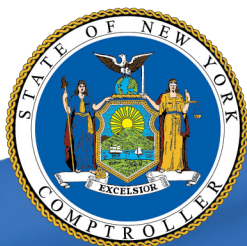


Cohoes City School District

Medicaid Reimbursements

DECEMBER 2022



OFFICE OF THE NEW YORK STATE COMPTROLLER
Thomas P. DiNapoli, State Comptroller

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Report Highlights

Cohoes City School District

Audit Objective

Determine whether the Cohoes City School District (District) maximized Medicaid reimbursements by submitting claims for all services provided to Medicaid eligible students with signed parental consent forms.

Key Findings

The District did not maximize Medicaid reimbursements by submitting claims for all eligible Medicaid services provided. We reviewed reimbursements for 20 eligible students, or 13 percent of the eligible student population.

- Claims were not submitted for 814 eligible Medicaid services. Had these services been claimed, the District could have realized reimbursements totaling \$12,603.
- The District lacked adequate procedures and did not provide supervision to ensure Medicaid claims were submitted and reimbursed.

Key Recommendations

The Director of Special Programs should:

- Establish procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for all eligible services provided.
- Ensure, session notes are entered in the billing system in a timely manner.
- Ensure billing reports are reviewed every billing cycle to identify issues needing correction and follow up with providers to resolve issues and re-submit the claims.

District officials generally agreed with our recommendations and have initiated, or indicated they planned to initiate corrective action.

Background

The District serves the City of Cohoes in Albany County.

The seven-member elected Board of Education (Board) is responsible for the general management and control of financial and educational affairs.

The Superintendent is the chief executive officer, and along with other administrative staff is responsible for the day-to-day management under the Board's direction.

The Director of Special Programs oversees the special education program. The District contracts with outside providers to provide certain services to students and submit the billing to Medicaid.

Quick Facts

Medicaid Reimbursements	
2020-21	\$154,857
July 1, 2021 – Jan 31, 2022	\$41,612
Medicaid Eligible	
Students	149
Students Reviewed	20

Audit Period

July 1, 2020 – January 31, 2022

Medicaid Reimbursements

The New York State Education Department and New York State Department of Health (DOH) jointly established the School Supportive Health Services Program (SSHSP) to help school districts obtain Medicaid reimbursement for certain diagnostic and health support services provided to eligible students. Services eligible for Medicaid reimbursement include, but are not limited to, physical, occupational and speech therapies, psychological counseling, skilled nursing and special transportation.

Eligible SSHSP services are reimbursed using an encounter-based claiming methodology, based on fees established by DOH. Using the fee schedule, districts can submit Medicaid claims for the gross amounts eligible for reimbursement. Districts then receive Medicaid reimbursements for approved claims. The State's share of Medicaid reimbursements received by a district is generally 50 percent,¹ which is collected by deducting this amount from a district's future State aid payments.

During the audit period, the District's service providers (providers) included employees, Capitol Region BOCES, Questar III BOCES and third-party providers. The District contracted with a third-party medical record and billing company for Medicaid billing services. At the beginning of our audit period, due to a vacancy in the billing clerk position, the District relied on their third-party billing provider to periodically enter session notes into the billing system.

How Should Officials Ensure Eligible Services Are Claimed and Reimbursed?

A well-designed system for claiming Medicaid reimbursements requires assigning the responsibility for specific activities to ensure each participant understands the overall objectives and their role in the claims process. In addition, district officials should provide adequate oversight to ensure that all claim reimbursement documentation requirements are met.

To submit Medicaid claims for reimbursement of services provided to Medicaid eligible students for whom the district officials have developed an individualized education program (IEP), officials must obtain:

- Parental consent to bill Medicaid for the services provided,
- The student's Medicaid client identification number,
- A written order or referral (prescription) from a qualified provider documenting the medical necessity of the services, and
- Documentation of the services provided.

¹ The State's share of Medicaid reimbursements received by a district can be less than 50 percent for claims submitted and reimbursed for certain Medicaid-eligible students due to a temporary incentive. For report purposes, we used 50 percent of Medicaid reimbursements when calculating the District's corresponding revenue.

Services must be provided by a qualified provider or under the direction or supervision of a qualified provider. In addition, the services must be in accordance with the student's IEP and properly documented² as close to the conclusion of the service encounter as practicable. Claims are now required to be submitted within 15 months from the date the services are provided.

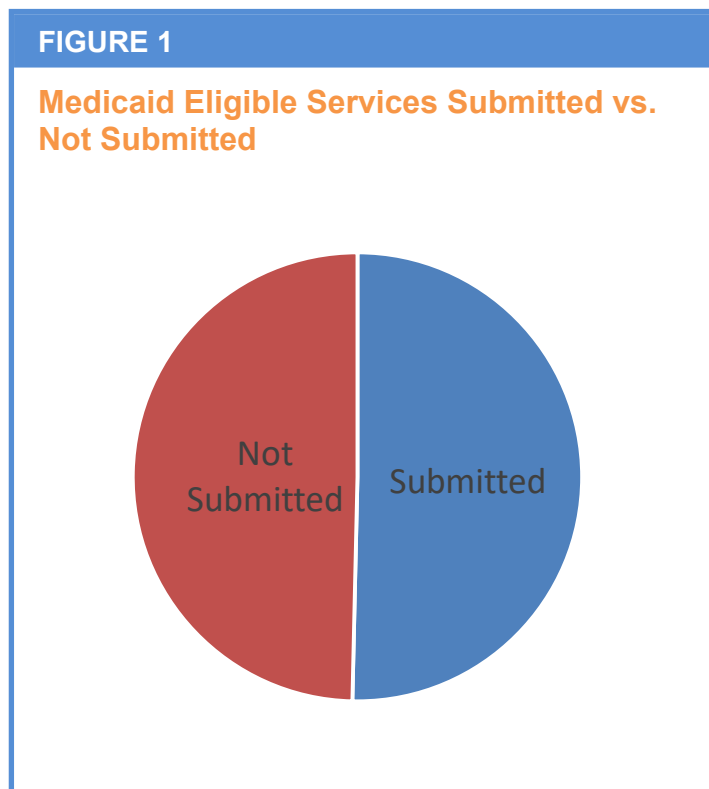
Officials should promptly reconcile the claims submitted to the Medicaid reimbursements received to ensure all claims are paid. Any rejected or disallowed amounts should be reviewed by officials to determine whether these claims can be resubmitted for reimbursement.

Officials Did Not Ensure Claims for All Eligible Services Were Submitted and Reimbursed

The Director of Special Programs submitted Medicaid claims for reimbursement of services provided to 149 students the District received parental consent forms from during our audit period. We reviewed the records of services provided to 20 of these students and found that claims were not submitted and reimbursed for all eligible services provided.

Claims were not submitted for 814 of the 1,640 (approximately 50 percent) eligible services totaling \$25,206 (Figure 1). As a result, the District did

Officials should promptly reconcile the claims submitted to the Medicaid reimbursements received to ensure all claims are paid.



² Services must be documented in a session note, special transportation log, medication administration record or evaluation report. For example, session notes must be completed by all qualified providers furnishing ongoing therapy services authorized in a student's IEP for each service delivered. Session notes must include the student's name, specific type of service provided, whether the service was provided individually or in a group, the setting in which the service was rendered, date and time the service was rendered, a brief description of the student's progress made by receiving the service during the session, name title, and signature/credentials of the servicing provider and dated signature/credentials of the supervising provider, as applicable.

not realize reimbursements totaling \$12,603 (50 percent for the cost of Medicaid services). Claims for 826 services totaling \$28,056 were submitted. Appendix A contains a comprehensive table of the number of services identified in our sample, by service type, the District did and did not claim during our audit period.

Services provided but not submitted for reimbursement included:

- Speech Therapy,
- Occupational Therapy,
- Physical Therapy,
- Psychological Counseling and
- Transportation.

The failure to submit claims occurred because the Director of Special Programs did not establish adequate procedures to ensure prescriptions for services were obtained timely and all billable service encounters were documented in the billing system. This occurred because the Director had relied on the previous billing clerk to ensure all necessary documentation was in place for billing and to perform any necessary follow up. After the previous billing clerk left the District, the Director did not provide appropriate oversight of the process to ensure all necessary documentation was being provided in order to submit claims for reimbursement.

During our audit period the District did not have an employee who performed the duties of ensuring all billable service encounters were adequately documented until November of 2021. During this interim time period, a third-party billing provider would enter session notes at the District but did not perform follow up procedures to ensure all billing information and provider session notes were complete and entered in the billing system. For example, contracted service providers were not required to provide the District with details of service encounters, therefore, the District did not record the details in the billing system. For example:

- Encounters for 270 speech services totaling \$10,148 did not have session notes entered, including 16 services totaling \$1,338 which also lacked a current prescription.
- 137 occupational therapy services totaling \$7,095 did not have session notes entered, including 23 services totaling \$857 which lacked a current prescription.
- 99 physical therapy services totaling \$5,524 did not have session notes entered.
- 308 transportation services totaling \$2,439 were unable to be submitted for reimbursement because the corresponding service encounters had not yet

...[T]he Director of Special Programs did not establish adequate procedures to ensure prescriptions for services were obtained timely and all billable service encounters were documented in the billing system.

been billed by the District, which is required in order to submit a claim for transportation reimbursement.

In addition, billing reports, which are available every billing cycle, were not reviewed on a regular basis by the Director of Special Programs who stated she reviewed them only three times per year. Therefore, no regular follow up to identify and correct billing issues occurred.

When procedures are not put in place to ensure services provided are entered into the billing system with adequate documentation, officials are unable to ensure all reimbursable services are being claimed and reimbursed.

What Do We Recommend?

The Director of Special Programs should:

1. Establish procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for all eligible services provided.
2. Ensure all session notes are entered into the billing system in a timely manner.
3. Ensure a review of billing reports is performed every billing cycle to identify issues needing correction and follow up with providers to resolve issues and resubmit the claims as necessary.
4. Review all the unclaimed services identified in this report and submit any eligible claims for reimbursement.

Appendix A: Eligible Service Claims Examined

Figure 2: Eligible Service Claims Examined

Type of Service	Number of Sessions Submitted	Submitted Sessions Dollar Amount	Number of Sessions Not Submitted	Estimated Claim amount for Sessions Not Submitted	Number of Sessions in Audit Period Examined	Total Dollar Value of Sessions Examined
Speech Language Therapy	122	\$7,786	270	\$10,148	392	\$17,934
Occupational Therapy	92	6,882	137	7,095	229	13,977
Physical Therapy	124	7,703	99	5,524	223	13,227
Psychological Counseling	40	2,137	0	0	40	2,137
Associated Transportation	448	3,548	308	2,439	756	5,987
Totals	826	\$28,056	814	\$25,206	1,640	\$53,262

Appendix B: Response From School District Officials

Peggy A. O'Shea
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November 14, 2022

Office of the New York State Comptroller
Division of Local Government and School Accountability
Glens Falls Regional Offices
One Broad Street Plaza
Glens Falls, NY 12801

Dear Chief Examiner,

The Cohoes City School District would like to acknowledge the receipt of the draft audit report, titled 2022M-107 – Medicaid Reimbursements. The District would like to thank you for your professionalism and for conducting a thorough examination of our business office operations throughout the audit process.

This letter shall serve as a combined audit response and corrective action plan, whereby the district acknowledges the audit findings and has developed a corrective action plan as outlined below.

Corrective Action Plan:

Recommendation #1: The Director of Special Programs should establish procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for eligible services provided.

District Corrective Action Plan: The District has hired a dedicated Medicaid Billing Clerk, who has received training and continued development with our independent contractor regarding Medicaid billing procedures. A training session was conducted with our service providers on September 1, 2022 to review required billing documentation & procedures. Bi-monthly meetings shall be conducted going forward, to review services & claim status. The Medicaid Billing Clerk shall follow up on any noted errors and report through resolution. The Director of Special Programs will provide oversight of the procedures to ensure that all claims reimbursement documentation requirements are being met in a timely manner.

Responsible Party: Director of Special Programs

Anticipated Date of Completion: 6/30/2023

Recommendation #2: The Director of Special Programs should ensure all session notes are entered into the billing system in a timely manner.

Administration Center, 21 Page Avenue, Cohoes, New York 12047

District Corrective Action Plan: A training session was conducted with our service providers on September 1, 2022 to review required billing documentation & procedures (including session notes). Bi-monthly meetings shall be conducted going forward, to include a summary of services by provider. The Medicaid Billing Clerk shall follow up on any noted errors and report through resolution. The Director of Special Programs will provide oversight of the procedures to ensure that all claims reimbursement documentation requirements are being met in a timely manner. An annual evaluation process shall be conducted for each out of district provider by June 30.

Responsible Party: Director of Special Programs

Anticipated Date of Completion: 6/30/2023

Recommendation #3: The Director of Special Programs should ensure a review of billing reports is performed every billing cycle to identify issues needing correction and follow up with providers to resolve issues and resubmit the claims as necessary.

District Corrective Action Plan: Bi-monthly meetings shall be conducted going forward, to review services & claim status. The Medicaid Billing Clerk shall follow up on any noted billing errors and report monthly to the Director of Special Programs through resolution to ensure that all claim requirements are being met in a timely manner.

Responsible Party: Director of Special Programs

Anticipated Date of Completion: 6/30/2023

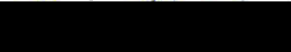
Recommendation #4: The Director of Special Programs should review all the unclaimed services identified in this report and submit any eligible claims for reimbursement.

District Corrective Action Plan: The District has conducted an extensive review of all eligible services and have billed for those services meeting the Medicaid billing requirements.

Responsible Party: Director of Special Programs

Anticipated Date of Completion: 1/1/2023

Sincerely,



Peggy O'Shea
Superintendent of Schools

Appendix C: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials and reviewed records and reports to gain an understanding of procedures related to claiming Medicaid reimbursements.
- We verified parental consents were obtained to submit Medicaid claims for reimbursement of services provided to the 20 selected eligible students in 2020-21 and 2021-22. We reviewed IEPs, session notes, attendance records, Medicaid eligibility reports, billing reports and other associated records of services provided to these students during the audit period to determine whether claims were submitted to Medicaid and reimbursed for all eligible services provided to these students. For eligible services for which claims were not submitted and reimbursed, we determined the reason and calculated the amount of the Medicaid reimbursements not received.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

Appendix D: Resources and Services

Regional Office Directory

www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

Contact

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