



Lisbon Central School District

Medicaid Reimbursements

2022M-180 | January 2023

Contents

Report Highlights	1
Medicaid Reimbursements	2
How Do Officials Ensure Eligible Services Are Claimed and Reimbursed?.	2
Officials Did Not Claim Medicaid Reimbursements for Eligible Services	3
What Do We Recommend?	4
Appendix A – Eligible Service Claims Not Submitted or Reimbursed	5
Appendix B – Response From District Officials	6
Appendix C – Audit Methodology and Standards	7
Appendix D – Resources and Services	9

Report Highlights

Lisbon Central School District

Audit Objective

Determine whether the Lisbon Central School District (District) claimed all Medicaid reimbursements to which it was entitled.

Key Findings

District officials did not identify students who received Medicaid-eligible services from the District or file Medicaid reimbursement claims to recover part of the costs associated with these services. As a result, the District did not receive about \$20,000 for reimbursements to which it was likely entitled.

- Although the District provided Medicaid reimbursable services for speech, occupational or physical therapy and special transportation to 11 students likely to be eligible for Medicaid during the 2021-22 school year, officials did not file for reimbursements.
- District officials did not establish Medicaid claims procedures to ensure that staff maintained sufficient documentation for eligible services provided.

Key Recommendations

- Consider submitting Medicaid reimbursement claims.
- Establish written Medicaid claim procedures and ensure staff maintain necessary Medicaid claim documentation.

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

Background

The District serves the Towns of Lisbon, Madrid and Waddington, and the City of Ogdensburg, in St. Lawrence County.

The District is governed by an elected seven-member Board of Education (Board) that is responsible for managing and controlling the District's financial and educational affairs.

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

The Committee on Special Education (CSE) chairperson oversees the District's special education department, which includes development and implementation of individualized education programs (IEPs) for students enrolled in special education programs.

Quick Facts

Special Education Appropriations	\$2.2 million
Special Needs Students	113
Enrollment	614

Audit Period

July 1, 2021 – September 16, 2022

Medicaid Reimbursements

The New York State Education Department and New York Department of Health (DOH) jointly established the School Supportive Health Services Program (SSHSP) to help school districts (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, which is 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, which are composed of a federal and State share.

The State's share is generally 50 percent,¹ which the State collects from the districts by deducting it from the districts' future State aid payments. The remaining portion (the federal share) is realized as reimbursements for the districts.

During our audit period, the District's service providers (providers) included District employees and St. Lawrence-Lewis Board of Cooperative Educational Services staff.

How Do Officials Ensure Eligible Services Are Claimed and Reimbursed?

A district should design an effective system for claiming Medicaid reimbursements. A district should clearly assign responsibilities 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 for each participant to ensure they maintain all required claim reimbursement documentation.

To submit Medicaid claims for reimbursement of services provided to Medicaid-eligible students – for whom district officials have developed an IEP – officials must obtain the student's Medicaid client identification number and parental consent to bill Medicaid for the services provided. Officials also must obtain a written order or referral (prescription) from a qualified provider documenting the medical necessity of the services² before initiating services and documenting that the services were provided.

¹ The State's share of Medicaid reimbursements can be less than 50 percent for claims submitted and reimbursed for certain Medicaid-eligible students due to possible changes in the federal reimbursement share. For this report, we used 50 percent of Medicaid reimbursements for the State's share when calculating the District's corresponding reimbursement.

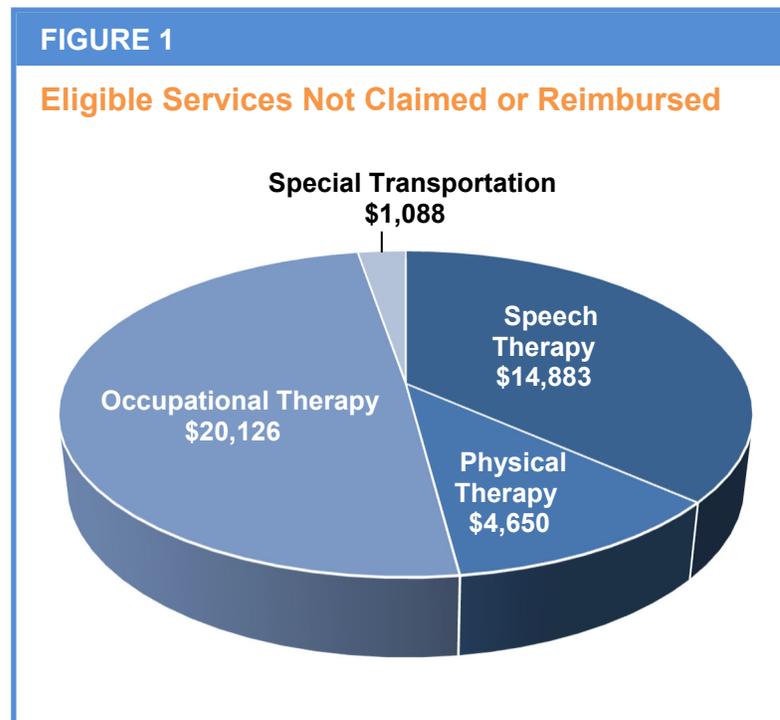
² Districts must document the medical necessity for special transportation services and medical evaluations within a student's IEP.

Officials Did Not Claim Medicaid Reimbursements for Eligible Services

Certain costs associated with provided services to Medicaid-eligible students can be billed to Medicaid. However, District officials did not submit any claims for Medicaid reimbursement during our audit period. Also, officials did not establish any written procedures for filing Medicaid reimbursement claims or for ensuring that staff met all documentation requirements when submitting Medicaid reimbursement claims. For example, District officials did not establish procedures for obtaining parental consent needed to determine whether a student is Medicaid-eligible. As a result, District officials and staff could not determine which special education students qualified for Medicaid reimbursement for services they received in the 2021-22 school year.

The income thresholds for the U.S. Department of Agriculture’s Supplemental Nutrition Assistance Program (SNAP) are comparable to those for Medicaid eligibility. Therefore, to determine which students could be eligible for Medicaid reimbursement, we compared a list of students who received an eligible service (i.e., speech, occupational or physical therapy and/or special transportation) to the District’s SNAP eligibility list and identified 11 students who likely were Medicaid-eligible.

The students’ IEPs required that the District provide 1,118 related services during the 2021-22 school year. However, officials did not submit claims for these services totaling approximately \$40,000 (Figure 1).³ Had the District submitted these claims, it could have received about \$20,000 (50 percent of the Medicaid reimbursements).



³ Figure 2 in Appendix A summarizes the number of services, by type, that the District did not claim.

The Business Manager told us that he assessed the cost-effectiveness of Medicaid reimbursements when he previously worked as a business manager for another school district and found that it did not generate significant reimbursements for that district. Therefore, he believed it would be a similar situation at the District and did not complete a cost-benefit analysis to determine how much the District would receive if officials submitted Medicaid-eligible claims for reimbursement.

In addition, both the Superintendent and Business Manager told us that the District contracts with a special education third-party consultant (consultant) who assisted the District in maximizing its State aid revenue for students with disabilities. They believed that the consultant would have recommended that the District file for Medicaid reimbursements, if the consultant had found that Medicaid would have been beneficial. However, the District's contract with the consultant did not include provisions for the consultant to evaluate Medicaid reimbursements as a potential funding source. Therefore, the consultant did not perform a cost-benefit analysis.

The Superintendent told us that the District would consider having the consultant complete an analysis in the future to determine whether it would be cost-beneficial to file for reimbursement. By filing Medicare claims for reimbursement, the District could receive additional funding that could help offset any potential costs of providing Medicaid-eligible services to students each year.

What Do We Recommend?

The Superintendent and Business Manager should:

1. Revisit the decision regarding whether to claim Medicaid reimbursements for eligible services. If the District chooses to claim Medicaid reimbursements, officials should establish written procedures to ensure that staff meet all documentation requirements for submitting claims.

Appendix A: Eligible Service Claims Not Submitted or Reimbursed

Figure 2: Eligible Service Claims Not Submitted or Reimbursed

Type of Service	Number of Services Provided	Estimated Reimbursements
Occupational Therapy	270	\$20,126
Speech Therapy	604	14,883
Physical Therapy	170	4,650
Special Transportation	74	1,088
Totals	1,118	\$40,747^a

^a Had the District submitted claims for these services, it could have received \$20,373 (50 percent of the Medicaid reimbursements).

Appendix B: Response From District Officials

Lisbon Central School District

6866 County Route 10
Lisbon, NY 13658

SUPERINTENDENT OF SCHOOLS
Patrick J. Farrand

Krista Woods

Secretary to the Superintendent/District Clerk
Telephone: (315) 393-4951 ext. 23185
FAX: (315) 393-7666
www.lisboncsd.org



January 18, 2023

Rebecca Wilcox, Chief of Municipal Audits
Office of the State Comptroller
Syracuse Regional Office
State Office Building, Room 409
333 E. Washington Street
Syracuse, NY 13202-1428

Dear Ms. Wilcox,

Lisbon Central School District is in receipt of the Draft Audit Report for the period of July 1, 2021 to September 16, 2022 relating to Medicaid reimbursements. This also confirms that an exit conference was held December 28, 2022 at 9 AM in the District Office.

The District thanks the Office of the State Comptroller for the time and evaluation of the District's fiscal management. We would like to express our appreciation for the professionalism, thoroughness, and courtesy of the auditors conducting our audit. The audit process was a positive experience and we welcome the opportunity to review and strengthen our financial practices and oversight.

Please allow this letter to serve as the District's response to the Draft Audit findings.

Audit Recommendations:

1. Consider submitting Medicaid reimbursement claims.
2. Establish written Medicaid claim procedures and ensure staff maintain necessary Medicaid claim documentation.

The District will consider submitting Medicaid reimbursement claims by conducting a cost benefit analysis. The District will establish written Medicaid claim procedures to ensure Medicaid claim documentation requirements are met if they find the analysis results profitable for the District.

In conclusion, the Lisbon CSD appreciates and respects the comments and recommendations in the draft report by the staff of the State Comptroller's Office. We continually look for ways to maintain the quality educational programs of our District and to be fiscally responsible to our community.

Sincerely,

A handwritten signature in blue ink, appearing to be 'Patrick Farrand', written over a light blue horizontal line.

Patrick Farrand
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 Board policies to determine whether the District had policies and procedures related to claiming Medicaid reimbursements.
- We interviewed service providers to gain an understanding of how services provided to special education students were documented.
- Because the District did not have a method to determine which students were Medicaid-eligible, we compared a list of students who received eligible services (i.e., speech, occupational or physical therapy and/or special transportation), based on the students' IEPs, to SNAP eligibility lists, which had income thresholds similar to those for Medicaid eligibility. We identified 11 students who received these services and would likely be eligible for Medicaid.
- We reviewed the 11 students' IEPs for the 2021-22 school year to determine the number of services provided to the students by each service provider. We then applied the appropriate billing code for the services, based on the students' needs (goals) stated in the IEPs, to calculate the estimated amounts that could be reimbursed to the District.

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

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

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

Local Government and School Accountability Help Line: (866) 321-8503

SYRACUSE REGIONAL OFFICE – Rebecca Wilcox, Chief of Municipal Audits

State Office Building, Room 409 • 333 E. Washington Street • Syracuse, New York 13202-1428

Tel (315) 428-4192 • Fax (315) 426-2119 • Email: Muni-Syracuse@osc.ny.gov

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