

Moriah Central School District

Medicaid Reimbursements

JUNE 2019



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

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Report Highlights

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 517.5 eligible services totaling \$21,211 and service providers did not document 1,769.5 scheduled services totaling \$56,998 in the special education system (system) as having been provided. Had these services been appropriately claimed and documented, the District could have realized potential revenues totaling \$39,105.

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, determine whether these services are reimbursable and submit any eligible claims for reimbursement.
- Ensure service providers document all service encounters in the system.

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

Background

The Moriah Central School District (District) serves the residents of the Towns of Crown Point, Moriah and Westport in Essex 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 Services (Director) oversees the special education program.

Quick Facts

Enrollment	725
2018-19 Adopted Appropriations	\$17.4 million
Medicaid Reimbursements For 2017-18 Services	\$24,925

Audit Period

July 1, 2017 – January 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, Westport Central School District staff and Clinton-Essex-Warren-Washington Board of Cooperative Educational Services (BOCES) staff. Students received services from these providers either at the District (onsite) or at the BOCES. In addition, the District Clerk (clerk) 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 prescriptions from a qualified ordering provider detailing the medical necessity of the 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. The attending provider, who has the overall

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.

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 documented² 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 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 All Claims for Eligible Services Were Submitted and Reimbursed

The District obtained parental consent to submit Medicaid claims for reimbursement of services provided to 25 eligible students during 2017-18. We reviewed the records of services provided to all of these students and found that claims were not submitted and reimbursed for all eligible services provided.

Claims were not submitted and reimbursed for 517.5 of 1,142 (45 percent) eligible services⁴ totaling \$21,211 recorded as being provided in the system, resulting in the District not realizing revenue totaling \$10,606 (50 percent of the Medicaid reimbursements).

Figure 1: Claims Not Submitted and Reimbursed For Eligible Services

Type of Service	Number of Services	Claim Amount
Speech Therapy	435.0	\$17,850
Physical Therapy	49.5	\$1,969
Occupational Therapy	33.0	\$1,392
Totals	517.5	\$21,211

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 Physical and occupational therapy services that are provided to a student individually can be submitted for Medicaid reimbursement in 15 minute increments, which can result in half of a unit for a 30 minute scheduled service.

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

- For 271 speech therapy services totaling \$10,350, the services were provided by a teacher of the speech and hearing handicapped (TSHH), but not under the direction of a speech-language pathologist as required to be eligible for reimbursement. The TSHH provided these services under the direction of the Director (a speech-language pathologist) during 2016-17 and 2018-19. However, the Director told us she did not provide the required oversight of this TSHH in 2017-18 because she thought all the Medicaid-eligible students receiving speech therapy services at the District received these services from the District's other speech language pathologist.
- For 155 services totaling \$7,043, the provider was not registered in New York State on the date of service. Further, for 92 of these services totaling \$4,201, claims would not have been able to be submitted to Medicaid and reimbursed even if the provider was properly registered because the provider did not record session notes for these services in a timely manner. The District was unable to receive reimbursement for any eligible services received from this provider before March 1, 2018.
- Encounters for 84.5 services totaling \$3,516 were not properly documented. For example, providers did not always record session notes in a timely manner or sign the notes and the supervising provider did not always sign and date the notes in a timely manner.
- Claims for seven services totaling \$302 were not submitted even though all documentation requirements were met to submit these claims for reimbursement.

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. For example, the providers were responsible for recording the details of service encounters in the system with limited or no oversight.

Although the clerk resubmitted all eligible, rejected or disallowed claims for reimbursement during the audit period, officials did not receive or review any documentation of claims submitted for reimbursement. 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.

Providers Did Not Properly Document All Service Encounters

Providers did not document all service encounters in the related services logs in the system, which are used by the clerk to submit corresponding claims for

reimbursement. The Director required that providers who provide services onsite⁵ document the service encounters in the system only after the District obtained parental consent to submit Medicaid claims for reimbursement for services provided to Medicaid-eligible students. As a result, the clerk was prevented from being able to submit claims for any eligible services students received onsite before the date parental consent was obtained.

For example, one student's IEP specified that the student was scheduled to receive physical therapy in a small group setting once a week, occupational therapy in a small group setting two times a week and speech therapy in a small group setting three times a week from September 5, 2017 through June 22, 2018. While District officials obtained parental consent for this student in December 2018, the providers did not document any service encounters in the system for this student in 2017-18. Had these services been properly documented, the District would have been eligible to submit claims for these services because they were still within the allowed claiming time frame.

We also found that a provider of speech therapy services to 10 Medicaid-eligible students who received onsite services during 2017-18 did not record any services provided to these students in the system before October 16, 2017, during April 2018 or after May 23, 2018. Similarly, a provider of occupational therapy services to 12 Medicaid-eligible students who received onsite services during 2017-18 did not record any services provided to these students in the system before October 10, 2017 or after May 2, 2018.

Although the Director did not provide an explanation for the providers' failure to record these services, she told us that they were not documenting all service encounters in the system. This occurred because the providers were responsible for recording details of service encounters in the system with limited or no oversight.

We reviewed the same 25 students included in our review of claims for reimbursement and calculated the number of scheduled services that were not documented as having been provided during 2017-18 based on the related service logs in the system. We found that 1,769.5 scheduled services totaling \$56,998 were not documented as having been provided to these students in 2017-18.

⁵ Providers who provide services at the BOCES were required to document all service encounters in the system regardless of whether the student receiving the service was Medicaid eligible or not.

Figure 2: Scheduled Services Not Properly Documented As Having Been Provided

Type of Service	Number of Services	Claim Amount
Speech Therapy	1,001.0	\$37,715
Physical Therapy	83.0	\$2,237
Occupational Therapy	685.5	\$17,046
Totals	1,769.5	\$56,998

Consequently, the District did not submit claims for all eligible services provided. If these services were actually provided to students, the District could have received potential Medicaid reimbursements totaling \$56,998 and realized potential revenues of \$28,499 (50 percent of the Medicaid reimbursements).

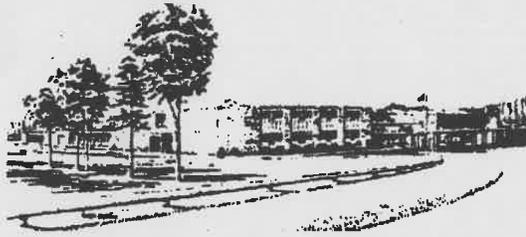
What Do We Recommend?

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 clerk.
3. Review all the unclaimed services identified in this report, determine whether these services are reimbursable and submit any eligible claims for reimbursement.
4. Ensure providers document all service encounters in the related service log in the system.

Appendix A: Response From District Officials

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BRIAN CROSS, *Athletic Director/Dean of Students*

Moriah Central School District

39 VIKING LANE PORT HENRY, NEW YORK 12974 (518) 546-3301 FAX: 546-7895

May 16, 2019

██████████
Principal Examiner
Office of the State Comptroller
Division of Local Government and
School Accountability
One Broad Street Plaza
Glens Falls, NY 12801

Dear ██████████

We are in receipt of the report of your audit of Medicaid Reimbursements of the Moriah Central School District for the period covering July 1, 2017 – January 31, 2019. The District appreciates the recommendations made as a result of this audit. Please accept this as our Corrective Action Plan.

1. District Officials should establish procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for all eligible services provided.

Response: Reports are now printed monthly and reviewed by Administration before closing dates for submission so that any incomplete documentation is collected in a timely manner to be billed for.

2. District officials should review documentation of claims submitted for reimbursement by the clerk.

Response: Reports are now printed and submitted to Administration and the Board of Education monthly for all claims that are billed.

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3. District officials should review all unclaimed services identified in this report, determine whether these services are reimbursable and submit any eligible claims for reimbursement.

Response: After Administration receives the reports for unclaimed services they will reach out to the therapists to determine if services are billable and to complete any missing documentation for resubmission. Rejected claims are also reviewed and resubmitted as well in a timely manner.

4. District officials should ensure providers document all service encounters in the related service log in the system.

Response: At this time the service providers are logging in IEP Direct any missing service time due to Therapist absence, student absence, conferences and/or meetings throughout the year.

We would like to thank you for these recommendations as we are always looking to effectively manage the District's operations. Please contact me with any questions or concerns.

Sincerely,

William J. Larrow
Superintendent of Schools

WJL/ejg

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 objective⁶ and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials and reviewed various records and reports to gain an understanding of the District's 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 25 of the 28 Medicaid-eligible students. We reviewed records of services provided to all 25 students to determine whether claims were submitted to Medicaid and reimbursed for all eligible services provided to these students. 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 reviewed documentation for these 25 students and calculated the number of scheduled services that were not documented as having been provided during 2017-18 based on the related service logs in the system. We subtracted the recorded service encounters in accordance with the student's IEP, recorded services encounters not in accordance with the student's IEP (e.g., session not long enough or not in the proper ratio) and services recorded as not being provided (i.e., provider not available, student not available or school closed) from the number of scheduled services based on the student's IEP to calculate the number of scheduled services that were not documented as having been provided. We then calculated the amount of potential Medicaid reimbursements not received for these services and the corresponding unrealized potential revenue.

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.

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 District Clerk's office.

⁶ We also issued a separate audit report, *Moriah Central School District – Cash Management (2019M-65)*.

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#lmgm

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

Contact

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Division of Local Government and School Accountability
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