



DEPARTMENT OF HEALTH &amp; HUMAN SERVICES

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July 14, 1994

DEPARTMENT OF THE  
SECRETARY  
DALLAS REGIONAL MEDICAL SERVICES LETTER NO. 94-52

TO: State Agencies Administering Approved Medical Assistance Plans

SUBJECT: Allowable Costs Associated with EPSDT Administrative Case Management Services

As you may know, section 1902(a)(43) of the Social Security Act requires that States perform certain mandatory functions in the administration of the EPSDT benefit including:

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PROGRAM OPERATIONS

- a. informing all program eligibles about the benefit;
- b. providing or arranging for the provision of such screening services;
- c. arranging for (directly or through referral to appropriate agencies, organizations, or individuals) corrective treatment; and
- d. reporting to the Secretary.

Some of these activities may be similar or identical to the case management services provided under section 1905(a)(19) of the Act. These State Plan case management services are defined in section 1915(g)(2) of the Act as services which assist Medicaid eligible individuals in gaining access to needed medical, social, educational and other services. Because of the similarities between the State Plan case management services and the EPSDT administrative functions, these activities are frequently referred to as "EPSDT administrative case management" although there is no such term in regulatory language.

Several States have raised questions concerning allowable costs associated with EPSDT administrative responsibilities and the relationship of these activities to the State Plan case management services. For ease of understanding, we are presenting the issues in question and answer format.

Question 1:

What is HCFA's interpretation of administrative case management as it applies to EPSDT services? Isn't SMM section 5210 in conflict with section 4302.2.H? (SMM section 5210 states "Make good faith efforts to locate providers who will furnish services not covered under your Medicaid program..." SMM section 4302.2.H states "Case management services may be provided to EPSDT participants... [but] administrative case management activities must be found necessary for the proper and efficient administration of the State Plan and therefore must be limited to those

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activities necessary for proper and efficient administration of Medicaid covered services.")

Answer:

Section 5210 of the SMM has been deleted because it was misleading. Administrative case management under EPSDT must be necessary for the proper and efficient administration of the State plan under section 1903(a)(7) of the Social Security Act and section 4302.2 of the SMM, and must be directly related to responsibilities under the State plan. The determining factor in whether a case management activity would qualify for FFP is its relationship to the functioning of the State plan. If the activity has a direct link with the appropriate operation or utilization of the Medicaid plan, it is considered necessary for the proper and efficient administration of the plan. (Section 4302.2.G. of the SMM states that for case management to be considered allowable administrative costs, documentation maintained in support of the claim must be sufficiently detailed to permit HCFA to determine whether the activities are necessary for the proper and efficient administration of the State Plan.) These activities are limited to assisting individuals in gaining access to Medicaid-funded services and the ongoing monitoring of Medicaid services. While EPSDT involves a broader range of services than might otherwise be covered by a State's plan, EPSDT responsibilities do not include arranging for nonmedical services.

Additionally, activities related to the proper and efficient administration of health care in general terms, rather than the proper and efficient administration of the State plan, are not allowable as administrative case management activities. Examples, not to be considered all-inclusive, of activities that are not administrative case management activities are:

- informing individuals about other State and Federal programs and about health care issues;
- assisting Medicaid eligibles to apply for other Federal or State programs;
- giving health related talks to parents' organizations and at health fairs;
- referring an individual to a non-Medicaid health care provider;
- enrolling an individual in a non-Medicaid health-related treatment program;
- enrolling a child in a special education program; collaborating with teachers about a student's behavior plan; etc.

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## Question 2:

What is meant by the term "State Plan case management"?

## Answer:

The term "State Plan case management" refers to case management which is one of the optional services contained in section 1905(a), specifically located at section 1905(a)(19). As you may know, section 1905(r)(5) of the Act requires the States to provide, for EPSDT beneficiaries, any services in 1905(a) that are needed to "correct or ameliorate defects of physical and mental illnesses."

Since one of the services contained in 1905(a) is case management, the State must make that service available to the EPSDT recipient if the service is determined to be medically necessary. In other words, the State would need to determine if the absence of case management to assist the individual in gaining access to needed medical, educational, social or other services, would adversely affect the recipient's medical condition.

Under the State Plan case management benefit, the freedom of choice provisions in section 1902(a)(23) require that the recipient be permitted to receive case management services from any qualified provider who undertakes to provide the service.

## Question 3:

Can a State pay a separate agency to perform administrative case management for services that may already be, either in whole or in part, the responsibility of another entity? (The examples cited were for tracking, monitoring and referrals as well as arranging for transportation for recipients.)

## Answer:

The State may pay a separate agency to perform administrative case management services provided it implements a mechanism to avoid duplication of these activities. This would probably involve a complex system of checks or coordination involving the Medicaid agency and all the entities performing these activities.

Even though other State or local agencies or offices can perform services for the Medicaid agency, "...they must not have the authority to disapprove any administrative decision of that agency, or otherwise substitute their judgement for that of the Medicaid agency with respect to the application of policies, rules, and regulations issued by the Medicaid agency (42 CFR 431.10(e)(3))."

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## Question 4:

Is the development of an Individualized Education Plan (IEP) coverable as an administrative cost reimbursable by Medicaid?

## Answer:

The development of an IEP is required by, and reimbursable under, the Individuals with Disabilities Education Act (IDEA). The general responsibility for the development of the IEP rests with the education agency. Medicaid can pay for Medicaid covered services identified in a child's IEP, but the development of the plan itself is the responsibility of the education agency using non-Medicaid funding and is not allowable as an activity necessary for the proper and efficient operation of the Medicaid program.

Section 1903(c) of the Act states that nothing in the statute should be interpreted to prohibit or restrict payment for medical assistance for covered services furnished to a handicapped child under the Education for the Handicapped Act because such services are included in the child's IEP or IFSP. However, only those IEP services which are listed in section 1905(a) of the Act can be covered under Medicaid. Medical screenings and assessments necessary for the development of an IEP would be reimbursable by Medicaid as medical services, assuming the services are identified in section 1905(a) and they are performed by enrolled, qualified providers.

Section 1903(c) of the Act does not make any exceptions to the general exclusion of payment for education related services. FFP is available for any medical or remedial services in a child's IEP that are: 1) included in section 1905(a) of the Act; and 2) included in the State's Medicaid plan or otherwise available under EPSDT. In addition, the services must be medically necessary, as determined by the State agency, and furnished by qualified providers meeting all applicable Federal and/or State qualifications for the services provided.

## Question 5:

Are the following services (see below) covered as administrative case management services or State Plan case management services?

## Answer:

a. Coordinating nutrition services:

With the exception of the coordination of services with the State's special supplemental food program for women, infants, and children (WIC) under

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section 17 of the Child Nutrition Act (see section 1902(a)(11)(C)), coordinating nutrition services is not allowable as an administrative case management activity because nutritional services are not 1905(a) services. ?

However, as indicated in the response to Question #2 above, State Plan case management services might be appropriate to assist the individual in gaining access to medically necessary nutritional services.

b. Case planning and coordination:

If determined to be medically necessary, this could be claimed as a State Plan case management service.

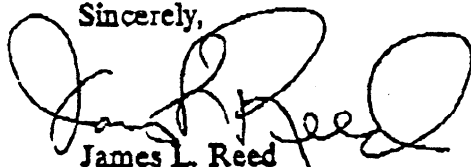
e. Health education and anticipatory guidance:

These are not administrative activities. Health education and anticipatory guidance are a mandatory part of an EPSDT screen, and therefore would be included as part of that service.

One State asked whether education of parents could be included as health education. This would not be allowable as an EPSDT service. ] see long history

If you have any questions, please contact Patrick S. Lawton at (214) 767-6473.

Sincerely,



James L. Reed  
Associate Regional Administrator  
Division of Medicaid

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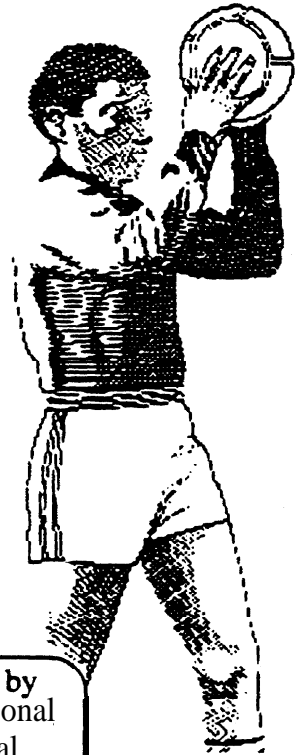
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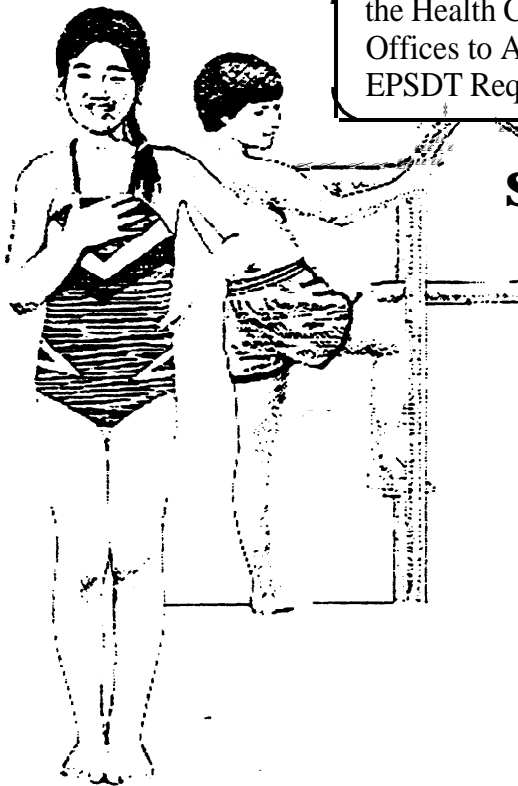


# Medicaid National Summary of Early and Periodic Screening, Diagnostic and Treatment (EPSDT) Program



A Compilation of 53 Onsite Reviews Conducted by  
the Health Care Financing Administration's Regional  
Offices to Assess State Implementation of Federal  
EPSDT Requirements.

**September 1993**



EARLY AND PERIODIC SCREENING, DIAGNOSTIC AND TREATMENT PROGRAM  
= NATIONAL SUMMARY REPORT

EXECUTIVE SUMMARY

This report summarizes the findings of the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) program **reviews** conducted by the Health Care Financing Administration (HCFA) regional offices (RO) **onsite** at 53 Medicaid State agencies to review and assess State implementation of Federal EPSDT requirements. These reviews were conducted in the last quarter of **FY**1991 and the first quarter of **FY**1992. This report reflects the implementation status of EPSDT at the time the review was conducted in each State.

These EPSDT program reviews are a part of a focused program review initiative which serves as a means for HCFA to provide States with technical assistance and guidance in implementing new Federal Medicaid requirements. The purpose of the reviews is to assist the States with complying with the requirements of title XIX. The reviewers are cautioned that their role is not that of an auditor or investigator. Rather emphasis is placed on working collaboratively with the State to identify and correct problems, and to provide the necessary technical assistance to achieve the mutual goal of assuring the implementation of Medicaid requirements.

EPSDT is a publicly financed, comprehensive child health program designed to provide primary and necessary **followup** health services to Medicaid eligible children up to age **21**. The Omnibus Budget Reconciliation Act (OBRA) of 1989 significantly expanded services that States must provide to their EPSDT population. Effective April 1, 1990, the legislation made the following changes:

- 0 Added requirements that blood level assessment appropriate to age and risk, as well as health education be included as part of an EPSDT screen;
- 0 required distinct periodicity schedules for screening, vision, dental, and hearing services, and required medically necessary interperiodic screens;
- 0 specified that States cannot limit providers to those that can furnish all EPSDT diagnostic and treatment services or prevent providers qualified to furnish one or more of those services from participation in the program; and,
- 0 required States to provide any services that are coverable under Medicaid which-are medically necessary to treat a condition identified during a screen, whether or not the service is included in the State plan.