

THE INTERAGENCY AGREEMENT
BETWEEN THE
DEPARTMENTS OF
MEDICAL ASSISTANCE SERVICES
AND
DEPARTMENT OF BEHAVIORAL HEALTH
AND DEVELOPMENTAL SERVICES
REGARDING PROVISIONS FOR THE ADMINISTRATION
OF CERTAIN MEDICAID-REIMBURSABLE SERVICES



IAG-137-09

Interagency Agreement Between the Department of Medical Assistance Services and the Department of Behavioral Health and Developmental Services Regarding Provisions for the Administration of Certain Medicaid-Reimbursable Services

1.0 PURPOSE

The purpose of the Interagency Agreement No. 137-09 (“the agreement”) is to delineate the respective duties and responsibilities of the Department of Medical Assistance Services (DMAS) and the Department of Behavioral Health and Developmental Services (DBHDS) for the administration of the following services, hereinafter referred to as the covered services:

- Community mental health rehabilitation services;
- Targeted mental health and intellectual disability services;
- Substance abuse treatment for pregnant and postpartum women;
- Intensive in-home and therapeutic day treatment services for children and adolescents in the Early and Periodic Screening, Diagnosis, and Treatment Program;
- Any other new or expanded mental health, intellectual disability, and substance abuse services related to these services that are covered subsequently by the State Medical Assistance Plan.

This agreement also separately addresses the following two services:

- Intellectual Disability home- and community-based waiver services, and
- Day Support home- and community-based waiver services.

The agreement establishes the goals of the agreement, responsibilities of each agency, and protocols for the development, implementation, and management of the covered services. This agreement does not cover or change existing arrangements for Medicaid funding of state mental health/intellectual disability facilities. This agreement does not include medical/surgical inpatient psychiatric, outpatient clinic, and pharmacy services, except for the provision of certain information about them.

The Interagency Agreement is intended to ensure that the covered services and reimbursement for such services are provided in a manner that is consistent with statutory and regulatory requirements and the missions and policies of DMAS and DBHDS.

2.0 GOALS

DMAS and DBHDS enter into the agreement to achieve the following goals:

- 2.1 Collaboration in planning, implementation, management, reimbursement, and monitoring of the covered services.
- 2.2 Communications that are collaborative, complete, accurate, accessible, user-friendly, timely and consistent across agencies to individuals using services, providers of services and stakeholders.
- 2.3 Collaboration in assuring quality services that are effective, coordinated, and support the individual user's health, welfare and self-determination.
- 2.4 Collaboration in activities needed by each agency for carrying out its distinct responsibilities in development, implementation, management, reimbursement, and monitoring the Commonwealth's Medicaid program for the covered services.

3.0 AGENCY RESPONSIBILITIES

3.1 DMAS Responsibilities

As the Commonwealth's single state Medicaid authority, DMAS will be responsible for the administration of all Medicaid programs. Pursuant to 42 CFR 431.10(e), through this IAG 137-09, DMAS does not delegate authority to DBHDS to create or issue final policies, rules, or regulations. Nothing contained in IAG 137-09 shall be construed to impair the authority of DMAS with regard to any of its rules, regulations, or administrative decisions, where the terms of IAG 137-09 makes DMAS rules, regulations, or decisions subject to review, clearance, or similar action by DBHDS. Nothing in IAG 137-09 shall be construed to authorize DBHDS to change administrative decisions of DMAS or otherwise make administrative decisions subject to review, clearance, or similar action by DMAS. In this role, DMAS carries out the activities outlined in this section.

- 3.1.1 DMAS will develop and maintain the State Medical Assistance Plan, which is approved by the Centers for Medicare and Medicaid Services (CMS).

DMAS shall complete federal quarterly and other reports, including the demonstration of cost effectiveness and outcome measure reporting, for CMS. DMAS shall provide DBHDS sufficient notice of its need for information, provide review and comment by DBHDS and supply to DBHDS copies of reports made pursuant to this section.

- 3.1.3 DMAS will submit approved waiver documents and State Plan Amendments relating to waivers to CMS, following review and comment by DBHDS, with a final copy to DBHDS.
- 3.1.4 DMAS will participate in the development and review of and have final approval authority for all revisions made to policies, provider manuals,

regulatory packages, State Plan Amendments, or amendments to the Code of Virginia.

- 3.1.5 DMAS shall review, sign, and send Medicaid memoranda to DBHDS to assure individuals and providers are informed as needed.
- 3.1.6 DMAS will pay valid provider claims submitted by qualified providers for covered services.
- 3.1.7 DMAS will collaborate with DBHDS in developing budget proposals and submissions and requests for funding in the Governor's budget for covered services.
- 3.1.8 DMAS has the right to terminate or retract payment to a provider due to licensing, health and safety issues or quality management or utilization review findings.
- 3.1.9 DMAS will respond to the public and legislators regarding claims processing and any other functions that are carried out solely by DMAS and over which DMAS has final authority.
- 3.1.10 DMAS will maintain provider agreements with community services boards and other providers and ensure that all providers meet applicable qualifications and render covered services to Medicaid-enrolled individuals. DMAS will notify DBHDS of providers of the services.
- 3.1.11 DMAS will notify the DBHDS, Office of Developmental Services and Office of Licensing for providers licensed by DBHDS, when significant quality of care issues are identified or when DMAS has a reasonable basis for believing that a provider is experiencing significant financial difficulties.
- 3.1.12 DMAS will receive and manage provider and client appeals and provide DBHDS copies of appeal decisions.
- 3.1.13 DMAS will keep DBHDS informed of changes in missions and policies of DMAS and CMS, forward related communications with CMS to DBHDS and facilitate regular collaborative discussions with DBHDS and CMS to ensure compliance with state and federal statutory and regulatory requirements.
- 3.1.14 DMAS will participate as requested in advisory groups of stakeholders.
- 3.1.15 DMAS shall serve as the lead for all of out-of-state waiver placements, in accordance with the Division of Long-Term Care regulations, policies and procedures.
- 3.1.16 DMAS and DBHDS shall place on their respective web sites provider manuals, links to the other agency's website and any other information and documents needed by Medicaid providers.

- 3.1.17 DMAS shall provide information and data to DBHDS as needed to ensure the ability of DBHDS to carry out its responsibilities as outlined below.
- 3.1.18 DMAS will be responsible for provider rate-setting in consultation with DBHDS for rates under the ID and DS waivers. DMAS will provide notice to providers about ID and DS waivers rate changes. Final determination of all ID and DS waivers rates paid remains with DMAS.
- 3.1.19 On a quarterly basis, DMAS shall, in collaboration with DBHDS, monitor the costs associated with the two Waivers to ensure that the services provided remain cost effective.
- 3.1.20 DMAS will monitor prior-authorizations conducted by the State-designated agency or its contractor for criteria application, entry into Virginia Medicaid Medical Management System (VaMMIS) and processing time. DMAS will provide DBHDS a summary of findings and collaboratively work with DBHDS to correct any identified issues.

3.2 DBHDS RESPONSIBILITIES

As the Commonwealth's single state agency for public mental health, developmental disabilities, and substance use disorders services, and the agency responsible for the daily administration and management of the ID and DS Waivers, DBHDS carries out the activities outlined in this section.

- 3.2.1 DBHDS will certify to DMAS for purposes of provider enrollment the licensing status of programs and services licensed by DBHDS, as needed.
- 3.2.2 DBHDS will actively participate in and advise DMAS as DMAS develops new managed care projects that include or affect any Medicaid-reimbursed mental health, intellectual disability, or substance use disorders services.
- 3.2.3 Subject to review and approval by DMAS, DBHDS may subcontract services to other qualified organizations.
- 3.2.4 The DBHDS Licensing Office will inform DMAS when negative action, such as sanctions or license revocations, have been initiated.
- 3.2.5 DBHDS will serve as an expert witness, as needed, in provider and client appeal cases.
- 3.2.6 DBHDS will provide data on a routine basis and as needed to respond to reporting requirements of CMS.
- 3.2.7 DBHDS shall maintain a listing of providers licensed by DBHDS on their website.
- 3.2.8 DBHDS will coordinate with the CSBs to obtain the information and needed by DMAS for approval or denial of all out-of-state placements recommended by DBHDS.

- 3.2.9 The two agencies will meet the performance measures and assurances as set forth by CMS for waiver applications that are operated by DBHDS.

4.0 INTELLECTUAL DISABILITY AND DAY SUPPORT SERVICES WAIVERS

This section describes the respective responsibilities of DBHDS and DMAS with respect to the Medicaid Intellectual Disability and Day Support Waivers. These respective responsibilities are set forth separately because they are unique to these two Waiver programs and do not apply to the other covered services that are the subject of IAG 137-09. The responsibilities described in this section became effective August 28, 2006.

- 4.1 DBHDS shall manage daily operations and recommend design changes to the Intellectual Disability and the Day Support Waivers with review and final approval by DMAS.
- 4.2 DBHDS shall develop regulations, policy, procedures, provider memoranda, State Plan Amendments, and CMS Waiver applications and subsequent amendments for these two waivers, with the input, review and final approval and submission by DMAS to the appropriate federal and state authorities.
- 4.3 DBHDS shall manage the waiver waiting lists and distribute slots to the community services boards according to established criteria, procedures and CMS approved waiver applications. DBHDS shall develop a consistent set of guidelines to be applied statewide for slot assignment by the community services boards. DBHDS will monitor the allocation of slots by the community services boards necessary to comply with CMS requirements defined in the waiver.
- 4.4 DBHDS shall address questions and concerns from the public or legislators regarding waivers, and slot distribution.
- 4.5 DBHDS will convene and serve as lead of advisory committees that pertain to these waivers.
- 4.6 DBHDS shall conduct the training, and provide the technical assistance, and consultation on these waivers and waiver-related services, and participate in training with DMAS.
- 4.7 DBHDS shall collaborate with DMAS in the development of the budget and agency funding priorities. DMAS shall provide data as needed to support this function and actively participate in the development process.
- 4.8 DBHDS shall include in its budget priorities and budget proposals funding for Waiver slots and Waiver program services.
- 4.9 DBHDS and DMAS shall perform quality management review functions to assure compliance with CMS waiver requirements and jointly meet as mutually agreed to review findings and recommend program enhancements.
- 4.10 DMAS shall provide for payment of claims that meet all necessary criteria for payment of services.

- 4.11 DMAS shall conduct reviews of waiver operations consistent with waiver application and Medicaid regulations. Review may include Quality Management Reviews, Utilization Review and monitoring of the agreement.
- 4.12 The State-designated agency or its contractor shall perform prior authorization for the ID and DS Waivers.

5.0 COMMUNICATIONS AND DATA EXCHANGE

- 5.1 DMAS and DBHDS recognize that communication between internal and external stakeholders is essential to ensure coordination of services and implementation of best practices as well as the promotion of a strong and effective service delivery system.
 - 5.1.1 When DMAS or DBHDS become aware of conditions that will negatively affect the delivery of the covered services, each will notify the other immediately.
 - 5.1.2 DMAS and DBHDS will provide reasonable timeframes for completion when requesting review and comment from each other.
 - 5.1.3 DMAS and DBHDS will schedule and conduct regular meetings at varying levels of operation, maintain ongoing contact and actively communicate.
- 5.2 DMAS and DBHDS recognize that data exchange is essential to ensuring that the service system meets the requirements and expectations of regulators, funding sources, and other stakeholders.
 - 5.2.1 DMAS and DBHDS will provide to each other the documents and data that are required by this agreement in a timely and efficient manner, in compatible and useful formats, and in accordance with law and regulation, including the use of secure email between the two agencies.
 - 5.2.2 DMAS or DBHDS may request any data or information that is determined to be necessary to carry out the responsibilities of this agreement or the agencies' state authority roles. DBHDS and DMAS will make every attempt to honor such requests within the confines of applicable laws and regulations and agency workloads.
 - 5.2.3 DMAS and DBHDS and any subcontractors with which either agency may enter into an agreement and agree to abide by the existing Health Insurance Portability and Accountability Act (HIPAA) of 1996.

6.0 REIMBURSEMENT AND PAYMENT PROCEDURES

- 6.1 When DMAS must reimburse DBHDS for performance of administrative services covered or referenced by this agreement, reimbursement will be by either a pass-through or a vendor transaction as defined in the Department of Accounts memorandum dated May 20, 1998, regarding Procedures for

Identifying and Accounting for Transactions between State Agencies and Institutions.

- 6.1.1 DBHDS agrees to collect, record, and maintain documentation, and an audit trail that supports expenses related to carrying out the provisions of the agreement. Sufficient, adequate documentation in the form of accounting or ledger reports will be submitted with the Interagency Transfer (IAT) to support the draw of federal monies.
- 6.1.2 Any indirect costs included in the billings shall be supported by a federally approved cost allocation plan and separately identified on the billing.
- 6.1.3 If sufficient documentation is not presented with the IAT, DMAS will return the IAT to DBHDS. If the Auditor of Public Accounts (APA) or other auditing agents question costs associated with this activity, DMAS will contact DBHDS for additional backup and verification.
- 6.1.4 DBHDS will reimburse DMAS for any unsupported or disallowed costs.
- 6.1.5 DBHDS will maintain cost documentation for six years or until DMAS/DBHDS records are audited by federal and state authorities, whichever is longer.
- 6.1.6 DBHDS will bill DMAS via IAT for its monthly costs within forty-five (45) days of the close of each month. The IAT shall reflect the total computable expenditures incurred (both General and Non-General funds), the project number assigned to each service, the Catalog of Federal Domestic Assistance (CFDA) number (#), and the services performed.
- 6.1.7 Pass-Through Transactions: If the services related to a pass-through transaction as outlined in this agreement, DBHDS is DMAS' Subrecipient. DMAS will record the transactions using Fund 1000, Transaction Code 497, GLA 989, with the appropriate CFDA number (Medicaid #93.778, CMSIP/FAMIS 98.767, etc.), and, if applicable, a project number. DBHDS will record the expenditure using the appropriate object codes using Fund 1000, Transaction code 116, and GLA 988. DMAS will report the pass-through on the Schedule of Subrecipient under DBHDS; and, DBHDS will show the expenditures on the Schedule of Pass-Through Funds Received from Other Agencies. DMAS will transfer funds from the Medicaid program to DBHDS within 30 days of receipt of the IAT. Prior to June 15 of each fiscal year, DBHDS will report to the DMAS Grants Manager the total amount of funds transferred through Subrecipient activity during the fiscal year. If there are any discrepancies between DMAS and DBHDS calculations, the DMAS calculation will be used for final filing of the Schedule of Federal Assistance. DMAS and DBHDS will reconcile financial reports on an annual basis.

- 6.2 Nothing in this agreement shall be construed as granting any contractor or subcontractor the right to use or otherwise administratively pursue reimbursement from DMAS or DBHDS.
- 6.3 Vendor Transactions: If the services are vendor transaction, DMAS will record the transactions using Funds 0100 and/or 1000, Transaction Code 380, the CFDA number, the object code, and project number. DMAS will report the vendor expenditure on the Schedule of Federal Assistance under the Medicaid grant. DBHDS will not have to report the expenditure on any year-end federal schedules.

IATs should be directed to:

DMAS Grants Manager
Fiscal and Purchases Division
Department of Medical Assistance Services
Suite 1300
600 E. Broad Street, Richmond, VA 23219

7.0 IMPLEMENTATION OF THIS AGREEMENT

- 7.1 The Director of DMAS and the Commissioner of DBHDS shall ensure that their employees and offices responsible for the implementation of this agreement receive a copy of the signed agreement and understand their respective responsibilities.
- 7.2 The Director of DMAS and the Commissioner of DBHDS shall ensure that this agreement is reviewed on an annual basis and that new employees responsible for the implementation and management of the activities referenced by this agreement receive an orientation to the contents of the agreement and their responsibilities.

8.0 TERM, MODIFICATION, AND TERMINATION OF THE AGREEMENT

- 8.1 Term/Automatic Renewal: This agreement amends and replaces the Business Associate agreement dated May 18, 2005, and any subsequent modifications. It will automatically renew for periods of one year thereafter, unless modified or canceled.
- 8.2 Modifications: This agreement may be modified by mutual, signed written agreement of the parties at any time. Appendix A, attached hereto and made a part hereof, describes all previous modifications to this Agreement that are current as of the date signed below.
- 8.3 Cancellation: This agreement may be canceled by either DMAS or DBHDS upon ninety (90) days' written notice to the other party.
- 8.4 This agreement is effective from the date of signature.

James Reinhard, M.D., Commissioner
Department of Behavioral Health
and Developmental Services

Patrick Finnerty, Director
Department of Medical Assistance
Services

Signed this _____ day of December, 2009

Signed this ____day of December, 2009