



# Medicaid Administrative Claiming for Justice Agencies

*This brief is for public safety leaders, state Medicaid agency personnel, and policymakers who work on issues related to criminal justice and behavioral health. States have the option to permit justice agencies to receive Medicaid reimbursement for Medicaid-related activities performed by officers and/or contractors. This document explains how this can be done—through Medicaid administrative claiming—and provides examples from several states along with guidance for implementation.*

## Overview

In addition to direct services, Medicaid pays for administrative costs incurred for the “proper and efficient administration of the State plan.”<sup>1</sup> Through Medicaid administrative claiming (MAC), these expenditures are reimbursed to the state, generally at a rate of 50 percent. Services must be approved by the federal Centers for Medicare & Medicaid Services (CMS) prior to the payment of any claims. The program is administered through each state’s Medicaid agency.

While CMS sets universal overarching guidelines for MAC, each state is responsible for designing (with CMS approval) parameters for its program, including which type of entities can claim, as well as what services are eligible for claiming. The most common types of entities that currently participate in MAC are local school districts and public health departments. However, MAC is not limited by federal standards to these types of entities only.

## Medicaid administrative activities

MAC reimbursements can be applied toward specific salary, benefit, and non-salary costs of staff who provide Medicaid administrative activities (MAAs), as well as other services related to the proper administration of the Medicaid program. The general criteria for Medicaid administrative activities include any activity that is “proper and efficient” for the state’s administration of its Medicaid program. However, each state’s MAAs must be approved by CMS prior to submitting claims. Note that reimbursements cannot be made for direct services that are reimbursable through the state’s Medicaid plan, nor can they reimburse expenditures that already receive some type of federal match.

The following are examples of MAAs:

- Medicaid outreach
- Facilitating Medicaid applications

### Case Study: California

California has broad parameters for its MAC program,<sup>2</sup> allowing local government agencies (LGAs)—including local county jails—to participate. The state Medicaid authority submits claims on behalf of the LGA to obtain federal reimbursement for Medicaid administrative activities.

In 2013, CMS approved<sup>3</sup> California’s MAC Implementation Plan, making enrollment activities performed 30 days prior to release from incarceration eligible for MAC. As a result, the Alameda County Sheriff’s Office (Oakland, CA) is able to claim for the Medicaid enrollment assistance services it provides to releasees.

- Referral, coordination, and monitoring of Medicaid services
- Arranging transportation
- Medical related provider relations
- Program planning, development, and interagency coordination of medical services

MAC claims are submitted and reimbursements made on a quarterly basis. The amount of reimbursement is dependent on a number of factors, including the total portion of clients enrolled in Medicaid and the total amount of staff time spent on MAAs. To determine this, a Random Moment Time Study (RMTS) methodology often is utilized, which takes a moment-in-time sample of the time staff spend performing reimbursable activities against the amount of time a staff member spends performing unallowable activities. This percentage is used to determine the amount of an entity's claim for that quarter.

#### **Case Study: Washington**

Washington allows King County's (Seattle) juvenile probation department to participate in MAC.<sup>4</sup>

### **State's share**

Local (city and county) expenditures can serve as the state share required for federal reimbursement. According to federal regulations, funds transferred from other public agencies to a state or local agency qualify as the required state contribution.<sup>5</sup> This includes expenditures for qualifying services contracted out to non-governmental agencies.

### **Subcontracting**

Many state agencies subcontract with other non-governmental organizations to perform MAAs. In California, for example, non-governmental entities can claim MAC by performing the time study or through a direct charge contract that is specifically focused on the provision of MAAs.<sup>6</sup> In the latter case, the non-governmental entity is not required to do the time study, but the county must obtain documentation from the non-governmental entity demonstrating that the contract funds are being applied toward MAAs. Further, expenditures already must have been paid to the non-governmental entity prior to the county making the claim.

In addition to California,<sup>7</sup> states such as Florida,<sup>8</sup> Wisconsin,<sup>9</sup> North Carolina,<sup>10</sup> and Texas<sup>11</sup> have put in place a process for counties to participate in MAC (although, with the exception of California, most limit participation to schools and health departments). Additionally, they all allow these entities to subcontract with other non-governmental entities to perform claiming activities.

### **MAC for public safety and correctional agencies in your state**

While the option of participating in MAC is available to all states, specific MAAs and participating entities typically have to be specified in a state's MAC implementation plan or cost allocation plan, and approved by CMS. Traditionally, states have specified that local education agencies (LEAs) or local health departments (LHDs) can participate in MAC. However, a state can expand its existing criteria to include broader categories, as California did with its designation of "local governmental agencies (LGAs)."

In order for a public safety entity to access MAC, its state Medicaid agency must be engaged to determine whether or not there is an existing MAC implementation plan that permits other local government agencies, besides schools and health departments, to begin claiming. If there is no current MAC implementation plan, or if the current plan does not allow such parties to participate, a new implementation plan or an amendment to an existing plan may need to be developed and submitted to CMS for approval.

States that facilitate Medicaid enrollment prior to release from correctional institutions may seek to

claim these activities. In this instance, federal approval may be required.

MAC-related policies and procedures typically are guided by two federal documents: CMS' *Medicaid School-Based Administrative Claiming Guide*<sup>12</sup> and the *Office of Management and Budget Circular A-87 Revised*,<sup>13</sup> as well as any other applicable federal laws and regulations. While specifics vary from state to state, general requirements, processes, reimbursement rates (set by the federal government), payment methodology, and MAAs are similar across all states.



**For more information on MAC and Targeted Case Management**, see [www.cochs.org/medicaid-administrative-claiming](http://www.cochs.org/medicaid-administrative-claiming).

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### About the Center for Health and Justice at TASC

TASC, Inc. (Treatment Alternatives for Safe Communities) provides evidence-based services to reduce rearrest and facilitate recovery for people with substance use and mental health issues. Nationally and internationally, TASC's Center for Health and Justice offers consultation, training, and public policy solutions that save money, support public safety, and improve community health.

**TASC's Medicaid Policy Series** is designed to help leaders maximize the opportunities of Medicaid expansion in order to more swiftly and effectively connect justice populations to healthcare services in the community. The lead author of the series is TASC Administrator of Medicaid Policy and Program Development Sherie Arriazola.

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### Endnotes

- <sup>1</sup> Section 1903(a)(7) of Title XIX of the Social Security Act, available at [https://www.ssa.gov/OP\\_Home/ssact/title19/1903.htm](https://www.ssa.gov/OP_Home/ssact/title19/1903.htm).
- <sup>2</sup> California Department of Health Care Services. (2016). *County-Based Medi-Cal Administrative Activities (CMAA)*. Retrieved from <http://www.dhcs.ca.gov/provgovpart/Pages/CMAA.aspx>.
- <sup>3</sup> Centers for Medicare & Medicaid Services, U.S. Department of Health & Human Services. (2013, November 1). Re: *MAAITCM time survey methodology and MAA program operational plan [Letter]*. Retrieved from [http://www.dhcs.ca.gov/provgovpart/Documents/ACLSS/CMAA/CMAA-TCM\\_Imp\\_Plan/CMAA-TCM-IP-CMS-Approval-Amendment-Letter-11-01-13.pdf](http://www.dhcs.ca.gov/provgovpart/Documents/ACLSS/CMAA/CMAA-TCM_Imp_Plan/CMAA-TCM-IP-CMS-Approval-Amendment-Letter-11-01-13.pdf).
- <sup>4</sup> Washington State Health Care Authority. (2013). *Medicaid administrative claiming cost allocation plan for King County Superior Court Juvenile Probation Services (KCSCJPS)*. Retrieved from [http://www.hca.wa.gov/sites/default/files/billers-and-providers/KCSCJPS\\_CAP.pdf](http://www.hca.wa.gov/sites/default/files/billers-and-providers/KCSCJPS_CAP.pdf).
- <sup>5</sup> Public Funds at the State Share of Financial Participation, 42 CFR § 433.51 (2010).
- <sup>6</sup> State of California, Department of Health Care Services. (2013). *Appendix G of time survey methodology for the county based Medi-Cal administrative activities and targeted case management programs and county based Medi-Cal administrative activities program operational plan*. Retrieved from [http://www.dhcs.ca.gov/provgovpart/Documents/ACLSS/CMAA/CMAATCM\\_Imp\\_Plan/Appendix-G-LGA-CBO-Contract-and-Exhibits-v05-17-13.pdf](http://www.dhcs.ca.gov/provgovpart/Documents/ACLSS/CMAA/CMAATCM_Imp_Plan/Appendix-G-LGA-CBO-Contract-and-Exhibits-v05-17-13.pdf).
- <sup>7</sup> State of California, Department of Health Care Services. (2013). *Time survey methodology for the county based Medi-Cal administrative activities and targeted case management programs and county based Medi-Cal administrative activities program operational plan*. Retrieved from: [http://www.dhcs.ca.gov/provgovpart/Documents/ACLSS/CMAA/CMAA-TCM\\_Imp\\_Plan/CMAA-TCM-Implementation-Plan-v11-05-2013.pdf](http://www.dhcs.ca.gov/provgovpart/Documents/ACLSS/CMAA/CMAA-TCM_Imp_Plan/CMAA-TCM-Implementation-Plan-v11-05-2013.pdf).
- <sup>8</sup> State of Florida, Agency for Health Care Administration (AHCA). (2013). *Medicaid school district administrative claiming guide*. Retrieved from: [https://ahca.myflorida.com/Medicaid/childhealthservices/schools/pdfs/School\\_District\\_Administrative\\_Claiming\\_Guide\\_2013.pdf](https://ahca.myflorida.com/Medicaid/childhealthservices/schools/pdfs/School_District_Administrative_Claiming_Guide_2013.pdf).
- <sup>9</sup> State of Wisconsin, Department of Health and Family Services. (2004). *2004 administrative claiming agreement*. Available at [http://dcf.wisconsin.gov/memos/num\\_memos/2004/2004-08.pdf](http://dcf.wisconsin.gov/memos/num_memos/2004/2004-08.pdf).
- <sup>10</sup> North Carolina Division of Medical Assistance. (2014). *Medicaid administrative claiming for adults and children (MAC) operation guide*. Retrieved from: [https://ncdma.s3.amazonaws.com/s3fs-public/documents/files/MAC\\_Operation\\_Guide.pdf](https://ncdma.s3.amazonaws.com/s3fs-public/documents/files/MAC_Operation_Guide.pdf).
- <sup>11</sup> Texas Health and Human Services Commission. (2010). *Texas Medicaid administrative claiming participant guide*. Retrieved from: <http://www.hhsc.state.tx.us/rad/mac/downloads/mac-part-guide-lhd.pdf>.
- <sup>12</sup> Centers for Medicare & Medicaid Services, U.S. Department of Health & Human Services. (2003). *Medicaid school-based administrative claiming guide*. Retrieved from: <https://www.cms.gov/research-statistics-data-and-systems/computer-data-and-systems/medicaidbudgetexpendsystem/downloads/schoolhealthsvcs.pdf>.
- <sup>13</sup> Office of Management and Budget (OMB). (2004). *OMB circular A-87 revised: cost principles for state, local, and Indian tribal governments*. Retrieved from [https://www.whitehouse.gov/omb/circulars\\_a087\\_2004/](https://www.whitehouse.gov/omb/circulars_a087_2004/).