REPORT OF EXAMINATION | 2021M-106

St. Regis Falls Central School District

Medicaid Reimbursements

SEPTEMBER 2021

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

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Report Highlights

St. Regis Central School District

Audit Objective

Determine whether the St. Regis Falls Central School District (District) maximized Medicaid reimbursements by submitting claims for all eligible Medicaid services provided.

Key Findings

The District did not maximize Medicaid reimbursements by submitting claims for all eligible Medicaid services provided.

- The District lacked adequate procedures to ensure Medicaid claims were submitted and reimbursed.
- Claims were not submitted for 381 eligible services totaling $23,060. Had these services been claimed, the District would have realized revenues totaling $11,530, 50 percent of the reimbursement.

Key Recommendations

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

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

Background

The District serves the Towns of Dickinson, Santa Clara and Waverly in Franklin County, and Hopkinton and Lawrence in St. Lawrence County.

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

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

The elementary and secondary principals oversee the special education program.

Quick Facts

Medicaid Reimbursements	
2019-20	$28,104
July 1, 2020 – March 31, 2021	$19,666
2020-21 Appropriations	$9.7 million
Enrollment	235

Audit Period

July 1, 2019 – March 31, 2021

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.

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 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, Brushton-Moira Central School District staff and third-party providers. In addition, the administrative assistant to special education (assistant) was responsible for preparing, submitting and resubmitting Medicaid claims for reimbursement.

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 ensure each participant understands 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 individualized education program (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.

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

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.

with the student's IEP and properly documented[2] as close to the conclusion of the service encounter as practicable. Claims are required to be submitted within a claiming window based on the date the services are provided.[3]

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.

… [T]he District did not realize revenue totaling $11,530 (50 percent of the Medicaid reimbursements).

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

District officials obtained parental consent to submit Medicaid claims for reimbursement of services provided to 15 eligible students in both 2019-20 and 2020-21. We reviewed the records of services provided to all these students and found that claims were not submitted and reimbursed for all eligible services provided.

Claims were not submitted and reimbursed for:

- 186 of the 817 (23 percent) eligible services totaling $10,550 provided in 2019-20.
- 195 of the 600 (33 percent) eligible services totaling $12,510 provided in 2020-21 through March 31, 2021.

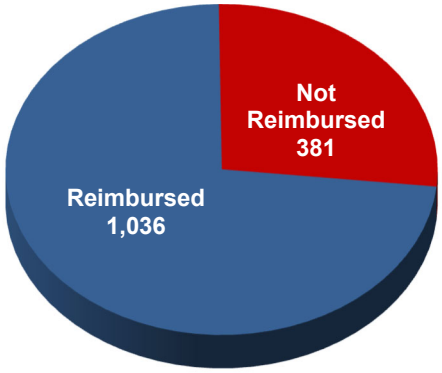
Combined, claims were not submitted and reimbursed for 381 of the 1,417 (27 percent) eligible services totaling $23,060 provided during the audit period (Figure 1). As a result, the District did not realize revenue totaling $11,530 (50 percent of the Medicaid reimbursements).

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.

3 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.

FIGURE 1

Medicaid Eligible Services Reimbursed/Not Reimbursed



Services provided but not submitted and reimbursed included:

- Speech Therapy
- Occupational Therapy
- Physical Therapy
- Psychological Counseling.

Appendix A contains a comprehensive table of the number of services, by service type, the District did not claim each year.

Claims were not submitted and reimbursed for the following reasons:

- Encounters for 248 services totaling $16,003 were not properly documented.
  - For example, providers did not always record session notes in a timely manner or sign the notes, as required.
- Claims for 98 services totaling $4,433 were not submitted for reimbursement even though all documentation requirements were met. Officials could not explain why the claims were not submitted.
- Prescriptions for 22 services totaling $1,906 were either not obtained (11 services) or obtained after services were provided (11 services).
- Claims for 13 services totaling $718 were rejected by Medicaid because of submission errors and these claims were not corrected, resubmitted and reimbursed during the audit period.

The failure to submit claims occurred because officials did not establish adequate procedures to ensure that all documentation requirements were met. For example, the providers recorded the details of service encounters in the special education system with limited or no oversight.

In addition, except for receiving notification of the total amounts of claims submitted for reimbursement by the assistant, officials did not receive or review any other documentation of claims submitted. As a result, officials had no way to ensure that claims were submitted for all eligible services provided or any rejected or disallowed claims were resubmitted for reimbursement.

… [O]fficials did not establish adequate procedures to ensure that all documentation requirements were met.

What Do We Recommend?

District officials should:

1. Establish procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for all eligible services provided.
2. Review documentation of claims submitted for reimbursement by the assistant.
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 all the unclaimed services identified in this report and submit any eligible claims for reimbursement.
5. Correct and resubmit the rejected claims identified in this report for reimbursement.

Appendix A: Eligible Service Claims Not Submitted or Reimbursed

Figure 2: Eligible Service Claims Not Submitted or Reimbursed

Type of Service	2019-20		July 1, 2020 - March 31, 2021		Totals	
	Number	Claim Amount	Number	Claim Amount	Number	Claim Amount
Speech Therapy	38	$1,599	15	$787	53	$2,386
Occupational Therapy	71	3,695	52	2,948	123	6,643
Physical Therapy	33	2,340	62	4,400	95	6,740
Psychological Counseling	44	2,916	66	4,375	110	7,291
Totals	**186**	**$10,550**	**195**	**$12,510**	**381**	**$23,060**

Appendix B: Response From District Officials

St. Regis Falls Central School
THE YEAR OF UNITY

PO Box 309, 92 North Main Street
St. Regis Falls, NY 12980-0309
Phone: 518-856-9421
Fax: 518-856-0142

August 27, 2021

Dear Gary G. Gifford, Chief Examiner

The following correction action plan has been drafted with the intent to develop policies for the district's Medicaid reimbursement process with key service providers and district staff based on findings in report 2021M-106 that was conducted from July 1, 2019 – March 31, 2021.

In order to address the concerns of session notes being completed in a timely manner, the district has implemented a policy with all service providers stating that all session notes for students be submitted within 10 days of the session taking place. This will allow sufficient time for all parties to follow up with the session notes and to submit within the required time frame for district reimbursement. All service providers that are required to completed session notes have been notified of this policy moving forward in the 2021-2022 school year and beyond. Session notes will be reviewed by the Special Education Administrative Assistant. If notes are missing for students or not submitted in the required time frame, the district's principals will be notified to conduct a meeting with the service provider's supervisor.

All service providers are required to check with the Special Education Administrative Assistant prior to the start of the school year to review each student's IEP for updated prescription information. This will allow for no claims to be left denied because of an up to date status within the Medicaid reimbursement system. If an updated prescription is needed, the district and the provider will reach out to the district physician or student's direct physician for an updated prescription before resuming services.

In order for the district to receive reimbursement for services provided for student IEPs, the ration for each student needs to be evaluated by the provider. The service provider will have a meeting with the administrator's prior to the start of the school year informing them that if a student's IEP differentiates "individual" on their IEP, they cannot have a session in a group setting. This policy is also vise/versa for all students with an IEP who state the session must take place in a group setting. When this policy is not followed, the district will not receive reimbursement for those sessions.

All of the sessions must be a minimum of 30 minutes for a completed session to be marked for reimbursement. Follow up for these sessions will take place by the Administrative Assistant and the Administrators of the district on a monthly basis. This policy has also been updated with each service provider's contracts with the district. In order for our district providers to ensure this in enforced, the administrators have requested monthly meetings for an undisclosed period of time with supervisors of the providers until all issues have been resolved. If issues continue with the reporting of sessions, the supervisors of the providers will address them with the staff member.

All requests for Medicare reimbursement will be reconciled in the business office each month when reimbursements are received. The business office staff will compare reimbursements with sessions to ensure the district is receiving the maximum amount. Any claims rejected will be followed up by the Special Education Office at the district, and the provider will be asked to update all missing information for re-submission.

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St. Regis Falls Central School
THE YEAR OF UNITY

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Upon completion and approval from the audit committee and BOE, the district will submit this action plan to the State Comptroller's office for review and acceptance. If any feedback is given from the OSC, the district will relay this information back to the audit committee for a second review.

Sincerely,

Anne Young
Superintendent

Matthew Goodrow
Board of Education President

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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 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 15 eligible students in both 2019-20 and 2020-21. We reviewed records of services provided to all 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 and the corresponding unrealized 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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