REPORT OF EXAMINATION | 2019M-129

Corinth Central School District

Medicaid Reimbursements

SEPTEMBER 2019

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

Contents

Report Highlights

Corinth Central School District

Audit Objective

Determine whether the District claimed all Medicaid reimbursements to which it was entitled for services provided to eligible special education students.

Key Findings

- The District lacked adequate procedures to ensure Medicaid claims were submitted and reimbursed for all eligible services provided.
- Claims were not submitted and reimbursed for 273 eligible services totaling $16,910. Had these services been appropriately claimed, the District could have realized revenues totaling $8,455.

Key Recommendations

- Establish procedures to ensure Medicaid claims for reimbursement are submitted and paid for all eligible services provided.
- Review all unclaimed services, determine whether these services are reimbursable 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 Corinth Central School District (District) serves the residents of the Towns of Corinth, Day, Greenfield, Hadley, and Wilton in Saratoga County and the Town of Lake Luzerne in Warren 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 Director of Special Education (Director) oversees the special education program.

Quick Facts	
Enrollment	1,300
2018-19 Appropriations	$21.8 million
Medicaid Reimbursements Received in 2017-18	$89,402

Audit Period

July 1, 2017 – March 31, 2019

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. Related 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 amount of the 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, Washington-Saratoga-Warren-Hamilton-Essex Board of Cooperative Educational Services staff and third-party providers. In addition, the District contracted with a vendor to identify Medicaid-eligible students and prepare, submit and resubmit Medicaid claims for reimbursement on the District's behalf during the 2017-18 fiscal year. In January 2018, the Director identified untimely submission and non-resubmission of Medicaid claims by the vendor. In response to this concern, the District discontinued services with the vendor and started filing their own Medicaid reimbursement claims. As of July 2018 the District performs all functions previously performed by the vendor.

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 district officials have developed an individualized education program (IEP), officials must obtain parental consent to bill Medicaid for the services provided, obtain prescriptions from a qualified provider, detail the medical necessity of the services and document that the services were 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 amount of revenue.

Services must be provided by a qualified provider or under the direction or supervision of a qualified provider. The attending provider, who has the overall responsibility for the student's medical care and treatment, must be registered in the Medicaid system for the services provided to be eligible to be claimed and reimbursed. In addition, the services provided must be in accordance with the student's IEP and properly documented[2] as close to the conclusion of the service encounter as practicable. Generally, claims are required to be submitted within 12 months of the date the services are provided.[3]

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

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 36 eligible students during 2017-18 and 29 eligible students during 2018-19. We reviewed records for 10 eligible students[4] for services provided in 2017-18 and 2018-19 and found claims were not submitted and reimbursed for all eligible services provided.

Claims were not submitted and reimbursed for 273 of 1,613 (17 percent) eligible services totaling $16,910 that were recorded as being provided in the special education system (system). As a result, the District did not realize revenue totaling $8,455.

Figure 1: Claims Not Submitted and Reimbursed For Eligible Services

	2017-18		2018-19		Totals	
Type of Service	Number of Services	Claim Amount	Number of Services	Claim Amount	Number of Services	Claim Amount
Speech Therapy	141	$8,181	84	$7,025	225	$15,206
Physical Therapy	7	$128	0	$0	7	$128
Occupational Therapy	37	$1,297	1	$18	38	$1,315
Reevaluations	0	$0	3	$261	3	$261
Totals	**185**	**$9,606**	**88**	**$7,304**	**273**	**$16,910**

2 Session notes must be completed by all qualified providers furnishing the services authorized in a student's IEP for each Medicaid 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, 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 12 months to 21 months from the date of service for services provided on and after July 1, 2017.

4 Refer to Appendix B for information on our sampling methodology.

Claims were not submitted and reimbursed for these eligible services for the following reasons:

- Encounters for 99 services totaling $4,372 were not properly documented. These services consisted of 90 instances when the provider or supervising provider did not sign session notes and nine instances when the incorrect service units[5] were entered in the session notes.
- Claims for 90 services totaling $6,837 were not submitted, even though all documentation requirements were met to submit these claims for reimbursement. For example, 76 claims for one student's eligible services were not submitted because the system placed them on a holding list for a final review to ensure the provider's notes did not include any duplicate services that may have been erroneously entered.[6]
- Prescriptions for 84 services totaling $5,701 were invalid because either the prescription was not linked to the student's IEP (63 services)[7] or contained an invalid diagnosis code (21 services).

The District realized financial benefits, including $27,621 in increased Medicaid revenue and $3,150 in cost savings on vendor fees, from processing Medicaid claims in-house by identifying Medicaid-eligible services that were either not submitted for reimbursement or were rejected without adequate follow-up by the vendor. However, we identified certain areas for improvement.

Specifically, we found that officials lacked adequate oversight on the claim submissions process. Before officials performed the function in-house, the majority of claims not submitted by the vendor were the result of providers not properly documenting services. After the function was performed in-house, the majority of claims not submitted were for eligible services provided that needed further review before submission, or lacked a reason for not being submitted.

5 This particular service encounter was to be billed at one service unit for each 15 minute service increment. For the nine instances, the provider entered three service units in the session notes (for 45 minutes) while the billable service time allowed by the student's IEP was for two service units (30 minutes). As a result, the billing system did not generate a claim and the District did not receive a reimbursement for these service.

6 The student received speech therapy services twice a day in accordance with the student's IEP and the services were marked in the system as needing further review to ensure they were not duplicate entries.

7 The prescription was listed in the student's IEP and entered in the software, but for an unknown reason the linking of the prescription to the IEP in the software did not work.

Figure 2: Reasons Claims Were Not Submitted

	2017-18		2018-19	
	Processed by Vendor		Processed by Officials	
	Number of Services	Amount	Number of Services	Amount
Improper Documentation	99	$4,372	0	$0
Lacked a Reason	36	$2,311	54	$4,526
Invalid Prescriptions	50	$2,923	34	$2,778
Totals	**185**	**$9,606**	**88**	**$7,304**

The failure to submit claims and receive reimbursements for eligible services occurred because officials did not establish adequate procedures to ensure that all claim reimbursement documentation requirements were met and did not reconcile Medicaid eligible services provided to the claims submitted and reimbursed. For example, when the vendor was submitting claims on the District's behalf, the providers were responsible for recording the details of service encounters in the system with limited oversight.

After the District took over this process, the Director implemented adequate procedures to ensure all claim reimbursement documentation was properly recorded by providers. However, the Director did not reconcile the Medicaid eligible services provided to the claims submitted and reimbursed to ensure that claims were submitted and paid for all eligible services provided.

What Do We Recommend?

District officials should:

1. Implement procedures to ensure claims for Medicaid reimbursements are submitted and paid for all eligible services provided.
2. Reconcile the services provided with the claims submitted and reimbursed to determine whether any rejected or disallowed claims may be resubmitted.
3. Review all the unclaimed services identified in this report, determine whether these services are reimbursable and submit any eligible claims for reimbursement.
4. Review records for the Medicaid-eligible students not included in our audit to determine whether the District is entitled to additional reimbursements for unclaimed services.
5. Resolve the linking of prescriptions to student IEPs with the software service provider.

Appendix A: Response From District Officials

Corinth Central School District
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Mark R. Stratton, Ed.D., *Superintendent*

August 29, 2019

Corinth Central School District
Medicaid Reimbursement
Report Number: 2019M-129

Response From Corinth Central District Officials

Fro each recommendation included in the audit report, the following is our corrective actions taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations.

The District lacked adequate procedures to ensure Medicaid claims were submitted and reimbursed for all eligible services provided.

The audit covered a portion of time the district contracted a third party to submit claims for reimbursement of eligible services provided. In the fall of the 2017-18 school year the District Official that oversees medicaid claims sought out training from NERIC to start utilizing [redacted] a system purchased through [redacted]. After learning how to use the system [redacted] it was clear that the districts claims were not submitted in a timely manner through the 3rd party. As a result the district officials began to submit their own claims, trained 2nd individual in the district to also understand the submission of Medicaid claims. Ultimately, feeling comfortable to end the contract with the third party. In addition, to recognizing the district could have a more efficient process in submitting claims the District Official responsible for medicaid claiming created a new process to obtain consent to claim for students eligible for medicaid services a year prior. Past practice prior to the District Official taking the position was to mail the consent home. This often resulted in consent forms not returned to the district. The system that was created was to inform parents of the consent and have them sign at all initial CSE meetings.

Claims were not submitted and reimbursed for 273 eligible services totaling $16,910. Had these services been appropriately claimed, the District could have realized revenues totaling $8,455.

A portion of unsubmitted claims identified in the 16,910 was during the time the district realized the 3rd party was not submitting in a timely fashion. The district was able to retrieve a large portion of these funds although some funds were lost due to exceeding the time limit allowed to submit claims. The $8,455 was due to errors within the medicaid direct system that the district worked to troubleshoot with representatives from medicaid direct. The district was reimbursed

District officials should:

1. Implement procedures to ensure claims for Medicaid reimbursements are submitted and paid for all eligible services provided.

- The district has implemented a consistent system to obtain parental consent for eligible students.
- The district has implemented a system to frequently monitor the medicaid services and claims to ensure timely submission of all claims. The district official has worked with staff to specifically established in place 1x per month time to review and submit claims.

2. Reconcile the services provided with the claims submitted and reimbursed to determine whether any rejected or disallowed claims may be resubmitted.

- The district has already implemented this by purchasing and becoming trained in the use of an "in house" system to monitor and submit Medicaid claims.
- The district continues to purchase the support through NERIC for [redacted] for additional training and troubleshooting when necessary.

3. Review all the unclaimed services identified in this report, determine whether these services are reimbursable and submit any eligible claims for reimbursement.

- For the 2018-19 school year the audit identified that $7,304 of claims were not submitted for various reasons specifically 7,025 were for speech services. The district has resolved this and resubmitted without rejections the 7,025.
- For the 2017-18 school year the audit identified that $9,606 of claims that were not submitted and reimbursed for eligible students. As of August 2019 the district has no rejected or unsubmitted claims for the 2017-18 school year. $1, 266.21 continue to be pending payment.

4. Review records for the Medicaid-eligible students not included in our audit to determine whether the District is entitled to additional reimbursements for unclaimed services.

- During the 2018-19 school year the Committee on Special Education included consent forms for medicaid services at all annual review meetings. Informing and requesting parents to consent in person if the district did not have a consent on file.

5. Resolve the linking of prescriptions to student IEPs with the software service provider.

- The district resolved all issues with unlinked prescriptions with the exception of one student who is placed out of district. The district continues to work with the agency the student attends to rectify this issue.

Sincerely,

Mark Stratton, Ed.D.

Appendix B: 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 and reviewed various records and reports to gain an understanding of procedures related to claiming Medicaid reimbursements and documented any associated effects of deficiencies in those procedures.
- In 2017-18 the District obtained parental consent to submit claims for 36 of the 42 Medicaid-eligible students and in 2018-19 parental consent was obtained for all 29 Medicaid-eligible students. We reviewed records of services provided to 10 of the 29 Medicaid-eligible students who received eligible services during both 2017-18 and 2018-19 to determine whether claims were submitted to Medicaid and reimbursed for all eligible services provided. We used our professional judgement to select a sample of 10 students from the Medicaid-eligible students receiving services in both years who the District obtained parental consent to submit claims to Medicaid and received eligible services. For eligible services provided 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 analyzed the detail of all claims submitted between July 1, 2017 and March 31, 2019 to determine the frequency of submissions, timeliness of the claims submitted and whether claims initially rejected were reviewed, corrected and resubmitted if possible when claims were processed by the vendor compared to when claims were processed by District officials. From our analysis we quantified the monetary effect of performing the Medicaid reimbursement process in-house.
- We reviewed the agreement with and cash disbursements paid to the vendor during 2017-18 and 2018-19 to identify any cost savings related to performing the Medicaid reimbursement process in-house.

We conducted this performance audit in accordance with GAGAS (generally accepted government auditing standards). 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 relevant population size and the sample selected for examination.

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 2116-1(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 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. We encourage the Board to make the CAP available for public review in the Clerk's office.

Appendix C: Resources and Services

Regional Office Directory
www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas
www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems
www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management
www.osc.state.ny.us/localgov/pubs/listacctg.htm#lgmg

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans
www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders
www.osc.state.ny.us/localgov/pubs/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/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers
www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics
www.osc.state.ny.us/localgov/academy/index.htm

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