periodic monitoring to ensure that re-
view recommendations have been im-
plemented.

(vi) A State that meets the perform-
ance standards specified in paragraphs
(e)(2)(v) (A) through (D) of this section
will be considered for a full or partial
waiver of its disallowance amount. The
State must submit only specific docu-
mentation that verifies that the nec-
essary actions were accomplished. For
example, a State could submit worker
performance standards reflecting time-
liness and case accuracy as quan-
titative measures of performance.

(3) The failure of a State to act upon
necessary legislative changes or to ob-
tain budget authorization for needed
resources is not a basis for finding that
a State failed to meet the national
standard despite a good faith effort.

(f) Disallowance subject to appeal. (1) If
a State does not agree with a disallow-
ance imposed under paragraph (e) of
this section, it may appeal to the De-
partmental Appeals Board within 30
days from the date of the final dis-
allowance notice from HCFA. The reg-
ular procedures for an appeal of a dis-
allowance will apply, including review
by the Appeals Board under 45 CFR
part 16.

(2) This appeal provision, as it applies
to MEQC disallowances, is not applica-
tive to the Administrator's decision on
a State's waiver request provided for
under paragraph (e) of this section.

[55 FR 22171, May 31, 1990, as amended at 61
FR 38398, July 24, 1996]

PART 432—STATE PERSONNEL
ADMINISTRATION

Subpart A—General Provisions

§ 432.1 Basis and purpose.

§ 432.2 Definitions.

As used in this part—
Community service aides means sub-
professional staff, employed in a vari-
ety of positions, whose duties are an
integral part of the agency’s responsi-
bility for planning, administration, and
for delivery of health services.

Directly supporting staff means secre-
tarial, stenographic, and copying per-
sonnel and file and records clerks who
provide clerical services that directly
support the responsibilities of skilled
professional medical personnel, who
are directly supervised by the skilled
professional medical personnel, and
who are in an employer-employee rela-
tionship with the Medicaid agency.

Fringe benefits means the employer's
share of premiums for workmen's com-
ensation, employees' retirement, un-
employment compensation, health in-
surance, and similar expenses.

Full-time training means training that
requires employees to be relieved of all
responsibility for performance of cur-
rent agency work to participate in a
training program.

Part-time training means training that
allows employees to continue full-time
in their agency jobs or requires only

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Subpart C—Staffing and Training
Expenditures

§ 432.45 Applicability of provisions in subpart.

§ 432.50 FFP: Staffing and training costs.

§ 432.55 Reporting training and administra-
tive costs.

AUTHORITY: Sec. 1102 of the Social Security
Act (42 U.S.C. 1302).

SOURCE: 43 FR 45199, Sept. 29, 1978, unless
otherwise noted.

Subpart A—General Provisions

§ 432.1 Basis and purpose.

This part prescribes regulations to
implement section 1902(a)(4) of the Act,
which relates to a merit system of
State personnel administration and
training and use of subprofessional
staff and volunteers in State Medicaid
programs, and section 1903(a), rates of
FFP for Medicaid staffing and training
costs. It also prescribes regulations,
based on the general administrative
authority in section 1902(a)(4), for
State training programs for all staff.

§ 432.2 Definitions.

As used in this part—
Community service aides means sub-
professional staff, employed in a variety
of positions, whose duties are an
integral part of the agency’s responsi-
ability for planning, administration, and
for delivery of health services.

Directly supporting staff means secre-
tarial, stenographic, and copying per-
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are directly supervised by the skilled
professional medical personnel, and
who are in an employer-employee rela-
tionship with the Medicaid agency.

Fringe benefits means the employer’s
share of premiums for workmen’s compen-
sation, employees’ retirement, un-
employment compensation, health ins-
urance, and similar expenses.

Full-time training means training that
requires employees to be relieved of all
responsibility for performance of cur-
rent agency work to participate in a
training program.

Part-time training means training that
allows employees to continue full-time
in their agency jobs or requires only
§ 432.10 Standards of personnel administration.

(a) State plan requirement. A State plan must provide that the requirements of paragraphs (c) through (h) of this section are met.

(b) Terms. In this section, “standards” refer to those specified in paragraph (c) of this section.

(c) Methods of personnel administration. Methods of personnel administration must be established and maintained in the Medicaid agency and in local agencies administering the program, in conformity with:

(1) [Reserved]

(2) 5 CFR part 900, subpart F, Administration of the Standards for Merit System of Personnel Administration.

(d) Compliance of local jurisdictions. The Medicaid agency must have in effect methods to assure compliance with the standards by local jurisdictions included in the plan.

(e) Review and adequacy of State laws, regulations, and policies. The agency must—

(1) Assure that the U.S. Civil Service Commission has determined the adequacy of current State laws, regulations, and policy statements that effect methods of personnel administration in conformity with the standards, and

(2) Submit any changes in them to the Commission for review.

(f) Statements of acceptance by local agencies. If the Medicaid agency changes from a State-administered to a State-supervised, locally administered program, it must obtain statements of acceptance of the standards from the local agencies.

(g) Affirmative action plan. The Medicaid agency must have in effect an affirmative action plan for equal employment opportunity, that includes specific action steps and timetables to assure that opportunity, and meets all other requirements of 45 CFR 70.4.1

(h) Submittal of requested materials. The Medicaid agency must submit to HHS, upon request, copies of the affirmative action plan and of the State and local materials that assure compliance with the standards.


1Editorial Note: The regulations formerly contained in 45 CFR 70.4 were revised and reissued by the Office of Personnel Management at 5 CFR Part 900, (Subpart F).
§ 432.30 Training programs: General requirements.

(a) A State plan must provide for a program of training for Medicaid agency personnel. (See also §§ 432.31 and 432.32 for training programs for subprofessional staff and for volunteers.)

(b) The program must—

(1) Include initial inservice training for newly appointed staff, and continuing training opportunities to improve the operation of the program;

(2) Be related to job duties performed or to be performed by the persons trained; and

(3) Be consistent with the program objectives of the agency.

§ 432.31 Training and use of subprofessional staff.

(a) State plan requirement. A State plan must provide for the training and effective use of subprofessional staff as community service aides, in accordance with the requirements of this section.

(b) Recruitment and selection. The Medicaid agency must have methods of recruitment and selection that afford opportunity for full-time or part-time employment of persons of low income, including:

(1) Young, middle-aged, and older persons;

(2) Physically and mentally disabled; and

(3) Recipients.

(c) Merit system. Subprofessional positions must be subject to merit system requirements except where special exemption is approved on the basis of a State alternative plan for employment of disadvantaged persons.

(d) Staffing plan. The agency staffing plan must include the kinds of jobs that subprofessional staff can perform.

(e) Career service. The agency must have a career service program that allows persons:

(1) To enter employment at the subprofessional level; and

(2) To progress to positions of increasing responsibility and reward:

(i) In accordance with their abilities; and

(ii) Through work experience and preservice and in-service training.

(f) Training, supervision and supportive services. The agency must have an organized training program, supervision, and supportive services for subprofessional staff.

(g) Progressive expansion. The agency must provide for annual increase in the number of subprofessional staff until:

(1) An appropriate ratio of subprofessional and professional staff has been achieved; and

(2) There is maximum use of subprofessional staff as community aides in the operation of the program.

§ 432.32 Training and use of volunteers.

(a) State plan requirement. A State plan must provide for the training and use of non-paid or partially paid volunteers in accordance with the requirements of this section.

(b) Functions of volunteers. The Medicaid agency must make use of volunteers in:

(1) Providing services to applicants and recipients; and

(2) Assisting any advisory committees established by the agency.

As used in this paragraph, “partially paid volunteers” means volunteers who are reimbursed only for actual expenses incurred in giving service, without regard to the value of the service or the time required to provide it.

(c) Staffing. The agency must designate a position whose incumbent is responsible for:

(1) The development, organization, and administration of the volunteer program; and

(2) Coordination of the program with related functions.

(d) Recruitment, selection, training, and supervision. The agency must have:

(1) Methods of recruitment and selection that assure participation of volunteers of all income levels, in planning capacities and service provision; and

(2) A program of organized training and supervision of volunteers.

(e) Reimbursement of expenses. The agency must—

(1) Reimburse volunteers for actual expenses incurred in providing services; and
(2) Assure that no volunteer is deprived of the opportunity to serve because of the expenses involved.

(f) Progressive expansion. The agency must provide for annual increase in the number of volunteers used until the volunteer program is adequate for the achievement of the agency's service goals.

Subpart C—Staffing and Training Expenditures

§ 432.45 Applicability of provisions in subpart.

The rates of FFP specified in this subpart C do not apply to State personnel who conduct survey activities and certify facilities for participation in Medicaid, as provided for under section 1902(a)(33)(B) of the Act.


§ 432.50 FFP: Staffing and training costs.

(a) Availability of FFP. FFP is available in expenditures for salary or other compensation, fringe benefits, travel, per diem, and training, at rates determined on the basis of the individual's position, as specified in paragraph (b) of this section.

(b) Rates of FFP. (1) For skilled professional medical personnel and directly supporting staff of the Medicaid agency or of other public agencies (as defined in § 432.2), the rate is 75 percent.

(2) For personnel engaged directly in the operation of mechanized claims processing and information retrieval systems, the rate is 75 percent.

(3) For personnel engaged in the design, development, or installation of mechanized claims processing and information retrieval systems, the rate is 50 percent for training and 90 percent for all other costs specified in paragraph (a) of this section.

(4) [Reserved]

(5) For personnel administering family planning services and supplies, the rate is 90 percent.

(6) For all other staff of the Medicaid agency or other public agencies providing services to the Medicaid agency, and for training and other expenses of volunteers, the rate is 50 percent.

(c) Application of rates. (1) FFP is prorated for staff time that is split among functions reimbursed at different rates.

(2) Rates of FFP in excess of 50 percent apply only to those portions of the individual's working time that are spent carrying out duties in the specified areas for which the higher rate is authorized.

(3) The allocation of personnel and staff costs must be based on either the actual percentages of time spent carrying out duties in the specified areas, or another methodology approved by HCFA.

(d) Other limitations for FFP rate for skilled professional medical personnel and directly supporting staff—(1) Medicaid agency personnel and staff. The rate of 75 percent FFP is available for skilled professional medical personnel and directly supporting staff of the Medicaid agency if the following criteria, as applicable, are met:

(i) The expenditures are for activities that are directly related to the administration of the Medicaid program, and as such do not include expenditures for medical assistance.

(ii) The skilled professional medical personnel have professional education and training in the field of medical care or appropriate medical practice. "Professional education and training" means the completion of a 2-year or longer program leading to an academic degree or certificate in a medically related profession. This is demonstrated by possession of a medical license, certificate, or other document issued by a recognized National or State medical licensure or certifying organization or a degree in a medical field issued by a college or university certified by a professional medical organization. Experience in the administration, direction, or implementation of the Medicaid program is not considered the equivalent of professional training in a field of medical care.

(iii) The skilled professional medical personnel are in positions that have duties and responsibilities that require those professional medical knowledge and skills.

(iv) A State-documented employer-employee relationship exists between the Medicaid agency and the skilled
§ 432.55 Reporting training and administrative costs.

(a) Scope. This section identifies activities and costs to be reported as training or administrative costs on quarterly estimate and expenditure reports to HCFA.

(b) Activities and costs to be reported on training expenditures. (1) For full-time training (with no assigned agency duties): Salaries, fringe benefits, dependency allowances, travel, tuition, books, and educational supplies.

(2) For part-time training: Travel, per diem, tuition, books and educational supplies.

(3) For State and local Medicaid agency staff development personnel (including supporting staff) assigned full-time training functions: Salaries, fringe benefits, travel, and per diem.

Costs for staff spending less than full time on training for the Medicaid program must be allocated between training and administration in accordance with §433.34 of this subchapter.

(4) For experts engaged to develop or conduct special programs: Salary, fringe benefits, travel, and per diem.

(5) For agency training activities directly related to the program: Use of space, postage, teaching supplies, and purchase or development of teaching materials and equipment, for example, books and audiovisual aids.

(6) For field instruction in Medicaid: Instructors’ salaries and fringe benefits, rental of space, travel, clerical assistance, teaching materials and equipment such as books and audiovisual aids.

(c) Activities and costs not to be reported as training expenditures. The following activities are to be reported as administrative costs:

(1) Salaries of supervisors (day-to-day supervision of staff is not a training activity); and

(2) Cost of employing students on a temporary basis, for instance, during summer vacation.