/LGA will utilize a centralized coding methodology. Under that methodology, the TSP will not code his or her moment. The TSP is asked to document their activity for that moment by answering the specific RMTS questions. After answering the questions, the TSP is asked to certify their documentation and submit.

The central coding staff must be a LEC/LGA employees or be employed by the LECs/LGAs under a personal services contract (PSC), or be employed by an agency or organization that holds a service contract with the LEC/LGA to provide RMTS Coding services. If central coding Staff are employed by the LECs/LGAs under a PSC, the individual(s) may not hold or be employed by an agency that holds any other contracts that relate to RMTS or the RMTS process. An individual, agency or organization that holds a service contract with the LEC/LGA to provide RMTS Coding services, may not hold any other contracts with the LEC/LGA that relate to RMTS or the RMTS process.

The methodology adopted by LEC/LGA in the use of Centralized Coders will be a two-tier, two-coder system, comprised of, at a minimum, two primary coders (Tier 1) and one senior coder (Tier 2). The purpose of the two-tier, two-coder system is to have multiple sets of eyes independently reviewing the moment responses to verify coding. The LEC/LGA will assign the primary coders, whose roles will be to review the moment of the TSP. The primary coders will use the information provided by the TSP to determine the appropriate activity code to assign to the moment response. The primary coders will not communicate with each other during the primary coding assignment. A senior coder is a more experienced staff member and is also assigned by the LEC/LGA. The senior coder is required to verify the results and resolve any differences in the codes assigned by the primary coders. The senior coder could override the codes of the primary coders at any time when a coding error is identified.

The role of the senior coder is to:

1. Review a minimum 10% random sample of moment response(s) and clarifying questions of the TSP and the code(s) assigned by the primary coders to ensure the correct code was assigned to the moment response;
2. Resolve any discrepancies with code assignments; and
3. Review and submit all clarifying questions to ensure the questions do not lead the TSP to a specific response.

The senior coder will inform the primary coders of any moments they feel were coded incorrectly. If the senior coder does not feel there is enough information to determine the activity code then the senior coder may contact the TSP for additional information; however, TSPs may only be contacted twice per moment response for clarification. Clarifying Questions (CQs) by the senior coder must be issued to the TSP within 15 calendar days from the date the TSP completed their moment response. After the 15-calendar day time frame expires and no CQs have been issued, the moment expires and no further CQs may be asked. All moments are coded using the activity codes and examples as outlined in this manual in Section 5. All communications between central coding staff and TSPs must be through the System Software Platform (SSP) where applicable, and be included with the sample and coding. Records of all communication with the TSP outside of the SSP must be retained in the audit file for that particular claiming unit.

RMTS Clarifying Question (CQ) Procedure

CQs must be open-ended questions and not leading questions that encourage a specific response from the TSP. The senior coder may pose no more than two (2) CQs per-moment response. In the event a TSP does not provide enough information to determine the appropriate activity code, a CQ may be posed to the TSP by the senior coder and must be relayed to the TSP through the SSP. CQs are posed to the TSP in order for the TSP to provide additional information about the activity performed at the time of the sampled moment so coding can be completed.

Clarifying Question (CQ) Procedure

1. Primary coder A reviews the moment response, assigns an activity code if the TSP response provides sufficient information. If not, no code is assigned and the primary coder suggests a CQ within the system for the senior coder. Primary coder B then reviews the moment response, assigns an activity code if the TSP response provides sufficient information. If not, no code is assigned and the primary coder suggests a CQ within the system for the senior coder.

NOTE: If the primary coders assign codes that match and a CQ is not necessary, coding for that moment response is complete. The primary coders DO NOT have access to view the codes assigned by other primary coders.

2. Once both primary coders have reviewed the moment and either assigned a code or entered a CQ into the system, the moment is available for the senior coder to make a determination if the assigned codes do not agree or one of the primary coders have suggested a CQ.
3. The senior coder reviews the moment response and any suggested CQs entered into the system by the primary coders and either assigns a code from the information that is available or sends a CQ to the TSP.
4. The TSP must respond to CQ(s) within 5 student attendance days from the date the CQ was transmitted.

NOTE: All CQs must be transmitted during normal business hours - 8:00am to 5:00pm Monday through Friday and no later than 15 calendar days after the moment response.

5. Once the TSP responds to the CQ(s) or the CQ expires, the moment is placed back into the coding queue for the primary coders to review and code.
6. The primary coders independently review the CQ response and assigns an activity code if the CQ response provides sufficient information. If not, then no code is assigned and the primary Coders enter a final CQ question into the system.
7. Once both primary coders have reviewed the CQ response's and either assigned a code or entered an additional CQ into the system, the moment is available for the senior coder to make a determination if the assigned codes do not agree or one of the primary coders have suggested a second CQ.
8. The senior coder reviews the moment response and the CQ responses and any additional CQs suggested by the primary coders and either assigns a code from the information that is available or sends the final CQ to the TSP. The TSP shall not receive more than two CQs per moment.
9. If the TSP does not respond to the CQ(s) within five student attendance days:
 - a. Primary coder A reviews the moment response and assigns an activity code.
 - b. Primary coder B reviews the moment response and assigns an activity code.
 - c. Once both coders have reviewed the moment response and assigned a code, the moment is available for the senior coder to make a determination if the assigned coders do not agree.

Note: Coders should be mindful of summer break timeframes when sending CQs in the 4th quarter.

10. The code assigned by the senior coder is the final code (subject to review by the LEAs and final approval by DHCS).

In LAUSD's CMS approved RMTS Implementation Plan, primary coders may ask a CQ directly to the TSP. LAUSD's approved CMS Plan also allows only one clarifying question to be asked per moment.

Random Moment Time Survey System Guidelines

The RMTS web-based system will collect and store all RMTS moments. The LEC/LGA are responsible for monitoring the moments ensuring that they are responded to, completed, and coded in a timely manner. All codes must be assigned no later than 15 calendar days after the end of the quarter. Central coders will access completed moments and assign the appropriate activity codes described above. DHCS will have real-time access to the RMTS system to spot check coding activity, the quality of clarifying questions, and coding accuracy. The RMTS web-based system will collect and store all RMTS moments. The LEC/LGA are responsible for

monitoring the moments ensuring that they are responded to, completed, and coded in a timely manner. All moments must be assigned a code.

1. Activity Codes:

The RMTS process captures activities performed by selected participants. The activities are allocated into 18 activity codes; both reimbursable and non-reimbursable.

2. Avoiding Duplication of Payment:

All LECs/LGAs are required to provide assurances of non-duplication to DHCS. The LEC/LGA must ensure that LEAs do not claim Federal Financial Participation (FFP) for the costs of allowable activities that have been or should have been reimbursed through an alternative mechanism or funding source.

3. Coding Responsibilities:

The RMTS design has removed the responsibility of assigning sample activities to the correct activity code from the participant and placed the responsibility upon the central coding team. The central coding team will consist of at least two LEC/LGA staff or contractors who will individually code each random moment separately, known as dual coding, to ensure that sample moments are assigned to the correct activity code. Central coders will log in to a secure RMTS system using their unique, authorized user identification and password to access and code the sample moments. All activities made by any user to a sample moment must be documented and maintained in the RMTS system for tracking purposes.

A response completed within the required time frame, and linked to the participant's paid time is considered a valid moment. All valid moments must be used to calculate the time survey results for the quarter.

When the LEC/LGA is calculating the quarterly RMTS results, the denominator for determining the percentage of time reported to each code will be all valid responses that are assigned Codes 1-17 and linked to paid employee time. The numerator will be the total number of invalid random moments reported.

Invalid moments are moments that did not receive a TSP response within the required time frame (5 student attendance days). Once the 4 student attendance day response period has lapsed, the moment is considered to have expired and the RMTS system will not allow participants to answer the standard three questions. However, the sample moment may be categorized by the LEC/LGA/LEA Coordinator after the moment has expired as one of the following:

- 1) Working and did not respond timely
- 2) Was on paid time off
- 3) Was on unpaid time off

Verification of paid/unpaid time off must be reconciled, after the occurrence of the moment or before final invoicing, with the specific district's payroll systems and supporting documentation retained. If paid time off status can be verified, the moment shall be recoded to Code 16. If unpaid time off can be verified, the moment shall be recoded to Code 17. If paid/unpaid time off is unverifiable, the response will be coded as invalid, thus making it an

invalid moment (Code 18). If the 85% compliance rate is not met, a sufficient number of invalid moments will be coded as non-reimbursable in order to achieve the minimum of 2,401 moments required for a valid sample.

Moments that occur during a participant's unpaid time off, or that are attached to a position where a vacancy occurred after the quarter began, cannot be counted in the RMTS results because they are not attached to an employee's costs. An additional activity code specifically for moments that fall within a participant's unpaid time off was created (Code 17) in the RMTS coding matrix for tracking purposes.

4. Central coders have these duties and guidelines to follow:

- All coding will be consistent with the reasonableness standards contained in Title 2 Code of Federal Regulations (CFR) Part 225 Appendix A (C)(2), the requirements outlined in this Manual, and adhere to all State approved activity codes.
- All central coders will review the information provided in the responses to the questions by the sampled RMTS participant and determine the appropriate activity code.
- For the purposes of quality control, all completed random moments will be dually coded by two central coders. Discrepancies in coding will be identified, reviewed, and resolved by the senior coder or RMTS Administrators.
- If insufficient information is provided to determine the appropriate activity code, the senior coder will contact the participant via the SSP, to pose a clarifying question about the moment. For manual system users the coder will contact the participant's supervisor to have the question passed on to the participant.
- Senior coders must ensure they do not lead participant responses when asking clarifying questions.
- Central coders must ensure that all contacts and actions made regarding a moment are electronically recorded and stored.
- Once a clarifying question has been answered, the moment is coded and included in the final time survey percentage calculation.

Quality Assurance Process

LEC/LGA Review Process

The RMTS system will randomly select, at a minimum, 10% of all coded moments and clarifying questions each quarter for quality assurance code reviews by the LEC/LGA. Quarterly quality assurance sample reviews must be conducted prior to finalizing the quarterly results. Reviews entail: 1) that the TSP answered their moment completely; 2) the accuracy of the assigned code; 3) any coding errors are corrected by the senior coder; and 4) the coders are not posing leading questions to the participants.

Each LEC/LGA will submit the quarterly quality assurance sample results to DHCS prior to finalizing the results. For quality assurance measures, the LEC/LGA and DHCS has the discretion to sample a greater percentage of randomly selected coded moments or clarifying questions. Further actions to ensure coder reliability may be required if the LEC/LGA and DHCS finds that more frequent comprehensive quality assurance reviews are needed.

The LEC/LGA will also conduct quality assurance reviews on at least 10% of the clarifying questions asked by the central coders to ensure participants were not asked leading questions. Each quarter a summary report of the LEC/LGA quality assurance reviews will be prepared, placed in the LEC/LGA audit file, and submitted to DHCS. DHCS and CMS may review the electronic RMTS records, summary reports, participants' responses, clarifying questions, and the assigned code for any random moments throughout the quarterly time survey process.

It is the LEC/LGA responsibility to ensure that the RMTS process is effectively promoted throughout their region/county claiming units to establish a well-supported RMTS foundation and to secure the RMTS process's longevity. Claiming unit participation is essential to the SMAA quarterly invoice and completion of LEA BOP's annual CRCS. Each claiming unit is dependent on all other participating claiming units within their LEC/LGA Consortium to respond timely to all randomly assigned moments and resulting CQs.

For the SMAA Program, the LECs/LGAs are also required to review the invoice and perform cost analyses of all invoice documents to ensure that all costs that are input into the invoice meet the standards for Certified Public Expenditures and are composed of the nonfederal share of all salary and benefit costs.

Coding Appeals Process for RMTS

All LEAs shall have real-time, read-only access to the SSP to view the preliminary codes assigned to each moment after the two-tier coding and CQ process is complete for each quarterly time survey period for which random moments are assigned. For each quarterly time survey period for which random moments are assigned, within 30 days of coding being finalized for the quarter, each LEC/LGA will make available to the claiming units in their region that make up the participant universe, a Quarterly Coding Report (QCR).

The QCR will be segregated by claiming unit and include the results of the claiming unit's TSP responses to the random moments that were generated, the clarifying questions that were asked and the responses that were given in that quarter, and the final codes that were assigned to each TSP's moment response for that claiming unit. Each claiming unit will have 30 days to review the QCR data to ensure accuracy, and submit corrections to the LEC/LGA.

For any specific coding assignment for which the claiming unit and LEC/LGA are unable to reach an agreement, the coding appeals process can be utilized. A request for coding appeal of an unresolved or disputed decision or action may be submitted by and LEA, LEC, or LGA. A request for coding appeal must be submitted to DHCS within 30 days of the LEC/LGA decision on the request for a correction.

The LEA appealing a coding decision must submit to DHCS a request for appeal that includes the following documentation:

- A written request for an appeal of a coding decision.
- The request must include a clearly defined issue, background on the issue, including policy citations, as needed, and the desired outcome of the appeal.

- Any back-up documentation including, but not limited to, policy citations, treatment logs, progress notes and written communications.
- Documentation demonstrating that the appealing LEA entity took steps to resolve the issue with the other party prior to submitting the request for appeal to DHCS.
- Upon receipt of the request for appeal, DHCS will notify the other party and provide an opportunity for the other party to submit a response.

DHCS will review the request for appeal, including supporting materials, in light of applicable state and federal laws. DHCS may interview relevant parties, as necessary, for clarification or additional information and may exercise its discretion to allocate an appropriate amount of time during the 60-day appeal process period to obtain any additional relevant records or information. DHCS will issue a written decision, including reason(s) for the decision by DHCS, to all parties involved within 60 business days after the request for appeal has been received. This 60-day appeal process period may be extended if specified circumstances warrant an extension. However, it is DHCS's intent to resolve all appeals as quickly as possible.

Other SMAA Administrative Appeals

The SMAA appeals process can be utilized for non-coding administrative claiming issues. Under Welfare and Institutions (W&I) Code Section 14132.47, as the Department contracts with the LECs and LGAs to assist with the administration of the administrative claiming program. Each LEC or LGA may in turn subcontract with the LEAs in their region that choose to participate in the administrative claiming process. This appeal process is developed to resolve any administrative issues that may arise between contractors and/or subcontractors. Relevant sections of the California State Welfare and Institutions Code provide:

*The director [of the department] shall have those powers and duties necessary to conform to requirements for securing approval of a [Medi-Cal] state plan under the provisions of the applicable federal law, and the department shall be the single state agency [to administer or to supervise the administration of the plan] for purposes of Title XIX of the federal Social Security Act [including Administrative Claiming].
(W&I § 14100.1)*

DHCS Review Process

In order to ensure the quality assurance process is applied with statewide consistency, DHCS will randomly select a minimum 10% sample of all coded responses and clarifying questions issued during the quarter. The random nature of the selection of coded moments and clarifying questions helps to maintain the consistent application of the quality assurance process statewide. A representative from DHCS will validate the 10% subsample. The validation process will consist of reviewing the TSP responses, the corresponding code assigned by LEC/LGA, primary coders and/or senior coders and the clarifying questions asked by the coders to determine: 1) if the assigned code accurately reflects the activities performed by the TSP; 2) if the activities performed were necessary for proper administration of the state plan; 3) that no direct medical services provided were coded to a SMAA reimbursable code; 4) that no MAA activities were coded to the LEA BOP reimbursable code (2A); and 5) that the clarifying questions posed to participants were not leading questions. When all of the subsample responses and coding have

been verified, DHCS will identify and discuss any disagreements with the LEC/LGA. After the discussion on coding, a consensus must be met in order for the code to be approved by DHCS. DHCS holds final approval for all coding decisions.

At the end of each quarter, once all random moment data has been received and time survey results have been calculated and approved by DHCS, statistical compliance reports will be generated by the LECs/LGAs to serve as documentation that the sample results have met the necessary statistical requirements.

Site Visits/Desk Reviews

For the SMAA Program, DHCS will perform annual site visits on identified high risk claiming units. A claiming unit is considered high-risk if any one quarterly invoice demonstrates at least 3 of the 5 following risk-based criteria:

- Greater than 10% variance in claimable amount year to date;
- Greater than 25 code change requests in a quarter;
- Greater than 10% invalid moments in a quarter;
- Greater than 10% vacated moments in a quarter; and
- Per member per month spending greater than 2 times statewide average.

The site visit will include, at a minimum: 1) a complete review of the SMAA audit binder(s) for the quarterly invoice(s) that meet the high-risk criteria; and 2) in-person interviews with the LEC/LGA MAA Coordinator, the central coding staff, and the LEA MAA Coordinator. When state budget restrictions prohibit staff travel, desk reviews will be substituted for site reviews and use the same criteria.

For the LEA BOP, as part of its financial oversight responsibilities, for each claiming unit on an annual basis, DHCS will complete the audit and cost settlement process. The audit plan will include a risk assessment of the LEAs using paid claim data available from the Department to determine the appropriate level of oversight.

DHCS will also perform desk reviews on a minimum of three LECs and three LGAs each year. These desk reviews will involve the evaluation of a random sample of 5% of the claiming units within the LEC/LGA or a minimum of two claiming units each, as well as the associated invoices and audit binders for two fiscal years for each claiming unit reviewed. DHCS reserves the right to perform additional site visits/desk reviews as needed.

SMAA Invoice Analysis

For the SMAA Program, DHCS reviews each invoice submitted for reimbursement. The review process involves scrutiny of the Activities and Medi-Cal Percentages Worksheet, the Direct Charge Worksheets, the Payroll Data Collection Worksheet, the Cost and Revenue Worksheet, the Vendor Fee Worksheet, and the Roster Report, to ensure compliance with the standards set in this manual. If DHCS determines that an invoice does not comply with the standards set out in the manual, and 2 CFR Part 200 et seq., the invoice will be returned to the LEC/LGA for further LEA review and compliance and federal funds will not be claimed unless the claim is re-certified.

Claiming Unit/LEA Participation Standards

A key factor to a successful RMTS is having the full support of the District Superintendents or other Executive Administrative Officials for the process. It has been demonstrated that with District Officials promoting RMTS, eligible staff are reminded of the significance of their role and importance of their participation in the process, which provides increased incentive to respond to their moment. This support alone will help maximize the return response rate, therefore, increasing funding to reimburse the schools. The LEA RMTS Coordinator needs to develop a process to ensure each TSP is aware of the date and time of their moment and the benefits of their participation to their school. The LEA RMTS Coordinator may need to provide additional training or outreach to their TSPs to ensure compliance.

If an LEA continually has a high non-response rate during a given fiscal year, they may be rejected to participate in RMTS by their LEC/LGA beginning the next fiscal year. The LEA must assure the LEC/LGA that efforts have been made to increase participant compliance to be considered to participate in the next RMTS cycle.

Quarter 1

For the SMAA Program:

The sample universe is limited to student attendance days. Since the first quarter of the fiscal year, July 1-September 30, is traditionally the bulk of the summer vacation for most school districts, this quarter must be an averaged quarter when using the RMTS methodology. The first quarter-averaged invoice will include the time survey results from the previous three quarters of the prior fiscal year. Random moments should not be generated during the first quarter at any time, except for testing purposes only and are not to be included in the quarterly invoice.

Since the first quarter is an averaged quarter for RMTS, a claiming unit cannot begin participation in the RMTS TSP universe until the second quarter of that SFY. Claiming units that did not participate in RMTS during the previous three quarters of the previous fiscal year cannot submit a first quarter averaged invoice.

For the LEA BOP:

The sample universe is limited to student attendance days. Since the first quarter of the fiscal year, July 1-September 30, is traditionally the bulk of the summer vacation for most school districts, the RMTS is not administered during this quarter. The CRCS will utilize an average of the three quarters in which the RMTS is administered to calculate the RMTS Direct Medical Service Percentage, as referenced in SPA 15-021.

Financial Data

The financial data to be included in the calculation of the school-based claims are to be based on actual expenditures incurred during the quarter. These costs must be obtained from actual detailed expenditure reports generated by the claiming unit's financial accounting system. 2 CFR

Part 200 et seq. - Uniform Administrative Requirements, Cost Principles, and Audit Requirements for HHS Awards specifically defines the types of costs that can be included in the program (direct costs, indirect costs, and allocable costs). These principles can be applied when establishing the allowability or unallowability of certain items of cost, and whether a cost is treated as direct or indirect. The following items are considered allowable costs as defined in 2 CFR Part 200 et seq.

Direct Costs

- Compensation (salary and benefits) of employees
- Cost of materials acquired, consumed, or expended
- Equipment
- Travel expenses incurred

For the LEA Program, total direct costs for medical services are reduced on the CRCS by any credits, adjustments or revenue from other funding sources, resulting in direct costs net of federal funds.

Indirect Costs

The indirect cost rate is developed by the claiming units' state cognizant agency, the California Department of Education (CDE), and is updated annually. The methodology used by the respective state cognizant agency to develop the indirect rates has been approved by the cognizant federal agency, as required by the CMS guide. Indirect costs are applied in both school-based program reimbursement methodologies. The LEC/LGA will ensure that costs included in the SMAA financial data are not included in the district's indirect cost rate, and no costs will be accounted for more than once.

Non-SMAA Cost Pool in the SMAA Invoice

Costs that may not be included in SMAA claim are:

- Direct costs related to staff that are not identified as eligible TSPs (i.e., costs related to teachers, cafeteria, transportation, and all other non-School Based administrative areas);
- Costs that are paid with 100 percent federal funds, excluding SACS resource code 5640 that is used for reporting the allocation of federal revenue, by DHCS, to seek reimbursement for cost of Medi-Cal covered services delivered by LEA providers for the LEA BOP;
- Costs included in the indirect cost rate work sheet (Indirect Costs Numerator) calculation; and
- Any costs funded out of function codes 7120, 7190, 7200-7600, 7700, 8100-8400 and 8700. These costs are already included in the Indirect Cost Rate (ICR) numerator.

Allocated Cost Pool in the SMAA Invoice

Costs include general and administrative staff in the claiming unit who were not included in the time survey moments, whose costs are not direct charged, and by the nature of their work support the staff in the other cost pools.

Revenue Offsets

The purpose of offsetting revenue or funding against cost is to ensure that the Federal Government participates in its share of the costs only once. Failure to offset federal revenues and state/local matches of federal programs against the costs incurred would result in these costs also being applied to the claim for FFP. The claiming agency would be participating in less than its share by supplanting its share of costs with the federal or other unallowable revenue.

In general, funds that do not require offset include claiming unit general funds, other local public funds, and school-based program reimbursements. The following rules govern which revenues received by a program must be offset against costs before a federal match is determined.

1. **Federal Revenues**. All federally funded costs shall be offset against claimed costs. Including these amounts in the costs claimed for reimbursement will cause the Federal Government to not only fund these costs, but to also pay the Medi-Cal percentage on those amounts, and therefore pay for the same costs twice, which is prohibited by 2 CFR Part 200 et seq.
2. **Matching Revenues**. Claimed costs funded by state/local matching funds required by a federal grant must be offset. 2 CFR Part 200 et seq. stipulates that a cost used to meet a matching or cost-sharing requirement of one federal grant may not also be included as a cost against any other federal grant. State/local match funds become federal monies, carry the same restrictions as the federal funds, and must be identified accordingly.
3. **Previously Matched Revenues**. All costs funded by State General Fund monies previously matched by the Federal Government must be offset because the Federal Government has already funded these costs. This includes Medi-Cal fee-for-service money, similar to item 2.
4. **Private Health Insurance**. Insurance collected from non-governmental (private health insurance) sources for the delivery of direct client services may not be used as the local share of a federal match for administrative activities. These funds must be offset if the related expenses are included in the SMAA invoice or LEA BOP CRCS.

Essentially, revenue offsets are costs funded by one of the above revenue sources that may not be claimed for reimbursement from the Federal Government because the Federal Government has already directly or indirectly funded those costs. Therefore, these costs must be removed to avoid billing the Federal Government twice for the same cost.

Claiming units will only be reimbursed the non-federal share of any SMAA or LEA BOP billings. The Chief Financial Officer (CFO), Chief Executive Officer (CEO), Executive Director (ED), Superintendent (SI) or other individual designated as the authorized signer by the claiming unit

will be required to certify the accuracy of the submitted claim and the availability of matching funds necessary. The certification statement is part of the invoice and CRCS and will meet the requirements of 42 CFR 433.51.

Claiming units are required to maintain documentation that appropriately identifies the certified funds used for direct service and administrative claiming. The documentation must also clearly illustrate that the funds used for certification have not been used to match other federal funds. Failure to appropriately document the certified funds could result in non-payment of claims.

Documentation Requirements

It is required that all SMAA claiming units maintain documentation supporting the administrative claim. The claiming units must maintain and have available upon request, the contract with the LEC/LGA to participate in the SMAA program. Documentation must be available upon request by the LEC/LGA, state or federal entities. The quarterly requirements are outlined below.

Each participating claiming unit will maintain a quarterly file in a ready-to-review format containing, at a minimum, the following information:

- A roster of eligible individuals, by participant pool, submitted for inclusion in the TSP Universe;
- Financial data used to develop the expenditures and revenues for the claim calculations including state/local match used for certification;
- Documentation of the district's approved indirect rate (if applicable);
- Supporting documentation for moments assigned to Code 2A;
- A copy of the completed and signed invoices; and
- Documentation supporting the calculations for the Medi-Cal percentage.

LECs/LGAs are required to use and distribute any materials provided by DHCS regarding the time survey. LECs/LGAs will maintain a quarterly audit file containing, at a minimum, the following information:

- List of centralized coders used in the RMTS with certified training verification;
- RMTS Master Moment list identifying each moment by participant name and job class;
- Electronic documentation of completed random moments including all communication with TSPs;
- Calculation of RMTS response rate;
- RMTS results data;
- Report of corrected coded moments;
- Records of appealed moments and outcomes; and
- Quarterly reports on quality assurance review of a minimum of 10% sample and clarifying questions.

Record Retention

SMAA Program

Federal regulations require that all records in support of the SMAA invoice must be maintained for a minimum of five fiscal years after the end of the quarter in which the LEC/LGA receives reimbursement from the DHCS for the expenditures incurred. If an audit is in progress, or is identified as forthcoming, all records relevant to the audit must be retained throughout the audit's duration, or the final resolution of all audit exceptions, deferrals, and/or disallowances whichever is greater. All records retained must be stored ready-to-review in an Audit File sorted by quarter; these files must be available to LEC/LGA, State and federal reviewers and auditors upon request in accordance with record retention requirements set forth under Title 42 of the Code of Federal Regulations (CFR), Section 433.32. Similarly, the documents that support the construction of a SMAA claim must be kept five years after the last claim revision.

LEA BOP

The LEA BOP policy on record retention is that reports, schedules, work papers, and documentation used to prepare the CRCS must be maintained by your LEA for a minimum of three years from the date of CRCS submission. In the case that audit findings have not been resolved within this time period, documentation must be maintained until such issues are fully resolved (42 CFR Section 433.32).

Oversight and Monitoring

Federal guidelines require the oversight and monitoring of the school-based claiming programs. This oversight and monitoring must be done at the DHCS, LEC/LGA and claiming unit level.

DHCS Level Oversight and Monitoring

DHCS is charged with performing appropriate oversight and monitoring of the time survey moments and both school-based programs to ensure compliance with state and federal guidelines and to ensure the program is implemented consistently across the State. DHCS has a contract with the LEC/LGA. The contract will clearly state all parties' responsibilities.

DHCS will monitor and review various components of the SMAA program operating in the State. Review includes, but is not limited to:

- TSP Universe List – To ensure only eligible staff are reported on the TSP Universe list based on the approved RMTS cost pools in the implementation plan.
- RMTS Time survey – sampling methodology, the sample, and time survey results.
- Master Moment List – review of Master Moment list submitted for each Administrative Unit prior to the initiation of the quarter and compare with the RMTS time survey results to assess alignment with reported participant and moment selection and actual reported samples.
- RMTS Central Coding – review at a minimum a 10% sample per quarter of the completed coding and clarifying questions for all RMTS universes.
- Training – Compliance with training requirements for TSPs, program coordinators, and central coders.
- Financial Reporting – Costs are only reported for eligible cost categories and meet reporting requirements.

- Documentation compliance.

Frequency

DHCS will have real-time read-only access to all RMTS software. LECs/LGAs and LEAs will be continuously monitored through the RMTS software. DHCS will conduct site visits or desk reviews at least once every three (3) years. For this monitoring process, a minimum of two claiming units and invoices for two fiscal years will be selected for in-depth review. Participating LECs/LGAs/LEAs are required to fully cooperate in providing information and access to necessary staff in a timely manner to facilitate these efforts. For all quarters, trends will be examined (e.g. total costs in the claim, time survey results, and reimbursement levels).

LEC/LGA Level Oversight and Monitoring

Training regarding RMTS

- Ensure claiming unit RMTS Coordinator has participated in required RMTS training.
- Review of RMTS compliance rate; ensure each claiming unit meets the 85% compliance level requirement.
- Ensure claiming unit coordinator understands how critical response rate is per claiming unit and that the claiming unit is aware of non-compliance consequences.

Roster

- Receive electronic updated roster from claiming unit.
- Review updated roster to validate TSPs are accurately placed in the correct cost pools.
- Ensure that the individual claiming unit rosters are updated and maintained quarterly into a SSP with all other participating claiming units.

Time Survey Tasks

- Randomly select TSPs from the participant universe of eligible participants and assign each TSP to an individual moment from the pool of eligible moments to establish a Master Moments list.
- Maintain confidentiality of Master Moment List.
- Notify selected TSPs no sooner than one student attendance days prior to their selected moment and on the day of the moment.
- Timely review of TSP responses to the random moment questions and assign codes.
- Develop and send clarifying questions, within 15 calendar days, to TSPs if necessary for the determination of the appropriate time survey code.
- Quality check coded time survey data through a random sample review.
- Review all time survey moment responses and activity codes for the quarterly report.

Financial Tasks

- Conduct financial training with claiming units, as needed.
- Advise claiming unit to maintain all source documentation for the invoice(s).

Miscellaneous Tasks

- Participate in LEC/LGA and DHCS Advisory Committee meetings.
- Answer general questions from claiming units throughout the quarter.
- Submit quarterly SMAA claim to DHCS and conduct quality assurance reviews to assure program integrity.
- Serve as liaison between claiming units and DHCS.

Local Claiming Unit Level Oversight and Monitoring

Each claiming unit participating in the school-based programs must take appropriate oversight and monitoring actions that will ensure compliance with program requirements.

Actions must be taken to ensure, at a minimum, that:

- The time survey is performed according to DHCS guidelines and requirements.
- The time survey responses are completed in the required timeline.
- The financial data submitted is true and correct.
- Appropriate documentation is maintained to support the time survey and the claim.
- Valid TSP's paid and unpaid time off documentation is maintained.

Roster

- Prepare and submit rosters to the LEC/LGA as required. Failure to provide this information in the time frame allowed will result in the claiming unit not being able to participate for that quarter.

SMAA Financial Tasks

- Prepare and submit financial information for the SMAA claim to LEC/LGA.
- Obtain annual indirect cost rate (ICR) from the CDE.
- Obtain Medi-Cal Percentage (MP) (Semiannually) from DHCS.

Required Personnel

Each claiming unit must designate a claiming unit employee as the claiming unit's RMTS Coordinator or school-based program contact. This single individual is designated within the claiming unit to provide oversight for the implementation of the time survey and to ensure that policy decisions are implemented appropriately. The claiming unit coordinator cannot be affiliated with, or employed by, a consultant/consulting firm or vendor.

SMAA Direct Charging in Lieu of Time-Surveying

Staff that perform SMAA Program Coordination, Claims Administration and Fiscal Coordination (Code 15) are not required to time-survey. However, to qualify for direct charge reimbursement, participants must certify 100 percent of their time spent on these activities and be able to provide documentation that supports this percentage. Documentation should include the method of keeping time records. Ongoing time records or logs would provide a good audit trail and would allow the claiming unit to claim for actual costs, which might vary each quarter. All direct charge certification documentation/calendars, must be tracked on an on-going basis and must be signed by the direct charge participant and the direct charge participant's supervisor. These costs are separately itemized on the Direct Charge Worksheet and included in the audit file maintained by the LEA.

An overhead or indirect rate, established according to 2 CFR Part 200 et seq. principles, may be applied to personnel expenses. The SMAA Operational Plan/Manual (OP) requires the retention of job descriptions showing that SMAA Medi-Cal Coordination, Claims Administration are part of the job of persons whose costs are direct-charged. Claiming units that have "generic" job descriptions for job classifications are required to justify the specific SMAA related responsibilities. Related operating expenses can also be direct-charged. Examples might include travel to SMAA-related training, computer equipment or programming expenses, or training materials. Claiming units using service bureaus or consultants to assist in SMAA Coordination, Claims Administration may direct-charge these expenses. These items must be included in the SMAA audit file.

NOTE 1: Costs that are direct-charged on the SMAA invoice must not be included in other sections of a SMAA claim.

NOTE 2: Staff who perform multiple SMAA activities other than the administration of the program cannot direct charge.

Indirect Costs

Indirect Costs for LEAs

Per 2 CFR Part 200 et seq., indirect costs are those: (a) incurred for a common or joint purpose benefiting more than one cost objective; and (b) not readily assignable to the cost objectives specifically benefited, without effort disproportionate to the results achieved. The term "indirect costs" as used herein, applies to costs of this type originating in the grantee department, as well as those incurred by other departments in supplying goods, services, and facilities. To facilitate equitable distribution of indirect expenses to the cost objectives served, it may be necessary to establish a number of pools of indirect costs within a governmental unit department or in other agencies providing services to a governmental unit department. Indirect costs pools should be distributed to benefited cost objectives on basis that will produce an equitable result in consideration of relative benefits derived. DHCS will provide oversight and monitoring of indirect cost rates to ensure that costs are allowable according to 2 CFR Part 200 et seq. In cases where the indirect cost rate is greater than 10 percent, DHCS will conduct a review to determine whether the indirect cost rate is reasonable and allowable and maintain documentation of the review. DHCS may limit the indirect cost rate to 10 percent if the costs included in the indirect

cost rate are unreasonable, unallowable, and/or contain formulas in calculating the indirect cost rate that are flawed.

Indirect costs may only be claimed if there is an indirect cost rate approved by the cognizant agency responsible for approving such rates. With respect to school-based administrative costs, the cognizant agency is the United States Department of Education (ED) or its delegate. ED has approved a delegation agreement with the California Department of Education (CDE) that authorizes CDE, as the cognizant agency, to establish indirect cost rates for California's LEAs. These rates are established annually after LEAs submit their year-end financial data. The rates for each LEA are published on the CDE website (<http://www.cde.ca.gov/fg/ac/ic/>).

The invoice and CRCS used by all LEAs in California to claim federal reimbursement for school-based activities limits the amount of indirect costs that may be claimed to the percentage approved annually by the CDE. There are no other indirect cost rates applied to the invoice or CRCS, and no other indirect costs are claimed except for what is captured through the application of the indirect cost rate.