



FACT SHEET AB 2034 (O'Donnell)

Audit Reforms for School-Based Health & Mental Health Services

SUMMARY

AB 2034 provides reforms to the process by which the Department of Health Care Services (DHCS) audits claims made by schools under the Medi-Cal Local Educational Agency Billing Option Program (LEA BOP) to increase access to school-based health and mental health services by students.

BACKGROUND

The COVID-19 pandemic has exacerbated the need for youth health and mental health services. In the first year of the pandemic, intentional self-harm among 13-18 year olds increased by 91%, overdoses increased by 95%, and diagnoses of major depressive disorder increased by 84%. In order to address these issues, schools need significant support to build the capacity necessary to provide comprehensive health and mental health services for children and youth.

School districts, County Offices of Education (COEs), charter schools, and Special Education Local Plan Areas (SELPA) can bill directly for Medi-Cal services provided by school health professionals by participating in the Local Education Agency Medi-Cal Billing Option Program (LEA BOP) and also recoup administrative costs by participating in the Schools Medi-Cal Administrative Activities program (SMAA).

More than half of all children in California, are enrolled in Medi-Cal. A recent change in California's Medi-Cal program authorizes schools to bill Medi-Cal for services provided to all Medi-

Cal eligible students, not only those with an Individualized Education Program (IEP). The LEA BOP reimburses LEAs for the federal share of approved health related services (typically 50%) provided by qualified practitioners. Covered services include nursing services, occupational therapy, speech therapy, physician services, psychology, physical therapy, and health/mental health evaluation, among others. LEA providers must maintain records on the type and extent of LEA services provided to Medi-Cal recipients.

According to DHCS, currently 595 LEAs or approximately one-half of LEAs in California participate in the LEA BOP. In aggregate, California schools bill far less, and draw down significantly less in reimbursements for Medicaid services than other states. For example, California spends \$29 per Medi-Cal eligible child, while Montana generates over \$500 per eligible child.

PROBLEM

The current Medi-Cal LEA BOP is administratively burdensome, due to extensive documentation requirements, and has adopted punitive audit practices. LEAs have experienced difficulty receiving clear and consistent guidance from the state and/or have had to return significant funds disallowed through the auditing process. Some LEAs have decided to cease participating in this program because of these problems. This has a direct impact on the ability of the LEA to provide health services to students.

According to data provided by DHCS, 75% of LEA provider claims audited between 2007 and 2015

required some level of repayment to the State. No other state requires repayment of school-based Medi-Cal claims at this rate. During that time, no LEA won a formal appeal of their repayment. Repaying claims requires the LEAs to dip into their general fund or reserves, thereby limiting funds for other critical programs and services.

In a recent survey of stakeholders about the LEA BOP, respondents cited the audit requirements as the second most common reason why LEAs do not claim for reimbursement on eligible services, second only to the related barrier of documentation requirements. (CDE 2020). Stakeholders expressed that other states' auditors fulfill a more supportive role, rather than a role that is chiefly compliance focused.

Schools also report difficulties relating to the timeliness of the LEA BOP audit process. Federal guidance and state law state that claims should be finalized in three years. Most programs interpret this to mean full resolution of the claim, including completion of the audit and any appeals. It would appear that DHCS interprets the guidance to require that the audit be initiated within three years of the claim, and in many cases are auditing claims from five years or more in the past.

DHCS appears to require audit of every LEA BOP claim, which is not required by federal law.

SOLUTION

AB 2034 would expand access to school-based health and mental health services by encouraging more schools to participate in the LEA BOP program and to bill for more eligible services, thereby increasing funding available to support student services. The bill would require DHCS to reform the process by which it audits claims from the LEA BOP program in the following ways:

- Ensure that schools are reimbursed for all eligible services that are not precluded by federal law;
- Conduct targeted risk assessment audits of no more than 10% of LEA claims per year;
- Complete all audits and notify the LEA of the findings within 12 months of submission of the claims;
- Perform final settlement of audits, including completion of the appeals process, within 3 years;
- Provide technical assistance to an LEA and assist them in developing a corrective action plan if more than 25% of their total claims are disallowed;
- Expedite appeals of audits disallowing more than 50% of an LEAs total claims;
- Involve key stakeholders in the formulation of any state plan amendments required to implement these provisions; and
- Report annually on the number of LEA BOP audits completed, the amount of funds disallowed, and any technical assistance provided to LEAs.

SUPPORT

California County Superintendents Educational Services Association (Co-Sponsor)
California School Nurses Organization (Co-Sponsor)
California Teachers Association (Co-Sponsor)
Santa Clara County Office of Education (Co-Sponsor)

CONTACTS

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