

Section 5: Third-Party Funding

Minnesota Statutes 2021, section 125A.21, subdivision 2, requires school districts to seek reimbursement from insurers and other third-parties for the cost of services provided by a Local Educational Agency (LEA) whenever these services are covered by the child's health insurance. This statute is based on federal regulations and the Individuals with Disabilities Education Act (IDEA). LEAs can enroll with the Minnesota Health Care Programs (MHCP) as an MHCP Individualized Education Program (IEP) provider. To bill Medical Assistance (MA) for the federal share of covered IEP health-related services, LEAs must be enrolled with Minnesota Department of Human Services (DHS) MHCP.

For the purposes of this document, LEA means any district, charter school, cooperative, education district, or intermediate district. The following Minnesota LEAs and tribal schools can enroll as IEP service providers and bill for IEP-covered services (out-of-state schools and districts cannot enroll as Minnesota IEP providers):

- Charter schools
- Education districts
- Intermediate districts
- Public school districts
- Tribal schools that receive funding from the Bureau of Indian Affairs (BIA)
- Service cooperatives
- Special education cooperatives
- State academies

Private schools are not directly reimbursed for covered IEP services. MA services provided by an LEA through the IEP to children who attend private schools are billed by LEA.

Legal References and Resources

Minnesota Statutes Specific to Medicaid-Covered IEP Services:

- [125A.21 \(Minn. Stat. \[2021\] Third-Party Payment\)](#)
- [125A.74 \(Minn. Stat. \[2021\] Medical Assistance Payment to School Districts\)](#)
- [125A.744 \(Minn. Stat. \[2021\] Statewide Data Management System to Maximize Medical Assistance Reimbursement\)](#)
- [256B.0625, subdivision 26. Special Education Services \(Minn. Stat. \[2021\] Covered Services\)](#)

Other Relevant Statutes

[Chapter 13. Government Data Practices Act](#)

Minnesota Statutes 2021, sections [245.487](#) to [245.4889](#) (Minnesota Comprehensive Children’s Mental Health Act)

Electronic Code of Federal Regulations

[Title 34 Education, Part 300 – Assistance to States for the Education of Children with Disabilities](#)

Minnesota Department of Human Services

[Individualized Education Program \(IEP\) Services](#)

Refer to the [Minnesota Department of Human Services \(DHS\) Provider Manual – IEP section](#)

(<https://mn.gov/dhs/> > General Public > Publications > Manuals > Providers > Minnesota Health Care Programs (MHCP) Provider Manual > IEP) for more information.

MHCP Eligible Children

Refer to the [Minnesota Department of Human Services \(DHS\) Provider Manual – IEP section](#)

(<https://mn.gov/dhs/> > General Public > Publications > Manuals > Providers > Minnesota Health Care Programs (MHCP) Provider Manual > IEP) for guidance as to when the expenditures are eligible for IEP-MA Billing.

Parent Notification, Release and Consent

Parents of children with disabilities must be fully informed before consenting to schools sharing information with MHCP and processing claims for reimbursement.

For more information, please visit the Minnesota Department of Education (MDE) [Third-party Reimbursement webpage](#) (<https://education.mn.gov/> > Districts, Schools and Educators > Teaching and Learning > Special Education > Medicaid in Education).

Eligible Services

LEAs are reimbursed when a child has a disability and an IEP or Individual Family Service Plan (IFSP), requires health-related services, in order to benefit from special education, and is eligible for MHCP, which includes MA, MinnesotaCare and other public, government health programs. Reimbursable IEP health-related services include assessments and services for:

- Physical therapy
- Occupational therapy
- Speech-language-hearing
- Children’s Therapeutic Services and Systems (Mental Health)

- Nursing
- Personal care assistance services
- Assistive technology devices (medical equipment)
- Special transportation (DHS definition)
- Oral and sign language interpreter services during above service

Refer to the [Minnesota Department of Human Services \(DHS\) Provider Manual - IEP section](#)

(<https://mn.gov/dhs/> > General Public > Publications > Manuals > Providers > Minnesota Health Care Programs (MHCP) Provider Manual > IEP) for information on the cost-based rate formula, record keeping and documentation requirements.

DHS Assistive Technology (AT) Devices

Minnesota Health Care Programs (MHCP) will cover IEP health-related assistive technology (AT) devices and equipment for MHCP-eligible children when identified in a child’s IEP or IFSP and covered under Minnesota’s Medicaid. When all coverage criteria are met, MHCP will pay the federal share of the cost of the item and the school will be responsible for the non-federal share. Covered equipment must be approved by the IEP team.

Cover equipment includes:

- Hearing amplification devices – for example, FM systems.
- Dedicated speech generating devices (“locked” for a specific use or purpose).
- Argumentative Communication (AC) Devices and Tablets are those designed, trademarked and supplied by the individual manufacturer.
- Non-dedicated tablet – For the purpose of this policy, this refers to any electronic tablet designed for multipurpose use and sold (provided) by manufacturers, retailers and suppliers. Examples of these tablets include Apple iPad® or Samsung Galaxy®. To be covered under MHCP, these tablets must be locked to prevent use other than communication. When locked, these tablets were considered “dedicated,” and are eligible for coverage.
- Communication picture books.
- Communication charts and boards.
- Mechanical devices.
- Electronic devices.
- Electronic tablets.
- Communication software application.
- Carrying cases or mounting.
- Other accessories that are medically necessary.
- Mobility devices – for example, wheelchairs, walkers.
- Positioning devices – for example, standing boards.
- Equipment purchased with any Medicaid funds belongs to the child.

Refer to the DHS [Covered and Noncovered IEP Health-Related Services](#) section for an overview of the covered and noncovered IEP Health-Related Services and [Assistive Technology \(AT\) Devices](#) for authorization and orders for equipment. Equipment purchased with any Medicaid fund belongs to the child for whom the device is purchased or rented.

Minnesota Health Care Programs Rate Setting

LEAs are required to report to MHCP the following information once a year:

- The sum of documented service hours for MA/MinnesotaCare children for whom the LEA has billed MHCP.
- The sum of documented encounters for MA/MinnesotaCare children for whom the LEA has billed MHCP.

DHS requests LEAs to report these sums on the [IEP Services Annual Data Report Form #5052](https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5052-ENG) (<https://edocs.dhs.state.mn.us/lfserver/Public/DHS-5052-ENG>).

Cost-based rates are determined by DHS, based on a formula approved in the Medicaid State Plan for the following services using Special Education Data Reporting Application (SEDRA) Personnel Type Codes (PTC):

Table 5-1 SEDRA PTC by Service

Service	SEDRA PTC
Physical Therapy	4
Occupational Therapy	5
Speech Language/Hearing Therapy	7 and 14
Nursing	6, 44, 60 and 62 (Activity Code "d")
Mental Health	11, 13, 49, 50 and 52
Personal Care	43, 61, 8, 53 and 62 (Activity Code "c")
Interpreter	28, 28 and 62 (Activity Code "a")

All other information for MHCP rate setting is obtained by DHS from MDE. MDE provides DHS with LEA-specific data for the following:

- Contract expenses: The sum of contract expenses in SEDRA by personnel type code as reported annually by an LEA.
- Salaries: The sum of LEA employee salaries in SEDRA by personnel type code as reported annually by an LEA.
- Average fringe: A calculation made by MDE based on the LEA average percent of fringe benefits to LEA special education employees from data reported annually by an LEA in the Uniform Financial Accounting and Reporting Standards (UFARS).
- Full-Time Equivalent (FTE): The sum of FTEs in SEDRA by PTC as reported annually by an LEA.
- Contract days: The number of contract days reported annually by an LEA to MDE.
- Contract hours: The number of contract hours in a contract day as reported annually by an LEA to MDE.
- Unrestricted indirect costs: the indirect costs plus the operation and maintenance costs divided by the base costs as reported by an LEA to MDE, verified, and calculated by MDE.
- Trip rate: MDE calculates the trip rate for each LEA. The trip rate is the cost of providing special education transportation to and from school.

Accurate reporting is essential to ensure realistic and equitable rates from MHCP. If your interim rates are out of line, verify the information and contact DHS for guidance. Some things to remember include:

- Code paraprofessionals, who for any portion of their day perform personal care tasks for students in special education in SEDRA as PTC 8. Code one-to-one paraprofessionals in SEDRA as PTC 53. It does not matter if the services they provide are actually being billed to a third-party; the type of service they provide is what is important.

Table 5-2 Interim Rate Calculation Example

Step	Title	Calculation	Example
A	Salaries	Total LEA employee salaries in SEDRA by PTC report for Fiscal Year (FY) by LEA.	\$18,602
B	Fringe Benefits percent of LEA Average	The LEA average percent fringe benefits to LEA special education employees from data reported for FY by LEA to UFARS.	0.240
C	Fringe Benefit Expenditure	(A * B) Total Fringe Benefits.	\$4,464
D	Contract Expenses	Total contract expense in SEDRA by PTC reported for FY by LEA.	\$0.00
E	Total Service Expense – SEDRA	(A + C + D) Total Salaries and Benefits per IEP Service.	\$23,066
F	Service FTE – SEDRA	Total FTEs in SEDRA by PTC reported for FY by LEA.	0.39
G	Days in School Year	Total contract days reported for FY by LEA to SEDRA.	180
H	Hours in School Day	Total contract hours in a day reported for FY by LEA in SEDRA.	7.00
I	Total Employment Hours	(F * G * H) Total employment hours.	491.40
J	Average Hourly Cost Service	(E/I) Average hourly cost of providing the IEP service.	46.94
K	Total MA Direct Hours	Total MA direct service hours recorded for MA eligible children for who the LEA has consent to bill and report by LEA for FY to DHS in the required format by PTC.	39.00
L	Total MA Encounters	Total MA encounters recorded for MA eligible children and reported by LEA for FY to DHS in the required format by PTC.	78
M	Calculated Rate Services	(J * K/L) LEA's calculated rates.	\$23.47
N	MDE Unreserved Indirect percentage	MDE Unrestricted Indirect Costs Percentage for FY.	0.160
O	Indirect Costs	(M * N) LEA's Indirect Costs.	\$3.76
P	Interim Rate Services	(M + O = P) LEA's Interim Rate effective July 1, 20xx through June 30, 20xx.	\$27.23

The Special Education MA Report on Salaries, Contracted Services and FTE is available through the [MDE Data Center](https://education.mn.gov/) (https://education.mn.gov/ > Data Center > Data Reports and Analytics > School Finance Reports: Minnesota Funding Reports (MFR)). From the drop-down menu, select the District, Category: **Special Education**, year and report name: **Special Education Medical Assistance Report on Salaries, Contracted Services and FTE**.

Figure 5-1 Minnesota Funding Reports (MFR) Screen

[MDE > Data Center > Data Reports and Analytics](#)

Minnesota Funding Reports (MFR)

The Minnesota Department of Education (MDE) Program Finance area created the Minnesota Funding Reports (MFR) to provide state, district, school and program level funding information. An interactive search for MFR reports is available by school district, category, year and report. [Read the help document.](#)

Use the Drop Downs to identify the report of interest

Sort District list by: Name Num Numb Numb

List District Types: All Standard Co-Ops

District View reports: Select 1 district from list or enter up to 5 districts:

added in the last: All Reports (9999-99)

Category: Special Education

Year: 17-18

Report: Special Education Medical Assistance Report on Salaries, Contracted Services and FTE

Figure 5-2 Sample Medical Assistance Report

NUMBER OF MINUTES IN A SCHOOL DAY 440
 NUMBER OF DAYS IN A SCHOOL YEAR 183
 NUMBER OF HOURS IN A SCHOOL YEAR 1,342

ELIGIBLE SERVICE	TOTAL SALARIES	TOTAL FTE	TOTAL CONTRACTED SERVICES COST	TOTAL FTE
PHYSICAL THERAPY	0.00	0.00	0.00	0.00
OCCUPATIONAL THERAPY	214,419.51	5.47	0.00	0.00
SPEECH LANGUAGE/HEARING THERAPY	828,508.72	12.23	0.00	0.00
NURSING	69,980.33	2.48	0.00	0.00
MENTAL HEALTH	448,288.42	6.67	244,525.34	2.00
PERSONAL CARE	2,962,538.83	130.37	0.00	0.00
INTERPRETER	32,965.32	0.94	0.00	0.00

Reporting Revenue from a Third-Party

[Minnesota Statutes 2021, section 125A.74, subdivision 5](#), protects other special education funding from being reduced by third-party revenue. Revenue obtained from a third-party source does not reduce any other revenue an LEA receives for a child. The revenue received from third-party sources must be tracked through UFARS according to [Minnesota Statutes 2021, section 123B.77 Accounting, Budgeting, and Reporting Requirement](#). The general rule in UFARS is to use the finance code for both the revenue and expenditures when there is a separate balance sheet code.

- UFARS Finance Code (FIN) 372: Report expenditures using third-party revenue with this code.
- UFARS Source Code 071: Report all revenue received from Minnesota Health Care Programs (MA and MinnesotaCare) in UFARS with Source Dimension Code 071.

- UFARS Source Code 072: Report all revenue received from private health plans (Blue Cross, Medica, etc.) in UFARS with Source Dimension Code 072.

Example of how to receipt MA revenue for a student who is eligible for special education under physical disability:

01 General Fund
 xxx Organization Site Code (could be 000 or 005)
 404 Program Code: physical disability (could be 000)
 372 Finance Code
 071 Source Code: Minnesota Health Care Programs
 000 Course Code

For auditing purposes, third-party revenue is considered ongoing and can be carried over. It is essentially treated as current year revenue, because at the time of an audit the amount of the year-end revenue is unknown. This could be because:

- Claims may be denied or adjusted.
- Settle-up may not have been finalized.
- Interim rates are subject to revisions.

Unused third-party revenue must be reserved to the UFARS balance sheet code 472.

Multiple LEA Funding

Minnesota LEAs use a variety of delivery models to provide necessary related services for children eligible for special education. In some situations, more than one LEA may be providing services to a child. When this happens, only the LEA that provides a service and pays the salary or other actual cost of the service can bill a third-party for that service. More than one LEA may bill a third-party for health-related services.

For example, an independent LEA provides special transportation for a child to an intermediate LEA where the child receives Occupational Therapy (OT), Physical Therapy (PT), speech, and personal care services. If all the billing criteria are met, the independent LEA provides and bills for special transportation services. If all the billing criteria are met, the intermediate LEA provides and bills for OT, PT, speech, and personal care services. Each LEA receives and reports the revenue. Neither LEA may bill for services provided by another LEA unless one of the LEAs has agreed to act on behalf of the other LEA as a billing agent. However, the billing agent must bill under the provider number of the LEA for whom it is billing.

- No formal written agreement is needed for either LEA to bill a third-party for services provided by the district.
- If an LEA acts as a billing agent for another LEA, the LEAs will want to have a written agreement outlining responsibilities, including potential charges for providing billing services. The charge for billing agent services, according to federal regulation and Minnesota Rule 9505.0455, may not be based on the amount of money received (e.g., a percentage of the reimbursement). Refer to the [Minnesota](#)

[Department of Human Services \(DHS\) Provider Manual – IEP section](https://mn.gov/dhs/) (https://mn.gov/dhs/ > General Public > Publications, forms and resources > Manuals > Providers: Minnesota Health Care Programs (MHCP) Provider Manual > IEP) for more information.

- A student’s serving or resident district cannot make claims to a third-party for related services provided under special education by another LEA, such as an intermediate, cooperative, or education district.
- Some LEAs use billing agents. It is important to remember that the LEA, not the billing agent, is responsible for the services they bill.
- A cooperative, intermediate, or educational district cannot simply refund third-party revenue to its member districts. The cooperative, intermediate, or educational district must document the receipt and expenditure of third-party revenue according to the procedures described above. Simply “refunding” third-party revenue to a member district does not provide the required documentation.

Take care to allocate contracted services to the appropriate personnel type codes. For example, if the LEA has a contract with Green Acres Rehab for an Occupational Therapist-Registered (OTR), physical therapist and speech language pathologist, the LEA needs to allocate the cost of each service to the correct Personnel Type Code (PTC). The expenditure is then entered in SEDRA.

If the LEA lumps the total cost under other contracted services (PTC 16), the line will error in SEDRA. If the LEA were to lump the entire cost of a contract and code it as PT, the LEA would receive a rate from MHCP for PT, which would be inaccurate, and a rate of \$0 for OT and speech if there are no LEA employees who are OTRs or Educational Speech Language Pathologists (ESLPs).

If LEAs share staff, the reporting must reflect the portion of the salary that is paid by each LEA. This will not cause a distorted rate because each LEA also reports the FTEs.

Special Transportation

The requirements for students to be eligible for IEP-MA special transportation are different from the requirements for the expenditure to be eligible for state special education aids. Refer to the [Minnesota Department of Human Services \(DHS\) Provider Manual – IEP section](https://mn.gov/dhs/) (https://mn.gov/dhs/ > General Public > Publications, forms and resources > Manuals > Providers: Minnesota Health Care Programs (MHCP) Provider Manual > IEP) for guidance as to when the transportation is eligible for IEP-MA Billing.

MDE Trip Rate Calculation and Expenditure Reporting

MDE calculates a trip rate using the data submitted by LEAs through Minnesota Automated Reporting Student System (MARSS) and UFARS to calculate the average cost of special education transportation. A trip rate is the average cost of transporting a student to and from school. Nursing and Personal Care Attendant (PCA) as well as administrative costs are not included in the trip rate.

LEAs that have nursing and PCA services provided while transporting the student would bill MHCP for IEP-MA separately for those services over and above the trip costs. LEAs enter the nursing and PCA service expenditures provided while a student receives special transportation in SEDRA only if they do not use UFARS finance dimension 723 to record the expenditure.

Table 5-3 Nursing Services Provided During Special Transportation

UFARS	SEDRA
Fund: 01	Funding Source Code: A or E
Org: xxx	Service Code: A or B or U
Program: 401-416	Personnel Type Code: 60
FIN: 740	Disability: 401-416
Object: 155	None
Course: xxx	None

Table 5-4 PCA Services Provided During Special Transportation

UFARS	SEDRA
Fund: 01	Funding Source Code: A or E
Org: xxx	Service Code: A or B or U
Program: 401-416	Personnel Type Code: 61
FIN: 740	Disability: 401-416
Object: 161	None
Course: xxx	None

Maintenance of Effort

[34 Code of Federal Regulations \(C.F.R.\), section 300.154 \(g\)\(2\)](#), requires that expenditures from federal funds (e.g., Medicaid) used for special instruction or related will not be considered state or local funds for purposes of the maintenance of effort provision in sections [300.163](#) and [300.203](#).

Based on this requirement, Maintenance of Effort (MOE) calculations *do not* include:

- SEDRA Funding Source Code little “i” Third-party Expenditures Extended School Year.
- SEDRA Funding Source little “j” Third-party Expenditures Regular School Year.
- SEDRA Funding Source Code little “m” Medical Assistance Unreimbursable Nonfederal Expenditures.

LEA Use of Third-Party Revenue

Minnesota Statutes 2021, section 125A.21, subdivision 3, gives broad general guidelines for LEA use of third-party revenue. LEAs may:

1. Retain a sufficient amount of third-party revenue to pay for the cost of obtaining the revenue, e.g., billing agent or LEA staff that bill third parties.
2. Secure or provide training and technical assistance to obtain third-party revenue or increase the amount of their third-party revenue.
3. Reallocate third-party revenue for the benefit of students with IEPs/IFSPs served by the LEA.

For a one-page quick reference guide, please see Section 5A – Use of Third-party Revenue.

Questions about whether or not an expenditure is allowable should be referred to the MDE Division of School Finance, [Special Education Funding and Data Team](mailto:mde.spedfunding@state.mn.us) (mde.spedfunding@state.mn.us).

Administrative Costs of Third-Party Reimbursement

The cost of obtaining the revenue is not an educational expense. It is not eligible to be included in the special education aid calculation. LEAs must retain a sufficient amount of third-party revenue to pay for the cost of obtaining the revenue, e.g., billing agent or district staff that bill third parties.

These expenditures are not included in the calculation of state special education aid. Examples of expenditures include:

- Paying contractor for billing services. The cost for this service cannot be based on third-party revenue generated.
- Support staff to review documentation required for billing procedures.
- Staff time for billing.
- Necessary supplies and equipment needed to conduct the business of billing and the documentation of billing.
- Fees charged by DHS to process claims (2-4 percent of total revenue).

Enter these expenditures using UFARS Program 400. Program code 400 is not included in the UFARS Special Education Comparison Report. **Do not enter these expenditures in SEDRA.**

[Chapter 10 – Permitted Code Combinations](#) aid in the selection of proper code combinations for expenditures. Chapter 10 is available on the [UFARS page](https://education.mn.gov/) (https://education.mn.gov/ > Districts, Schools and Educators Business and Finance > School Finance > Financial Management > UFARS).

Paying Contractor for Billing Services

The LEA entered into a contract for a company to do the third-party billing. The scope of services includes gathering billing information, entering claims, and any attendance at MHCP workshops and webinars. Since these costs to complete or improve third-party billing is an allowable administrative expense. Do not enter the contract in SEDRA. Enter the contract under one line in UFARS as follows:

Table 5-5 Billing Contract Coding

UFARS	SEDRA
Fund: 01	Not eligible for state special education aid or federal funds
Org: 005	NA
Program: 400	NA
FIN: 372	NA
Object: 305	NA
Course: xxx	NA

Third-Party Billing Staff Example

LEA staff who work in the special education office do the third-party billing. According to the time and effort reports, the person spends 15 percent of their time completing billing tasks. Since the task is not an education activity or related service for special education, the LEA wants to use medical assistance funds to pay 15 percent of the salary and fringe benefits. This is a cost of processing claims. Do not enter the expenditures in SEDRA. Code the UFARS expenditures for salary and benefits as follows:

Table 5-6 Staff Salary Coding

UFARS	SEDRA
Fund: 01	Not eligible for state special education aid or federal funds
Org: 005	NA
Program: 400	NA
FIN: 372	NA
Object: 170	NA
Course: xxx	NA

Table 5-7 Staff Fringe Coding

UFARS	SEDRA
Fund: 01	Not eligible for state special education aid or federal funds
Org: 005	NA
Program: 400	NA
FIN: 372	NA
Object: 199-251, 270-280, 299 or 397	NA
Course: xxx	NA

MA Software Example

SpEd Forms, Inc. charges an annual rate to use its MA forms system to process medical assistance claims. The fee is a cost of obtaining the revenue and not an educational expense. Therefore, the expenditure, while eligible for payment with medical assistance funds, is not entered in SEDRA. Code the UFARS expenditure as follows:

Table 5-8 Supply Coding

UFARS	SEDRA
Fund: 01	Not eligible for state special education aid or federal funds
Org: 005	NA
Program: 400	NA
FIN: 372	NA
Object: 405*	NA
Course: xxx	NA

*If the annual software amount were over the capitalization threshold, the UFARS object code would be 505.

DHS Administrative Fee Example

Each fall DHS invoices LEAs for administrative costs for processing claims. LEAs should pay this fee out of current year IEP-MA funds. Do not enter the expenditure in SEDRA. Code the UFARS expenditure as follows:

Table 5-9 DHS Administrative Fee Coding

UFARS	SEDRA
Fund: 01	Not eligible for state special education aid or federal funds
Org: 005	NA
Program: 400	NA
FIN: 372	NA
Object: 318	NA
Course: xxx	NA

DHS Revalidation Fee Example

DHS invoices LEAs a revalidation fee to participate in the Medical Assistance Programs. The fee is a cost for becoming a MHCP provider. It is not an educational expense. Therefore, the expenditure, while eligible for payment with medical assistance funds, is not entered in SEDRA. Code the UFARS expenditure as follows:

Table 5-10 DHS Revalidation Fee Coding

UFARS	SEDRA
Fund: 01	Not eligible for state special education aid or federal funds
Org: 005	NA
Program: 400	NA

UFARS	SEDRA
FIN: 372	NA
Object: 318	NA
Course: xxx	NA

Training and Technical Assistance

The cost of obtaining the IEP-MA revenue is not an educational expense. It is not eligible to be included in the special education aid calculation. LEAs must retain a sufficient amount of third-party revenue to pay for the cost of training and technical assistance on the DHS third-party billing process.

These expenditures are not included in the calculation of state special education aid. Examples of expenditures include:

- Upgrading technology equipment necessary for interacting with the DHS billing system.
- Professional development to increase the capacity of the LEA to bill DHS for IEP-MA services.
- Staff certification for those staff eligible to be invoicing DHS.
- Staff participation and training of the procedures and requirements for claims to be billed to DHS.

These expenditures are entered using UFARS Finance Dimension 372, Program 400. Program code 400 is not included in the UFARS Special Education Comparison Report. **Do not enter these expenditures in SEDRA.**

[Chapter 10 – Permitted Code Combinations](#) aid in the selection of proper code combinations for expenditures. Chapter 10 is available on the [UFARS page of the MDE website](https://education.mn.gov/) (https://education.mn.gov/ > Districts, Schools and Educators > Business and Finance > School Finance > Financial Management > UFARS).

Technology Equipment Example

Staff completing the MA claims has an old desk top computer. A laptop computer would allow the person to go to the school sites and complete billing documentation on-site rather than carry and transport documents between sites. The laptop will reduce the amount of time it takes to complete claims. Although the laptop costs less than \$5,000, it meets the LEA’s capitalization requirements. The expenditure is eligible for payment with MA funds. Do not enter the expenditure in SEDRA. It is **only** used for processing claims and not providing services to students. Code the UFARS expenditure as follows:

Table 5-11 Technology Equipment Coding

UFARS	SEDRA
Fund: 01	Not eligible for state special education aid or federal funds
Org: 005	NA
Program: 400	NA
FIN: 372	NA
Object: 555	NA
Course: xxx	NA

Technical Assistance

An LEA's third-party billing revenue fluctuated year to year. One LEA hired a continuous improvement consultant experienced in the Lean concepts and tools to hold a Kaizen event specifically on the third-party billing process. The cooperative and other LEA staff participated. The consultant fee did not change. As a result, the participating LEAs and cooperative developed a standard practice. Do not enter the expenditures in SEDRA. Code the UFARS expenditure as follows:

Table 5-12 Technical Assistance Coding

UFARS	SEDRA
Fund: 01	Not eligible for state special education aid or federal funds
Org: 005	NA
Program: 400	NA
FIN: 372	NA
Object: 305	NA
Course: xxx	NA

Professional Development

The speech language therapist is licensed by Minnesota Professional Educator Licensing and Standards Board. Before the expenditures for services provided to eligible students can be reimbursed with MA funds, the therapist needs a Certificate of Clinical Competence from the American Speech and Hearing Association. The therapist attends a Praxis Exam Preparation workshop. Do not enter the expenditure in SEDRA. Code the UFARS expenditure as follows:

Table 5-13 Professional Development Coding

UFARS	SEDRA
Fund: 01	Not eligible for state special education aid or federal funds
Org: 005	NA
Program: 400	NA
FIN: 372	NA
Object: 366	NA
Course: xxx	NA

Training Workshop

Due to a retirement, the LEA needed to hire a new person to complete the IEP-MA billing. The new person attended the MN-ITS live-In Person/Lab Workshop and Claims Clinic offered at the DHS Central Office Training Lab in Saint Paul. There was not a fee to attend the workshop and the employee used an LEA car to get to Saint Paul. The employee did incur hotel and meal expenditures. Do not enter the expenditures in SEDRA. Code the UFARS expenditure as follows:

Table 5-14 Training Workshop Coding

UFARS	SEDRA
Fund: 01	Not eligible for state special education aid or federal funds
Org: 005	NA
Program: 400	NA
FIN: 372	NA
Object: 366	NA
Course: xxx	NA

Benefits to Students

Expenditures that benefit students with IEPs that are not included in the calculation of state special education aid or eligible federal special education aid are not eligible for entry in SEDRA. Use UFARS Finance Dimension 372, program 400. Examples of expenditures include:

- Construction or remodeling – program 400 only (Prior approval required.) Cannot be used for leased facilities or Americans with Disabilities Act (ADA) compliance.
- Furnishing new special education spaces (level IV program space) with desks, fixtures and other non-instructional capital equipment and supplies.
- Paying for the unreimbursed costs of placing students in other LEA programs. i.e., the invoice from a serving school that is billing their unreimbursed Access to Career and Technical Education for Students with a Disability (ACTE-SPED) or similar costs. These are program costs where the unreimbursed cost is **not** billed through the tuition billing process.
- Paying the access fees charges by some Intermediates and Cooperative LEAs.
- Paying the noninstructional, overhead and administrative costs charged by out of state facilities.

Funding Source Codes

LEAs may use MA revenue to benefit students with IEPs or IFSPs. Any expenditure that is typically eligible for reimbursement with state or federal special education aid, may be eligible to be entered in SEDRA. While there is only one UFARS Finance Dimension (FIN) 372 for reporting expenditures paid for with third-party revenue, there are three SEDRA Funding Source Codes (FSC).

Table 5-15 Funding Source Codes

UFARS FIN	SEDRA FSC
372 – Medical Assistance Third-party Revenue	“i” – Third-party Expenditures Extended School Year
372 – Medical Assistance Third-party Revenue	“j” – Third-party Expenditures Regular School Year
372 – Medical Assistance Third-party Revenue	“m” – Unreimbursable Nonfederal Special Education Expenditures

Expenditures typically eligible for state special education aid (SEDRA Funding Source Code A or E)

[Medical Assistance SEDRA State Expenditure Code Sheet](https://education.mn.gov/) (https://education.mn.gov/ > Districts, Schools and Educators > Business and Finance > School Finance > Special Education > State Funding/Code Sheets) aids in the selection of proper code combinations for expenditures typically eligible for state special education aid.

SEDRA Service Codes for Funding Source Codes lower case “i” and “j” include:

- Payroll personnel (salaries only)
- Contracted personnel/agency services for pupils
- Contracted student placements
- Field trip admissions
- Repair and maintenance
- Individualized instructional supplies and testing materials
- Equipment for direct instruction
- Purchase of services (salaried personnel from other LEAs)

Expenditure Typically Eligible for Federal Special Education Aid (SEDRA Funding Source Code B)

[Medical Assistance Unreimbursable Federal Expenditure Code Sheet](https://education.mn.gov/) (https://education.mn.gov/ > Districts, Schools and Educators > Business and Finance > School Finance > Special Education > State Funding/Code Sheets) aids in the selection of proper code combinations for expenditures typically eligible for federal special education reimbursement.

SEDRA Service Codes for Funding Source Codes lowercase “m” include:

- Fringe benefits
- Personnel development related to special education
- Staff travel
- Parent participation
- Office supplies, materials and printing
- Dissemination
- Rent or lease/insurance
- Communication services
- Equipment for office supervision/management

Disposal of Equipment

In general, special equipment purchased for a student with a disability should follow the child to his or her next LEA placement or be returned to the student's district of residence. AT device or equipment purchased with any Medicaid funds belongs to the child for whom the device is purchased. When equipment purchased with third-party funding is no longer needed to meet the IEP needs of a child with a disability or special education program and the current market value is less than \$5,000, the LEA may keep, sell, or otherwise dispose of the equipment with no further obligations. If equipment is sold, proceeds must be used for the benefit of students. Please see

the section [Special Education Vehicle Disposal in the Pupil Transportation Vehicle Newsletter, Volume 31 Issue 2](#) and [the Q&A Equipment and Physical Inventories](#) prepared by the Special Education Fiscal Monitor for more information.

Reconciliation

IEP-MA expenditures in SEDRA are part of the reconciliation process. Third-party expenditure data has its own section in the SEDRA/UFARS Comparison Report. Entries will be reconciled to the total expenditures under the appropriate UFARS finance dimensions and object codes to SEDRA FSC little “i,” “j,” or “m.” These expenditures are included in the calculation of state special education aid. For more information on the reconciliation process, see Section 7 – Reconciliation.