



COMMONWEALTH of VIRGINIA
Department of Medical Assistance Services

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TO: School Division Medicaid Coordinators

FROM: William J. Lessard, Jr.
Director, Provider Reimbursement

RE: Medicaid Reimbursement for Contractors

DATE: August 9, 2011

There is one policy change to Medicaid reimbursement for contractors beginning with the 2011-12 school year. You may have already noticed it in instructions from UMASS on the RMTS time study participant request sent out August 2, 2011.

Based on guidance from CMS, the federal agency which approves Medicaid reimbursement methodologies, contractors who perform Medicaid eligible medical services will no longer be included in the time study and none of their costs will be included in the administrative claim. All of their costs instead will be included in the medical services cost report and these costs will not be discounted by the Direct Services Time Study percent. The only discount factors that will apply to these costs are the eligibility percents. Contractors who do not perform Medicaid eligible medical services will continue to be included in the time study and the administrative claim.

This change should result in a small net increase in reimbursement on a statewide basis, though the impact may vary by school division.

We have not made any change to the definition of contractors and employees. Part-time or full-time "contract" employees are still employees. Any individual for whom the school issues a W-2 is an employee.

If you have questions, please feel free to contact UMASS. You can also contact Chandra Shrestha at DMAS (804-371-2446 or chandra.shrestha@dmas.virginia.gov) or Amy Edwards at DOE (804-692-0150 or amy.edwards@doe.virginia.gov).