

## **2014-130 AUDIT SCOPE AND OBJECTIVES**

### **California Department of Health Care Services—School Medi-Cal Administrative Activities Program**

The audit by the California State Auditor will provide independently developed and verified information related to the California Department of Health Care Services' (Health Care Services) School Medi-Cal Administrative Activities (SMAA) and Local Education Agency (LEA) Medi-Cal Billing Option programs and will include, but not be limited to, the following:

1. Review and evaluate the laws, rules, and regulations significant to the audit objectives.
2. Research the oversight and administrative structure of similar Medicaid programs in other states. To the extent possible, identify best practices for the administration of these programs.
3. Compare California's structure, including the use of consortiums and local government agencies, to the structures implemented by other states. To the extent possible, determine how California's program structure compares to those of other states in the areas of cost effectiveness, transparency of fiscal reporting, the extent to which state reporting requirements allow for tracking of student outcomes, clarity and effectiveness of program communication, stakeholder engagement processes, and the potential for conflicts of interest.
4. Determine whether Health Care Services maximizes the amount of federal funding available to California under the SMAA and LEA Medi-Cal Billing Option programs. For increases in federal reimbursement rates since 2010, determine how Health Care Services distributed increased funding between state and local agencies.
5. Related to Health Care Services' Reasonableness Test Criteria (RTC) reimbursement process:
  - a. Review the design of the RTC process and determine whether the benchmarks for reimbursements are reasonable given the wide range of sizes and types of LEAs statewide. To the extent possible, determine whether reimbursement criteria is consistently applied across all LEAs and whether there are areas where the criteria is more restrictive than federal guidelines.
  - b. Review a selection of RTC claims to determine whether Health Care Services has effective fiscal and administrative controls over the RTC reimbursement process to ensure that LEAs receive consistent, appropriate, and timely reimbursements. To the extent possible, determine whether the process for reimbursements is consistently applied across all LEAs.
  - c. To the extent possible, determine whether Health Care Services' direction to consortiums and local government agencies about the RTC process maximizes federal reimbursements and whether the criteria used in determining allowable staff costs is reasonable and consistent with allowable federal guidelines.

- d. Determine whether Health Care Services has clearly communicated the criteria for approving or rejecting a reimbursement claim to LEAs and whether it has an adequate appeals process for denied claims under the RTC process.
  - e. Determine the approval rate of reimbursement claims by consortium or local agency region and statewide.
- 6. Determine what Health Care Services has done to comply with the administrative and reporting requirements of Welfare and Institutions Code, Section 14115.8(f), and to the extent possible, determine whether a reasonable process is in place for LEAs to be compensated for withheld reimbursements.
  - 7. Review and assess any other issues that are significant to the structure of the SMAA and LEA Medi-Cal Billing Option programs and Health Care Services' implementation of the RTC reimbursement process.