

Whitehall 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

Whitehall 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 628 eligible services totaling \$24,179. Had these services been appropriately claimed, the District could have realized revenues totaling \$12,090.

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.

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

Background

The Whitehall Central School District (District) serves the residents of the Towns of Dresden, Fort Ann, Granville, Hampton and Whitehall in Washington County.

The nine-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 oversees the special education program.

Quick Facts

Enrollment	715
2018-19 Adopted Appropriations	\$16.5 million
Medicaid Reimbursements For 2017-18 Services	\$146,598

Audit Period

July 1, 2017 – November 30, 2018

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.

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 responsibility for the student's medical care and treatment, must be registered in

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.

the Medicaid system in order 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

District officials obtained parental consent to submit Medicaid claims for reimbursement of services provided to 43 eligible students during 2017-18. We reviewed the records of services provided to 20 of these students⁴ (47 percent) and found that claims were not submitted and reimbursed for all eligible services provided.

Claims were not submitted and reimbursed for 628 of 2,168 (29 percent) eligible services totaling \$24,179 recorded as being provided in the special education system (system). As a result, the District did not realize revenue totaling \$12,090 (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	233	\$8,415
Physical Therapy	68	\$4,305
Occupational Therapy	278	\$8,686
Psychological Counseling	49	\$2,773
Totals	628	\$24,179

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 to Medicaid and reimbursed for the 628 eligible services for the following reasons:

- Encounters for 234 services totaling \$7,722 were not properly documented. For example, the supervising provider did not always sign and date session notes in a timely manner.
- The claims submitted for 132 services totaling \$6,973 were rejected by Medicaid because of submission errors and these claims were not corrected, resubmitted and reimbursed.
- Claims for 118 services totaling \$5,707 were not submitted because the clerk in the special education office either did not record or incorrectly recorded information from the prescription in the system.
- Claims for 96 services totaling \$2,582 were not submitted, even though all documentation requirements were met to submit these claims for reimbursement.
- Prescriptions for 48 services totaling \$1,195 were either not obtained (14 services), not from a qualified ordering provider (17 services) or contained an invalid diagnosis code (17 services).

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.

In addition, except for receiving notification of the total amounts of claims submitted for reimbursement by the vendor on the District's behalf, District officials did not receive or review any other 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.

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 vendor on the District's behalf.

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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, determine whether these services are reimbursable and submit any eligible claims for reimbursement.
 5. 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.

Appendix A: Response From District Officials

WHITEHALL CENTRAL SCHOOL DISTRICT

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Whitehall – Birthplace of the U. S. Navy – www.railroaders.net

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May 30, 2019

Office of the State Comptroller
Attn: Jeffrey P. Leonard, Chief Examiner
Glens Falls Regional Office
One Broad Street Plaza
Glens Falls, NY 12801-4396

RE: Whitehall Central School District Response and Corrective Action Plan to New York State
Comptroller “Medicaid Reimbursements” Audit 2019M-42

Dear Mr. Leonard,

Please accept the following as a combined written response and Corrective Action Plan to the above listed audit report. After an extensive risk assessment which included a detailed review of policies, cash receipts, cash disbursements, payroll, purchasing and information technology, the area of Medicaid reimbursements was chosen as the focus area of the audit. The district agrees with the audit finding that the district did not realize revenue totaling \$12,090. Since the completion of the audit the district has recouped \$11,334 of the amount identified during the audit.

On behalf of the Board of Education and Administration we would like to extend our thanks to your staff for the courtesy and professionalism they displayed.

Unit Name: Whitehall Central School
Audit Report Title: Medicaid Reimbursements
Audit Report Number: 2019M-42

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

Audit Recommendation and Implementation Plan of Action(s):

1. Establish procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for all eligible services provided.

The Coordinator of Special Education will make appropriate arrangements on an annual basis to provide training to the CSE Secretary on documentation requirements as defined by the NYS Department of Health and NYS Education Department's Medicaid Provider Policy and Billing handbook.

Implementation Date: Immediately

Person Responsible for Implementation: Coordinator of Special Education

2. Review documentation of claims submitted for reimbursement by the vendor on the District's behalf.

On a quarterly basis, the CSE Secretary will review the documentation submitted by outside providers prior to the claims being submitted for reimbursement to ensure all of the documentation requirements have been met.

Implementation Date: Immediately

Person Responsible for Implementation: Coordinator of Special Education

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.

The CSE secretary will be responsible for reviewing Medicaid claims after each billing cycle for validation errors. This is to ensure issues with missing or incorrect documentation are resolved.

Implementation Date: Immediately

Person Responsible for Implementation: Coordinator of Special Education

4. Review all the unclaimed services identified in this report, determine whether these services are reimbursable and submit any eligible claims for reimbursement. Re-submitted and pending payment.

The district contracts with an outside provider for OT services. The provider failed to have their employee sign off as UDO within the required timeframe. As a result, claims totaling \$7,722 were rejected for payment. The district reviewed the required procedures with the outside provider and received payment from them in the amount of \$3,861 which represents the district's 50% share of the claims that were rejected.

The CSE secretary reviewed, corrected and resubmitted 132 service encounters totaling \$6,973. The district has recouped \$3,486.50 which represents the district's 50% share of the claims that were rejected.

The CSE secretary was able to correctly record the prescription information in the system and resubmit claims totaling \$4,194.15. The district has recouped \$2,097.07 which represents the district's 50% share of the claims that were rejected. It has been determined that claims totaling \$1,512.85 (\$756.43 district share) are not able to be resubmitted for payment because a parent is unwilling to provide the district with the information necessary to do so.

Claims for 96 services totaling \$2,582 were submitted and the district has recouped \$1,291 which represents the district's 50% share.

Issues identified with the prescriptions for 48 services were resolved and submitted for payment. The district recouped \$597.50 which represents the districts 50% share.

Implementation Date: Immediately

Person Responsible for Implementation: Coordinator of Special Education

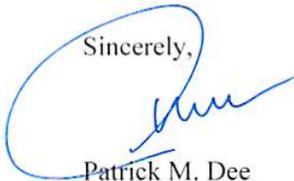
5. Review records for the Medicaid-eligible students not included in our audit to determine whether the District is entitled to additional reimbursements for unclaimed services.

All Medicaid-eligible students not included in the audit period of July 1, 2017 through November 30, 2018 were reviewed to ensure all reimbursements were received.

Implementation Date: Immediately

Person Responsible for Implementation: Coordinator of Special Education

Sincerely,



Patrick M. Dee
Superintendent

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 an employee of the vendor 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 43 of the 55 Medicaid-eligible students. We reviewed records of services provided to 20 of the 43 Medicaid-eligible students who received eligible services to determine whether claims were submitted to Medicaid and reimbursed for all eligible services provided to these students. We judgmentally selected our sample, without any known bias, from the Medicaid-eligible students 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 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#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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Local Government and School Accountability Help Line: (866) 321-8503

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