



**State of New Jersey**

DEPARTMENT OF THE TREASURY  
DIVISION OF ADMINISTRATION  
P.O. BOX 211  
TRENTON, NJ 08625-0211

CHRIS CHRISTIE  
*Governor*  
KIM GUADAGNO  
*Lt. Governor*

ANDREW P. SIDAMON-ERISTOFF  
*State Treasurer*

October 11, 2011

**MEMORANDUM TO:** Executive County Superintendents  
 Executive County Business Administrators  
 Chief School Administrators  
 School Business Administrators/Secretaries

**FROM:** Nancy M. Kuprewicz *Nancy M. Kuprewicz*  
 Department of the Treasury

**SUBJECT: Special Education Medicaid Education (SEMI) - Cost Settlement Process/Waivers**

Local Education Agencies (LEAs) are being advised of changes to the Special Education Medicaid Initiative (SEMI) program. Beginning with the 2011-12 school year, New Jersey is required to implement a cost settlement process. The information below will describe cost settlement, the LEAs role in its implementation; follow up steps for LEAs and the provision and purpose of the requests for waiver information.

**Description of Cost Settlement**

The U.S. Department of Health & Human Services' Centers for Medicare & Medicaid Services (CMS) has been working with many states to reform Medicaid reimbursement for medical services delivered in the school setting. CMS is requiring States to demonstrate that rates paid for school-based services are no higher than the actual cost of providing medical services. To comply with the CMS directive, New Jersey has implemented a cost settlement system. New Jersey LEAs participating in the SEMI program must comply with the cost settlement requirements.

**District's Role in Implementing Cost Settlement**

Public Consulting Group (PCG) began training and technical assistance sessions to enable school districts to familiarize their staff members with the new requirements. Cost settlement training sessions began with "staff pool" training in August 2011. Random Moment Time Study (RMTS) training began in September 2011 and will continue throughout the implementation period. Training opportunities will be announced on a monthly basis.

Training and technical assistance sessions will include the following topics which are pertinent to SEMI implementation:

- RMTS
- Quarterly Reports
- Annual Cost Settlement Process
- Preparing for Cost Settlement Implementation
- Relevant Dates
- District Coordination

LEAs will receive follow up information regarding upcoming training sessions. LEAs are encouraged to attend a training session offered by PCG regarding cost settlement.

### **Requests for Waiver Status**

All county offices are requested to provide a list of all LEAs that have received a waiver that exempts the district from participating in the federal reimbursement. In addition, to the exemption list, please provide a copy of all Alternate Revenue approval letters that apply to school year 2011-12. This information is crucial to the implementation of the cost settlement process. Please send your district's waiver list and if applicable, any Alternate Revenue approval letters to [njsemi@pcgus.com](mailto:njsemi@pcgus.com) or fax to **609-716-0971** by Friday, September 30, 2011.

You may contact Nancy Kuprewicz, Department of the Treasury, at [Nancy.Kuprewicz@treas.state.nj.us](mailto:Nancy.Kuprewicz@treas.state.nj.us) (609-633-9069) or Public Consulting Group at [njsemi@pcgus.com](mailto:njsemi@pcgus.com) with any questions regarding the cost settlement implementation.

c: Elaine Lerner

---