REPORT OF EXAMINATION | 2021M-150

Indian Lake Central School District

Medicaid Reimbursements

DECEMBER 2021

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

Contents

Report Highlights

Indian Lake Central School District

Audit Objective

Determine whether the Indian Lake Central School District (District) maximized Medicaid reimbursements by claiming all eligible Medicaid services provided.

Key Findings

The District did not maximize Medicaid reimbursements by claiming all eligible Medicaid services provided.

- The District lacked adequate procedures to ensure Medicaid claims were submitted and reimbursed.
- Claims were not submitted for 320 eligible services, totaling $11,862. Had these services been claimed, the District would have realized revenues totaling $5,931, from 50 percent reimbursement of eligible costs.

Key Recommendations

- Establish adequate procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for eligible services provided.
- Review all unclaimed services identified in this report and submit any eligible claims for reimbursement.

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

Background

The District serves the Town of Indian Lake in Hamilton County.

The five-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 Committee on Special Education Chairperson (CSE) oversees the special education program.

Quick Facts	
2021-22 Appropriations	$7.1 million
Enrollment	115
Medicaid Reimbursement	
2019-20	$22,626
2020-21	$27,701

Audit Period

July 1, 2019 – June 30, 2021

Medicaid Reimbursements

The New York State Education Department (SED) 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 services and special transportation.

All 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 the approved claims. The State's share of Medicaid reimbursements received by a district is generally 50 percent, which is collected by deducting this amount from a district's future State aid payments.

SSHSP services must be provided in the same ratio included on a student's individualized education program (IEP). For example, an IEP will provide for either individual or group therapy minutes per week. However, during the COVID-19 pandemic, New York State of Emergency Services delivered via Medicaid telehealth in a ratio (individual or group) different from the student's IEP are eligible for reimbursement. Telehealth is the use of computers and mobile devices to remotely access health care services.

Medicaid will reimburse telehealth services provided to Medicaid-eligible students where services are provided remotely. These remote telehealth sessions must equal 30 minutes on the day services are provided and there must be live interaction between the therapist and student, or Medicaid cannot be billed.

During the audit period, the District's service providers (providers) included employees and Washington-Saratoga-Warren-Hamilton-Essex Board of Cooperative Educational Services staff. Filing for Medicaid reimbursements was the responsibility of the CSE secretary.

How Do Officials Ensure Eligible Services Are Claimed and Reimbursed?

A well-designed system for claiming Medicaid reimbursements requires assigning the responsibility for specific activities to staff members to ensure they understand the overall objectives and their role in the 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 IEP, officials must:

- Obtain parental consent to bill Medicaid for the services provided,
- Obtain the student's Medicaid client identification number,
- Obtain a written order or referral (prescription) from a qualified provider documenting the medical necessity of the services before initiating services, and
- Document that the services were provided.

The medical necessity for special transportation services and medical evaluations can be documented in the student's IEP. 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 documented as close to the conclusion of the service encounter as practicable. Services must be documented in session notes and be signed off within 45 days of the date services were provided by the service provider. 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.

Claims are required to be submitted within a claiming window based on the date the services are provided. The claiming window was temporarily extended from 18 months to 21 months from the date of service for services provided on and after July 1, 2017. Effective September 5, 2019, the window was changed from 21 months to 15 months from the date of service.

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

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

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

District officials obtained parental consent to submit Medicaid claims for reimbursement of services provided to five eligible students during our audit

period. We reviewed the records of services provided to all five of these students and found that claims were not submitted and reimbursed for all eligible services provided.

Claims for speech therapy and occupational therapy services were not submitted and reimbursed for:

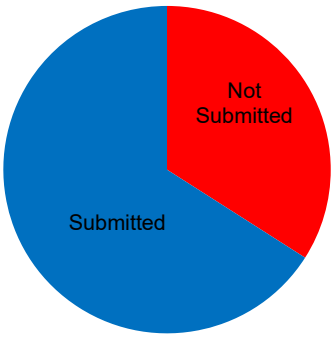
- The 2019-20 school year, 150 of the 477 (31 percent) eligible services, totaling $4,881, and
- The 2020-21 school year, 170 of the 463 (37 percent) eligible services, totaling $6,981.

Combined, claims were not submitted and reimbursed for 320 of the 940 (34 percent) eligible services for our audit period, totaling $11,862 (Appendix A and Figure 1). As a result, the District did not realize revenue, totaling $5,931 (50 percent), for the Medicaid reimbursement.

Claims were not submitted and reimbursed for the following reasons:

FIGURE 1

Medicaid Eligible Services Submitted/Not Submitted



- Claims for 168 speech therapy and two physical therapy sessions were not billed, totaling $5,368, because the service provider did not sign off on the service notes within 45 days of the date services were provided.
- Claims for 91 (88 speech therapy, two physical therapy and one occupational therapy) sessions were not billed, totaling $3,014, because they were not properly reviewed and approved. District officials did not review reports provided with the billing application, so they were not aware that these claims were held and flagged for further review and action.
- Claims for 18 physical and 20 occupational therapy sessions, totaling $2,833, were not billed, because incorrect prescription information was provided to the District.
- Claims for 18 speech therapy sessions, totaling $440, were not billed, because the session notes were not recorded in a timely manner in the billing application. For example, our review of these sessions determined that these 18 sessions were signed off between one and 112 days beyond the 45-day timeline.

- Claims for three services, totaling $207, were rejected for payment, because the attending service provider's identifier number recorded in the billing system was not recognized by Medicaid as affiliated to the District.

The failure to submit claims occurred because officials did not establish adequate procedures to ensure that all documentation requirements were met or that claims were filed for all eligible services provided. For example, there were no procedures to ensure providers signed off on their service notes or that service notes were received and entered in the billing application in a timely manner. Furthermore, there were no procedures to reconcile the amounts claimed for Medicaid reimbursement with the amounts received.

What Do We Recommend?

District officials should:

1. Establish adequate procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for all eligible services provided.
2. Review all the unclaimed services identified in this report and submit all eligible claims for reimbursement.
3. Reconcile the amounts claimed for Medicaid reimbursement with the amounts received, and review any rejected or disallowed claims to determine whether they may be resubmitted.
4. Review reports from the billing system weekly/monthly so claims flagged for errors are determined in a timely manner.

…[O]fficials did not establish adequate procedures to ensure that all documentation requirements were met or that claims were filed for all eligible services provided.

Appendix A: Eligible Service Claims Not Submitted and Reimbursed

Figure 2: Eligible Service Claims Not Submitted and Reimbursed

	2019-20		2020-21		Totals	
Type of Service	Claim	Claim Amount	Claim	Claim Amount	Claim	Claim Amount
Speech	144	$4,465	130	$4,005	**274**	**$8,470**
Physical Therapy	6	416	19	1,411	**25**	**1,827**
Occupational Therapy	0	0	21	1,565	**21**	**1,565**
Totals	**150**	**$4,881**	**170**	**$6,981**	320	**$11,862**

Appendix B: Response From District Officials

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Indian Lake, New York 12842
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December 1, 2021

Office of the State Comptroller
Glens Falls Regional Office
One Broad Street Plaza
Glens Falls, NY 12801

RE: Indian Lake Central School District Response and Corrective Action Plan to New York State Comptroller "Medicaid Reimbursements" Audit 2021M-150

To Whom It May Concern:

Please accept the following as a written response and Corrective Action Plan to the audit report referenced above. For each recommendation included in the audit report, the following is our corrective plans taken or proposed. The district agrees with the audit finding that the district did not realize the revenue, which totaled $5,931. Since the completion of the audit, and to date, the district has recouped $4,462.04 of the amount identified during the audit.

On behalf of the Board of Education and Administration, we would like extend our appreciation to your staff for their professionalism and support they displayed through this process.

Unit Name: Indian Lake Central School
Audit Report Title: Medicaid Reimbursements
Audit Report Number: 2021M-150

For each of the four recommendations in the audit report, the following is our corrective actions taken or proposed.

The following responses to recommendations have been developed in order to rectify findings from the 2021 NYS Office of State Comptroller's Audit.

1. Establish adequate procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for all eligible services provided.
    - Annual Medicaid consent reminders continue to be sent out with finalized IEPs for the coming school year in early summer. Initial Medicaid Consent forms are generated following initial eligibility meeting (when related services are deemed necessary) and sent home with scripts to be returned to the CSE office.

        i. Implementation date: Continued implementation
        ii. Responsibility: CSE Secretary; CSE Chairperson

    - Script requests are generated and sent out following annual review meetings in the spring or following an initial eligibility meeting in which the student is eligible for related services. Scripts are signed by physicians and gathered as soon as signed (Speech Therapist writes scripts in the building by start date on IEPs). Follow up is done over the course of the summer with parents if scripts have not been secured following annual reviews. Copies are kept in CSE Secretary Office & originals in CSE Office student files.

        i. Implementation date: Continued implementation
        ii. Responsibility: CSE Secretary; CSE Chairperson

    - CSE Secretary links scripts into [redacted] in order to assure that billing can happen following receipt of script. A hard copy is also kept in the CSE Secretary Office and cumulative SPED files for reference.

        i. Implementation date: Continued implementation
        ii. Responsibility: CSE Secretary

    - BOCES RS providers and Speech Language Therapist are required to input all session notes by the first Monday of the following month of service. If notes are not input by this date, the chairperson will reach out to providers that day. A follow up will occur the following Monday if still not secured. At this point, if RS logs are still not complete, supervisors will be contacted to discuss with providers.

        i. Implementation date: Immediately & Monthly
        ii. Responsibility: CSE Chairperson, RS Providers

2. Review all the unclaimed services identified in this report and submit all eligible claims for reimbursement.
    - CSE Secretary reviewed unclaimed services identified by the auditor. Claims for resubmission were determined based on eligibility for back billing, and were subsequently submitted for payment. All claims have been addressed at this time and have been resubmitted if eligible for reimbursement.
        i. Implementation Date: Immediately following meeting with auditor
        ii. Responsibility: CSE Secretary

3. Reconcile the amounts claimed for Medicaid reimbursement with the amounts received, and review any rejected or disallowed claims to determine whether they may be resubmitted.
    - Following CSE Secretary's submission of Flagged and Rejected claims reports on [redacted] and follow up (see #4, bullet 2), CSE Secretary will notify Business Manager of amount expected as reported following submission for billing review.
        i. Implementation Date: Monthly
        ii. Responsibility: CSE Secretary

    - Business Manager reviews amount deposited in order to determine total equals reported amount given by CSE Secretary. If amounts are inconsistent, rejected claims are then reviewed by the CSE Secretary and submitted for reimbursement if eligible.
        i. Implementation date : Monthly
        ii. Responsibility: Business Manager and CSE Secretary

4. Review reports from the billing system weekly/monthly so claims flagged for errors are determined in a timely manner.

    - CSE Chairperson will run a report on [redacted] to ensure that all signatures, notes, and sessions have been input into the related service log on [redacted] within a 45 day window. Any missing sessions or signatures will result in a notification to RS providers to complete. When it is ensured that all documentation has been input, the Chair will indicate to the CSE Secretary to run and submit claims for Medicaid reimbursement.

        i. Implementation date: Monthly
        ii. Responsibility: CSE Chairperson

    - CSE Secretary will run two reports within the [redacted] system: Flagged Claims and Rejected Claims. Following submission, CSE secretary will review any rejected claims and determine cause of rejection. CSE Secretary will alert Business Office & CSE Chairperson of any rejected claims and will follow up with appropriate party in order to amend where possible. Once all possible problems have been rectified and amended, CSE Secretary will resubmit claims within 45 days of service.

        i. Implementation date: Monthly (45 day window)
        ii. Responsibility: CSE Secretary

Sincerely,

David Snide, Superintendent
Indian Lake Central School

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 employees involved with the Medicaid reimbursement process. We reviewed records and reports to gain an understanding of procedures related to claiming Medicaid reimbursements, and documented any associated effects of deficiencies in those procedures.
- District officials obtained parental consent to submit Medicaid claims for reimbursement of services provided to five eligible students during our audit period. We reviewed records of services provided to these five students 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 and the corresponding unrealized revenue.
- 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.

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.

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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