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Acting Commissioner

January 17, 2012

TO: Chief School Administrators  
Charter School Lead Person  
School Business Administrators  
Directors of Special Education

FROM: Christopher D. Cerf, Acting Commissioner

SUBJECT: Special Education Medicaid Initiative SY12-13 Revenue Projections

In accordance with New Jersey Statutes Annotated 18A:55-3, school districts are required to maximize their participation in the Special Education Medicaid Initiative (SEMI). The Accountability Regulations in New Jersey Administrative Code (N.J.A.C.) 6A:23A-5.3 include programmatic guidelines and standards for local school districts to maximize participation in SEMI. This memo provides information on waiver requirements, budget requirements, alternate revenue projection requirements, and action plan requirements for districts that did not maximize SEMI participation in the 2010-2011 school year, and SEMI timelines. The Accountability Regulations are on the following web site:

<http://www.state.nj.us/education/code/current/title6a/chap23a.htm>.

Please note the following changes to the SEMI program that became effective for the 2011-2012 school year, as described in the October 11, 2011 memorandum from Nancy Kuprewicz from the Department of the Treasury which includes the following components:

- *Staff Pool List* is a list of all district staff involved in Medicaid activities, including delivery of health-related services submission and certification which is conducted on a quarterly basis via the online system provided by the Public Consulting Group. A district must conduct a comprehensive review of its staff pool list to ensure its accuracy, as costs can only be reimbursed for staff included in each quarterly submission.
- *Random Moment Time Studies (RMTS)* are questionnaires sent to staff on the staff poll lists throughout the state. District participation and

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compliance is described in detail in the November 21, 2011 memorandum from Nancy Kuprewicz in the Department of the Treasury. In order to maximize revenue, districts must be diligent in complying with the related requirements and deadlines set by the state regarding the RMTS. It is critical that district leadership emphasize the importance of compliance with RMTS requirements to their staff and also ensure that all staff members understand the RMTS process. The state must meet a 90 percent response rate. Failure to meet this benchmark will negatively impact statewide SEMI revenue.

- *Financial Reporting* is completed on a quarterly basis through the submission of an annual cost report via the online system provided by the Public Consulting Group. This includes salary and benefits from each staff member on their staff pool list. These financials are used to calculate how much the district spends to provide health-related services. Actual costs of providing Medicaid-covered health related services will be compared to Medicaid reimbursement received. If costs exceed the reimbursement, the LEA will receive a positive settlement; conversely, if reimbursement exceeds costs, the LEA will pay back the difference. Several factors are included in the determination of LEA costs: salaries, benefits, and other related expenditures for participating direct service staff; the Indirect Cost Rate (ICR); the statewide direct service RMTS percentage, and the special education Medicaid Eligibility Ratio (MER).

The 2010-2011 revenue achieved from July 1, 2010 through June 30, 2011 has been provided (Attachment 2) to help districts monitor their progress and aid in determining if alternate revenue projections should be considered.

### **SEMI Waiver Requirements**

Please note that beginning with the 2010-2011 school year, N.J.A.C. 6A:23A-5.3 changed the threshold for districts to seek a waiver of the requirements for participation in SEMI. If the district can show that, as set forth in the October 15, 2011 Special Education Student Count, it had **40** or fewer special education Medicaid eligible students or that efforts to participate in SEMI would not provide a cost benefit to the district, the district is eligible to submit a waiver and supporting information (see Attachment 3) on an annual basis. This information must be based on reliable evidence and on the projections provided by the Department of Education (DOE) of the district's eligible students or available SEMI reimbursement for the budget year. If a district does not agree with the accuracy of the department's projections, it may submit the most recent student data for consideration. Please refer to the attached methodology used to calculate projections (see Attachment 1). For the most recent projections of eligible students and anticipated revenue to be used in a waiver request, the district should contact the county office of education.

### **SEMI Budget Requirements**

The district shall recognize as revenue in its annual 2013 district budget no less than 90 percent of the SEMI revenue projection provided by the department (see Attachment 2, Sample District SEMI Revenue Projection, on the line entitled "District Budgeted Revenue"), unless the district has received a waiver or submitted an alternate SEMI revenue projection. The SEMI revenue is recorded on revenue line 390 "Medicaid Reimbursement" in the budget. The amount entered on line 390 will be no less than 90 percent of the revenue projection unless the district, on supporting documentation, Item #18 of the budget statement, has selected that it has obtained a waiver or has selected that it has submitted an alternate revenue projection. When calculating the alternate revenue projection, the district must also submit detailed support for their calculation to the executive county superintendent in their own format. The district should refer to Attachments 1 and 3 when calculating its alternate revenue projection and to the section directly below entitled "SEMI Alternate Revenue Projection Requirements."

### **SEMI Alternate Revenue Projection Requirements**

A district may seek approval from the executive county superintendent to use its own SEMI revenue projection, upon demonstration that the numbers it used in calculating its projection are more accurate than the revenue projection provided by the DOE. Attachment 3 provides a listing of items for consideration when developing the alternate revenue projection.

### **SEMI Action Plan Requirements**

In accordance with N.J.A.C. 6A:23A-5.3(f), each district that has not achieved maximum participation in the SEMI program or failed to comply with all program requirements set forth in N.J.A.C. 6A:23A-5.3(e), shall demonstrate a good faith effort to achieve maximum participation and to maximize available SEMI revenue by submitting a SEMI action plan to the executive county superintendent for review and approval as part of the district's proposed budget submission. Maximum participation of SEMI is defined in the regulations as obtaining 90 percent return rate of parental consent forms for all SEMI eligible students. If applicable, the district shall review the existing action plan previously submitted, and if necessary, modify it to demonstrate the district's current status in terms of maximum participation in the SEMI program. The required components for the SEMI action plan are specified in N.J.A.C. 6A:23A-5.3(g) and a sample SEMI action plan format is attached for the district's use (see Attachment 4).

### **SEMI Timelines**

Note that the due dates for submission of SEMI waivers, alternate revenue projections, and action plans in these statutes may be revised to conform with the state aid notification date that follows the Governor's State Budget Message, pursuant to N.J.S.A. 18A:7F-5(c).

The SEMI alternate revenue projection and the waiver request must be submitted to the executive county superintendent no later than 45 days prior to the submission of the district's proposed budget pursuant to N.J.S.A. 18A:7F-5(c) and N.J.S.A. 18A:7F-39. Please refer to the 2012 election calendar for the due dates of the proposed budget. Action plans must be submitted to the executive county superintendent as part of the district's proposed budget submission. The executive county superintendent will issue a decision on waivers within 20 days of receipt of the waiver request.

If you have any questions regarding the status of your district or general questions regarding the SEMI program, you can contact Elaine Lerner in the Office of Special Education at (609) 984-7902 or by email at [semi@doe.state.nj.us](mailto:semi@doe.state.nj.us). Questions regarding a waiver request, alternate revenue projection, and action plan should be forwarded to the executive county school business administrator. Information relating to the SEMI program including the memos of October 11, 2011 and November 21, 2011 can be found on the Department of the Treasury's website at <http://www.state.nj.us/treasury/administration/semi-mac/acct-reg.htm>.

AS/PM/JW/el/Sp.Ed.Medicaid Initiativememo.doc

Attachments

c: Members, State Board of Education

Andrew Smarick

Dave Hesse

Barbara Gantwerk

David Corso

Peggy McDonald

Yut'se Thomas

Patricia Scott

Elaine Lerner

Elise Sadler-Williams

Nancy Kuprewicz

Joseph Cicatiello

Jessica Rod

Executive County Superintendents

Executive County School Business Administrator

County Supervisor of Child Study

NJ LEE Group

Garden State Coalition of Schools

## How SEMI Revenue Projections are Calculated for New Jersey School Districts

The basic formula for budgeting SEMI revenue for the 2012-2013 school year is as follows:

$$\text{Claimable Student Population} * \text{Annual Revenue per Student} = \text{District SEMI Revenue Projection}$$

The **Claimable Student Population** is calculated as follows:

- Special Education, Medicaid Eligible Student Count as of October 15, 2011
  - Count is reported by district and posted on DOE website
    - Students sent to Special Services School Districts are not included.
  - Actual Medicaid Eligibility as of December 2011
  - Eligibility is collected by the Division of Medical Assistance and Health Services (DMAHS). Eligibility information and student information is provided to Public Consulting Group, who is responsible by contract to match the data and provide an actual Medicaid Eligible student count.

The **Annual Revenue per Student** is calculated as follows:

- Each Special Education student receives:
  - 18 related services per year
    - 18 SEMI eligible related services per school year; and
    - Takes into consideration students who receive multiple related services a week as well as students who do not receive eligible related services.
  - One Individual Education Program (IEP) meeting per year
    - Students may have more than one IEP meeting in a year (revisions that result in a change in related service, triennials, etc.).
    - Not all IEP meetings are attended by a Medicaid qualified provider and therefore not claimable under SEMI.
- The district's reimbursement rates effective July 1, 2011 for these services and meetings are as follows:
  - Related Service = \$10.33 per date of service
  - Evaluation Services/IEP meeting = \$298.09
- **Annual Revenue per Student:**
  - $(18 \text{ related services} * \$10.33) + (\text{one IEP meeting} * \$298.09) - (20\% \text{ discount for non-claimable IEP meetings} * \$96.81) = \$387.23$

### Additional Assumptions:

- 100% Positive Parental Consent Rate for Medicaid Eligible Students
- All related services and IEP meetings delivered by Medicaid qualified providers
  - Qualifications can be found in the SEMI Provider Handbook
  - Visit the following website for a copy of the handbook:  
<http://www.state.nj.us/treasury/administration/semi-mac/acct-reg.htm>.
- All related services and IEP meetings documented in EasyTrac™
- 20% revenue projection reduction to account for non-claimable IEP meetings where a Learning Disability Teacher Consultants (LDTCs) or the case managers

## SAMPLE DISTRICT SEMI REVENUE PROJECTION

County: COUNTY NAME  
 District ID: DISTRICT ID  
 District: DISTRICT NAME

**FY12-13**

Estimated Medicaid-eligible/Special Ed Count: 226  
 District Projected Revenue: \$86,087\*  
 District Budgeted Revenue: \$77,478\*\*  
 Percent of Parental Consent, as of December 2011: 54%  
 Minimum Parental Consent Benchmark Percentage: 90%

**\*FY12-13 Revenue Assumptions**

- Projected revenue is based on 18 related services and one IEP meeting per year, per student and FY11-12 SEMI Rates
- Est. Med/Sped Count is the October 15, 2011 Special Education Count matched against actual Medicaid eligibility information collected by DMAHS in December 2011
- District Budgeted Revenue is 90% of District's Projected Revenue, the minimum amount that can be budgeted. This will change if the district submits a waiver or alternate revenue projection\*\*
- Projected revenue is based on 100% positive parental consent rate for all Med/Sped students
- All related services and IEP meetings are documented by Medicaid qualified practitioners in EasyTrac™/EasyIEP™

**FY11-12 RECAP**

Estimated Medicaid-eligible/Special Ed Count: 207  
 District Budgeted Revenue: \$72,147  
 District Revenue Achieved: \$4,351 \*\*\*  
 Percent District Revenue Achieved: 6% \*\*\*  
 Percent District Revenue Achieved Benchmark: 15%

**FY11-12 Revenue Assumptions**

- FY11-12 Revenue achieved was calculated from remittance advice received December 10, 2011
- Projected revenue was based on 18 related services and one IEP meeting per year, per student and FY10-11 SEMI Rates
- All related services and IEP meetings were documented by Medicaid qualified practitioners in EasyTrac™/EasyIEP™
- Projected revenue was based on 100% parental consent rate for all Med/Sped students

**FY10-11 RECAP**

District Revenue Achieved: \$36,945.28

**FY10-11 Revenue Assumptions**

- FY10-11 Revenue achieved was calculated from remittance advice received from July 1, 2010 to June 30, 2011.

**ITEMS FOR CONSIDERATION FOR WAIVER REVIEW AND ALTERNATE REVENUE PROJECTIONS**

**Purpose:** This information is being provided to school districts to assist with the development of a request for waiver and submit alternate revenue projections in accordance with N.J.A.C. 6A:23A-5.3. This is the same information that will be used by the executive county superintendent to review waivers and alternate revenue projections. Please note that the district will be required to provide documentation and/or reliable evidence for the items under each requirement, if applicable. A copy of the board resolution approving the waiver should be included with the waiver request.

**1. A district may obtain a waiver of the requirements to maximize SEMI participation upon demonstration that for the subsequent school year the district projects the following:**

- a. Based on reliable evidence, the district will have 40 or fewer Medicaid eligible classified students for the subsequent school year; or
- b. Efforts to participate in SEMI will not provide a cost benefit to the district, based on the revenue projections provided by the department.

*(Note- Current reimbursement to the district is \$10.33 for eligible related services and \$298.09 for eligible IEP meetings.)*

**2. A district may seek approval from the executive county superintendent to use its own projection of SEMI reimbursement upon demonstration that the numbers it used in calculating the projections are more accurate than those issued by the DOE.**

- a. Special education students are not receiving the Medicaid eligible related services described below.

**Criteria:**

Districts may claim under SEMI when certain related services are delivered to special education Medicaid eligible students. The related services must be documented in the student's IEP and EasyTrac™ and provided by a Medicaid qualified practitioner. The Medicaid-covered related services are limited to the following services:

- Audiology services;
- Nursing services;
- Occupational therapy;
- Physical therapy;
- Psychological counseling; and
- Speech therapy.

The following services are not claimable under SEMI, including but not limited to: crisis intervention, guidance counseling, drug counseling/treatment, other similar services provided on an ad hoc basis and not specified in the IEP, education services and associated costs, therapy services not documented in IEPs and services delivered on dates not covered by a valid IEP.

- b. Students who are eligible for special education and related services or eligible for speech language services are not receiving Medicaid eligible services from a Medicaid qualified practitioner.

**Criteria:**

A Medicaid qualified practitioner is a:

- Physical therapist licensed by the State Board of Physical Therapy Examiners and certified or endorsed by the Department of Education.
- Occupational therapist licensed by the Occupational Therapy Advisory Council and certified or endorsed by the Department of Education.
- Speech therapist must be: certified or endorsed by the Department of Education and hold a current Certificate of Clinical Competence by American Speech and Hearing Association (ASHA); or certified or endorsed by the Department of Education and hold a current license issued by the New Jersey Audiology and Speech-Language Pathology Advisory Committee initially received on or after January 1, 1993. *Note- Speech correctionists are not considered to be Medicaid qualified practitioners but services delivered by those individuals may be eligible to claim if services are provided "under the direction of a Medicaid qualified practitioner" described below.*
- Psychologist or social worker certified or endorsed by the Department of Education. *Note- Counseling services provided by a guidance counselor are not claimable under SEMI.*
- Registered professional nurse (RN) licensed by the New Jersey Board of Nursing.
- Audiologist licensed by the State Audiology and Speech-Language Pathology Advisory Committee.

- c. District did not obtain the parental consent benchmark percentage.

**Criteria:**

Districts did not claim for parental refusal to give consent. The district must have documentation to account for negative consent.

- 3. A district may claim for IEP meetings following evaluation services which include initial evaluations, reevaluations, and annual review meetings, if the meeting is attended by at least one Medicaid qualified practitioner.**

- a. Initial evaluations, reevaluations and annual review meetings do not include a Medicaid qualified practitioner.

**Criteria:**

Districts do not claim for individual evaluations provided to students. The date of the IEP meeting constitutes the claimable evaluation services. IEP meetings that are conducted by a learning disabilities teacher consultant are only claimable if another Medicaid qualified practitioner is present at the meeting, if appropriate. Refer to 2(b) above for the definition of Medicaid qualified practitioner.

4. **A district may claim for related services provided by physical therapy assistants (PTAs) certified occupational therapy assistants (COTAs), or speech correctionists if they meet the “under the direction requirements.”**
- a. The district does not have appropriately certified staff members to satisfy the “under the direction of” requirements.

**Criteria:**

Physical therapy-“direct supervision” means the supervising physical therapist is present on-site and readily available to respond to any consequence regarding a student’s treatment or reaction to treatment. The licensed physical therapist must sign the related service documentation form or review the services and provide approval in EasyTrac™.

Occupational therapy - “supervision” means the responsible and direct involvement of a licensed occupational therapist for the development of an occupational therapy treatment plan and the periodic review of the implementation of that plan. The licensed occupational therapist must sign the related service documentation form or review the services and provide approval in EasyTrac™.

Speech therapy services should be billed to Medicaid only if the related services were provided under the direction of a licensed speech therapist who meets ASHA standards.

“Under the direction” means that the ASHA-certified or licensed personnel:

- Maintains responsibility for the services delivered;
- Sees the student, at least, once;
- Provides input into the type of care provided;
- Monitors treatment status after treatment has begun;
- Meets regularly with the staff being supervised; and
- Is available to the supervised staff.

The qualified speech therapist must sign the related service documentation form or review the services and provide approval in EasyTrac™.

5. **A district participating in SEMI cannot claim for related services provided to students who attend Special Services School Districts (SSSD) or Department of Children and Families (DCF) campuses. For students attending SSSDs, the sending districts can claim for eligible IEP meetings.**

**More information on SEMI can be found at the following link:**

<http://www.state.nj.us/treasury/administration/pdf/semi-handbook.pdf>

**For additional information, contact:**

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