



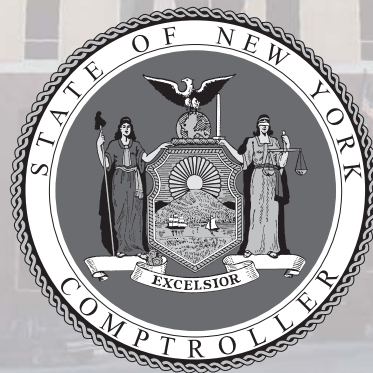
Westbury Union Free School District Medicaid Revenues

Report of Examination

Period Covered:

July 1, 2008 — July 31, 2010

2011M-185



Thomas P. DiNapoli

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State of New York Office of the State Comptroller

Division of Local Government and School Accountability

December 2011

Dear School District Officials:

A top priority of the Office of the State Comptroller is to help school district officials manage their districts efficiently and effectively and, by so doing, provide accountability for tax dollars spent to support district operations. The Comptroller oversees the fiscal affairs of districts statewide, as well as districts' compliance with relevant statutes and observance of good business practices. This fiscal oversight is accomplished, in part, through our audits, which identify opportunities for improving district operations and Board of Education governance. Audits also can identify strategies to reduce district costs and to strengthen controls intended to safeguard district assets.

Following is a report of our audit of the Westbury Union Free School District, entitled Medicaid Revenues. This audit was conducted pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the General Municipal Law.

This audit's results and recommendations are resources for district officials to use in effectively managing operations and in meeting the expectations of their constituents. If you have questions about this report, please feel free to contact the local regional office for your county, as listed at the end of this report.

Respectfully submitted,

*Office of the State Comptroller
Division of Local Government
and School Accountability*

Introduction

Background

The Westbury Union Free School District (District) is located in the Towns of Oyster Bay and North Hempstead, Nassau County. The District is governed by the Board of Education (Board) which comprises seven elected members. The Board is responsible for the general management and control of the District's financial and educational affairs. The Superintendent of Schools (Superintendent) is the chief executive officer of the District and is responsible, along with other administrative staff, for the day-to-day management of the District under the direction of the Board.

There are six schools in operation within the District, with approximately 4,400 students and 720 employees. The District's expenditures for the 2008-09 and 2009-10 fiscal years were approximately \$94.7 million and \$99.3 million, respectively, funded primarily with State aid, real property taxes, and grants. During the 2008-09 and 2009-10 fiscal years, the District spent about \$13 million and \$15 million, respectively, on programs for children with special needs.

The District's Director of Special Education (Director) oversees the District's Special Education Program and reports to the Assistant Superintendent of Special Education and Special Services. In December 2009 the District hired an outside consultant to prepare and submit its Medicaid claims for services provided to Medicaid-eligible special education students in the 2008-09 fiscal year.

Objective

The objective of our audit was to examine District operations and determine if there were areas for operational improvements. Our audit addressed the following related question:

- Is the District claiming all the Medicaid reimbursements to which it is entitled for services provided to eligible special education students?

Scope and Methodology

We examined the District's internal controls over Medicaid reimbursements for the period July 1, 2008 to June 30, 2010. Because the State is still developing guidelines for submitting claims for reimbursable services delivered after June 30, 2009, we limited our scope to the claiming process for eligible services that were provided between July 1, 2008 and June 30, 2009.

We conducted our audit in accordance with generally accepted government auditing standards (GAGAS). More information on

such standards and the methodology used in performing this audit is included in Appendix B of this report.

**Comments of District
Officials and Corrective
Action**

The results of our audit and recommendations have been discussed with District officials and their comments, which appear in Appendix A, have been considered in preparing this report. District officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

The Board has the responsibility to initiate corrective action. Pursuant to Section 35 of the General Municipal Law, Section 2116-a (3)(c) of the Education Law and Section 170.12 of the Regulations of the Commissioner of Education, 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, with a copy forwarded to 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 Board should make the CAP available for public review in the District Clerk's office.

Medicaid Revenues

The New York State Medicaid Plan (State Plan) is the contract between New York State and the Federal government whereby the State agrees to administer the Medicaid program in accordance with Federal Law and policy. The State Plan sets forth the scope of the Medicaid program, including groups covered, services furnished and payment policy. The Medicare Catastrophic Act of 1988 made it possible for school districts to obtain partial Medicaid reimbursement for many special education services¹ that they provide to Medicaid-eligible students. Claims must be supported by documentation of the services provided to students, and submitted within two years of the date that services were provided. For the 2008-09 fiscal year, reimbursement could be claimed for case management review, which includes coordinating medical and non-medical procedures for students. Because the guidelines for submitting claims for services delivered after June 30, 2009 were still being developed, at the completion of our audit fieldwork, the District had not submitted claims for reimbursable services delivered since the beginning of the 2009-10 school year. Therefore, our review of District claims was limited to the 2008-09 fiscal year.

The State Education Department (SED) and the Department of Health (DOH) jointly established the School Supportive Health Services Program (SSHSP) to help school districts obtain Medicaid reimbursement for diagnostic and health support services provided to eligible students with individual education plans (IEPs). School districts receive Federal reimbursements of 50 percent of the approved claim amounts, with 25 percent of the claimed amount retained by New York State through deductions from future State aid payments. As school districts struggle to fund educational programs with limited resources, Medicaid reimbursements for services provided to eligible special education students are an important potential revenue source.

To ensure that the District receives all the Medicaid revenues it is entitled to, it is essential that District officials establish written policies and procedures to identify the services provided to Medicaid-eligible students. These policies and procedures should formalize the duties of those responsible for collecting student data and required documentation, submitting and reconciling reimbursement claims, and monitoring the reimbursement process. These controls provide

¹ Reimbursable services include physical and occupational therapy, speech pathology, psychological counseling, skilled nursing services, basic and comprehensive psychological evaluations, medical evaluations, medical specialist evaluations, audiological evaluations, and transportation.

assurance that all eligible claims will be identified, and that all documentation and legal requirements for reimbursement will be met.

The District lacks written policies and procedures to define the duties of individuals responsible for collecting student data and documentation, submitting and reconciling claims, and monitoring the reimbursement process. As a result, District staff were not familiar with all the requirements to properly document and file claims for Medicaid reimbursement, and therefore, did not submit Medicaid claims for reimbursement. In December 2009, the District hired a consultant to process all Medicaid-eligible claims for the 2008-09 fiscal year.²

We compared the Medicaid-eligible services that the District provided to students with the claims submitted by the consultant for the 2008-09 fiscal year. We found that, because District staff had not maintained the necessary documentation throughout the year to receive reimbursement, the consultant could not process all Medicaid-eligible claims for reimbursement. Further, District officials did not monitor the consultant’s work to ensure that her records were accurate and that all claims submitted for reimbursement were received. As a result, the District did not claim a total of \$606,178 in reimbursable costs, and therefore, did not realize revenues of \$151,544 for IEP-related services, special transportation, and ongoing service coordination provided to Medicaid-eligible students in the 2008-09 fiscal year.

Table 1 summarizes the District’s and State’s lost revenues. We applied the exception rate of our sample tests to the District’s total population of 220 Medicaid-eligible students and found that, had District officials met Medicaid’s requirements for reimbursement, they could have realized additional potential revenue totaling \$99,112, for a grand total of \$250,656 in potential lost revenue.

Services	Total Estimated Claimable Amount	District’s Portion	State’s Portion
IEP-Related Services – With Parental Consent	\$39,504	\$9,876	\$9,876
IEP-Related Services – Without Parental Consent	\$444,276	\$111,069	\$111,069
Special Transportation Not Documented	\$20,898	\$5,224	\$5,224
Ongoing Service Coordination	\$101,500	\$25,375	\$25,375
Total	\$606,178	\$151,544	\$151,544

² District officials are responsible for obtaining the required documentation for all Medicaid-eligible claims and submitting this information to the consultant. Using this information prepared by the District, the consultant prepares and submits claims to Medicaid for reimbursement.

Individualized Education Program - Related Services — The District can submit claims to Medicaid for reimbursement of services provided to Medicaid-eligible students for whom the District has developed an IEP. IEP-related services that are eligible for Medicaid reimbursement under the SSHSP include physical and occupational therapy, speech therapy, psychological counseling, and skilled nursing services. To submit a claim for reimbursement, the District must document that the services were performed, have evidence of parental consent for the services, and obtain a medical recommendation/order from a physician. The District must file these claims within two years of providing the services to be eligible for reimbursement.

The District provided IEP-related services to 220 Medicaid-eligible students during the 2008-09 fiscal year. The District obtained parental consent from 119 of the 220 students. We reviewed 14 of these students and found that the District provided 154 services eligible for reimbursement valued at \$66,128. Because the District did not maintain the required documentation, the consultant could only claim 62 (40 percent) of the services totaling \$26,624, for which the District was reimbursed \$6,656. Because District officials did not maintain sufficient documentation, the consultant did not submit any claims for the reimbursement of the remaining 92³ services totaling \$39,504. As a result, the District and State lost revenue of \$9,876 each.

If IEP-related services were provided at the same rate to the other 101⁴ Medicaid-eligible students with related services, as stated on the students' IEPs and for whom the District obtained parental consent, we estimate that the District could have submitted reimbursement claims for additional services totaling \$284,993. Therefore, the District's and State's potential additional revenue would have been \$71,248, or total lost revenues of \$81,124 each. Because the two-year filing limit has expired, the District is precluded from recovering this lost revenue.

Parental Consent — Although District officials requested the required consent to bill Medicaid from the parents of all 264 Medicaid-eligible students, the parents of 145 of those students did not provide their consent. Of the 145 students, 101 received IEP-related services. As a result, the District was precluded from billing Medicaid for these

³ The consultant did not submit these claims for reimbursement because District officials failed to obtain all documentation from service providers for 70 of the services, and did not provide the available medical recommendation to the consultant for 11 services. The consultant could not explain why she did not bill the remaining 11 services.

⁴ Of 119 Medicaid-eligible students, 14 were included in our test, and four students were excluded because they attended institutions that were directly responsible for submitting reimbursement claims to Medicaid (119-14-4=101).

otherwise reimbursable services because they did not meet this Federal requirement. Had the District been able to submit claims for services provided to these 101 students, we estimate that the District could have submitted claims in the amount of \$444,276⁵ and would have received potential additional revenue of \$111,069. The State would have realized revenue of a similar amount. Since the two-year filing deadline to submit claims has expired, the District would not be able to submit any claims that have not yet been filed. However, we encourage the District to pursue parental consents diligently for all future Medicaid-eligible services to maximize revenue from Medicaid reimbursement.

Special Transportation — School districts provide transportation as a special education service when a student requires special transportation equipment, supports, or services because of his/her disability. All special transportation arrangements recommended by the Committee on Special Education (CSE) and the Committee on Preschool Special Education, as identified on the students' IEPs, are eligible for Medicaid funding. Special transportation can only be billed on a round trip basis on days that a Medicaid-reimbursable service was delivered to the student. To claim special transportation reimbursement, District officials must have provider attendance sheets for the Medicaid-covered services on file. In addition, the schedule/roster for the transportation must be available and contain each child's name, approximate time, address where the child is picked up and dropped off each day, the type of vehicle used, and a listing of daily attendance on each bus. The District's reimbursement rate for the 2008-09 school year was \$25.33 per day per student for each day in which related services were provided. Fifty percent of the amount claimed is subject to reimbursement, which the District equally shares with the State.

The District did not claim reimbursement for students who received special transportation in the 2008-09 school year. Although provider attendance sheets were available to document that the students received services on a particular day, the District has not implemented procedures to document the students' attendance on a vehicle on any particular day.

During our audit period, the District had 188 Medicaid-eligible students with special transportation needs, of which 100⁶ had parental consents on file. Of the 100 students, 57 required special transportation for the entire 2008-09 year. We randomly selected nine of the 57 students and reviewed service providers' attendance sheets

⁵ We calculated this amount based on the frequency and type of services recommended and agreed upon, as noted in the students' IEP files.

⁶ The remaining 43 students required transportation for summer school only and were not included in our test.

to determine the number of reimbursable days and the amount of revenue that the District could have claimed if District officials had documented daily attendance on vehicles used to transport students.

The nine students attended the various schools a cumulative total of 825 days during the 2008-09 fiscal year. Therefore, the District could have claimed \$20,898 (825 days of transportation at \$25.33 per day) for these nine students. The District's portion (25 percent) of the lost revenue for the nine students is \$5,224. Additionally, the State's portion of the lost revenue is \$5,224. If the same average attendance rate occurred with other Medicaid-eligible students with special transportation needs, the District could have potentially claimed an additional \$111,456 for the other 48 eligible students and realized an additional reimbursement of \$27,864 for the 2008-09 school year, for total potential lost revenues of \$33,088. The State would have realized revenues of a similar amount.

Ongoing Service Coordination — Ongoing service coordination ensures that service providers work together to help achieve students' IEP goals and objectives. A service coordinator, or case manager, appointed by the District, manages the special education services provided to the student. Service coordinators help students gain access to the services specified in their IEPs, ensure that direct service providers deliver appropriate services, and provide students and their parents, or other responsible individuals, with information and direction to help them access and use the services. They also render assistance or intervention to the related service providers on educational, social, or medical conditions that affect a student's ability to meet IEP goals and objectives.

During the 2008-09 fiscal year, school districts were eligible for ongoing service coordination reimbursements of \$100 per "unit of service" for each student. A "unit of service" requires at least two contacts per month by the service coordinator. For the District to submit claims for ongoing service coordination, the service coordinator must properly document each student contact with appropriate case notes. The District also must obtain prior approval from DOH to file claims.

The District did not claim any Medicaid reimbursement for ongoing service coordination, seek DOH approval for filing such claims, or ensure that these services were appropriately documented during our audit period. District officials informed us that the District provided ongoing service coordination on an informal basis and did not prepare notes to document each student's contact, as required to submit claims for Medicaid reimbursement. Instead, the District prepared notes only on a quarterly basis. For the 2008-09 fiscal year, the District provided 1,015 units of ongoing service coordination to

115 students. Had District officials made a record of each student's contacts, we estimate that the District could have claimed \$101,500 for those services and received \$25,375 in Medicaid revenue. The State would have realized revenue of a similar amount.

Recordkeeping and Coordination — To comply with Federal confidentiality requirements, school districts must have parental consent for release of information on file. The Family Federal Education Rights and Privacy Act and Medicaid regulations require that the identity of a student with a disability, and any identification of services provided, are kept confidential and not released without the expressed consent of the parent. All documents relating to Medicaid reimbursement for services, and all documents relating to referrals, prescriptions, or orders for these services require a minimum six-year retention period from the dates services were paid. District officials must ensure that all documentation required for claiming Medicaid reimbursement for eligible services is on file at the District. Since the District relies on the consultant to claim Medicaid reimbursements, it is important that District officials provide the consultant with updated records as soon as they become available.

We found that Medicaid billing documents were not immediately identifiable in students' folders and found a lack of consistency between the students' information maintained by the District and the information maintained in the consultant's records. The consultant periodically visits the District to update and document student information such as dates on consent forms and dates of medical prescriptions. However, the consultant does not retain copies of such documents for support. We also found that District officials did not always inform the consultant when they received new student information and did not compare the consultant's information with District records to ensure that they agreed.

We selected a non-biased judgmental sample of 21⁷ students from a population of 264 students that were Medicaid-eligible to verify that the students' information, as maintained by the District to document the receipt of parental consent and medical prescriptions for related services, agreed with the information maintained by the consultant. Our review identified the following discrepancies.⁸

⁷ We selected a non-biased judgmental sample of 21 students using the consultant's spreadsheets. We selected 10 students from 119 Medicaid-eligible students that had parental consent; we selected five other students from 145 Medicaid-eligible students that had no parental consent on file; and we selected six other students from 57 Medicaid-eligible students that had parental consent and had special transportation needs.

⁸ Since the District's reimbursement claims are created based on student information maintained by the consultant, our testing was based on the consultant's information.

- We found three instances where the consultant's records indicated that a student's parental consent was obtained, while the District's records had no documentation of parental consent. Since the District could not provide original documents and the consultant did not make copies of such documents, District officials could not validate the accuracy of the consultant's records or ensure that they had obtained those documents.
- In another instance, the consultant's records did not indicate a student's parental consent, although the consent was documented in the District's records.
- We found two instances where the consultant's records did not indicate that District officials obtained the students' required prescriptions, although this information was documented in the District's records.
- In another instance, District officials updated the student's prescription in the District's records, but the change was not reflected in the consultant's records.

Since the consultant's records are used for billing Medicaid, it is imperative that they are complete, accurate, and supported by required documentation. If Medicaid claims are based on inaccurate or unsupported information, the District's claims could be disallowed, resulting in additional lost revenue. To maximize District revenues, it is essential for District officials to ensure that the consultant's records are accurate, current, and complete.

Reimbursement Monitoring — In addition to ensuring that all eligible claims are properly submitted for reimbursement, it is important that District officials reconcile all claims submitted to the reimbursement amount received, and review any disallowed amount to identify claims that can be resubmitted.

District officials did not have procedures in place to monitor and reconcile the claims submitted by the consultant to the reimbursed amount. Therefore, they have not reconciled the claims submitted to the Medicaid reimbursements received. District officials explained that they were not aware of their ability to use the Central New York Regional Information Center's (CNYRIC) website to access and reconcile their reimbursement claims and did not have a user ID and password to access the account. Instead, they were relying on the consultant to ensure that all claims submitted were fully paid and that all claims that could be resubmitted have been resubmitted. Without performing such reconciliations, District officials have limited

assurance that all eligible claims submitted for reimbursement were paid. The District has since activated its CNYRIC user account and is now able to monitor and reconcile claims submitted to amounts reimbursed.

The New York State Medicaid Plan (State Plan) requires the State to administer Medicaid in accordance with Federal Law and policy. Because of the American Recovery Reinvestment Act enacted in 2009, the Medicaid reimbursement rate for claims paid between April 1, 2009 and December 31, 2010 was temporarily increased to over 60 percent. Furthermore, in accordance with statutory changes to Education Law, the State is no longer entitled to any of the District's reimbursements for claims with a date of service after June 30, 2009. The State is currently developing guidelines for the submission of claims in accordance with the recently approved SSHSP State Plan Amendment (SPA) #09-61, to meet all the requirements of SPA #09-61.⁹ Lastly, according to the terms of the Compliance Agreement between the State and Federal governments, there is a requirement that all service providers, school district staff, and other individuals involved with the reimbursement process must obtain annual training regarding the Compliance Agreement before the District is allowed to submit claims for reimbursement.

Because the guidelines for submitting claims for services delivered after June 30, 2009 were still being developed at the completion of our audit fieldwork, the District had not submitted claims for reimbursable services delivered since the beginning of the 2009-10 school year. When these guidelines become available, District officials should develop policies and procedures that promote careful compliance with the guidelines to help ensure the District receives all the reimbursement revenue to which it is entitled.

Recommendations

1. District officials should establish policies and procedures that:
 - Formalize the responsibilities of all individuals involved in the claims reimbursement process
 - Provide for the monitoring of the claims process to ensure it is functioning as intended
 - Comply with the new Medicaid requirements to ensure that the District claims all Medicaid reimbursements to which it is entitled.

⁹ SPA #09-61 defines the services, providers and their qualifications, and reimbursement methodology for the SSHSP and was approved by Centers for Medicare and Medicaid Services on April 26, 2010 with an effective date of September 1, 2009. Services provided between July 1, 2009 and August 31, 2009 do not have Federal approval, and may not be submitted for reimbursement.

2. District officials should obtain and retain on file the service providers' documentation that is essential to support and bill Medicaid for all eligible service costs.
3. District officials should ensure that they quantify all special education services provided to Medicaid-eligible students with parental consent and submit claims for reimbursement.
4. District officials should ensure that they obtain the parental consent release forms from parents of Medicaid-eligible students.
5. District officials should develop and implement procedures to document students' attendance on vehicles used to provide special transportation to eligible students receiving IEP-related services and require transportation personnel to maintain this documentation.
6. District officials should implement a process for ongoing service coordination to ensure that service coordinators document each student contact and maintain and make case notes readily available to efficiently file the claims.
7. District officials should develop procedures for the proper filing and retention of students' documents, such as prescriptions and parental consent forms.
8. District officials should ensure that the consultant's records are accurate, current, complete, and agree with District records.
9. District officials should maintain access to the CNYRIC website to monitor and reconcile the amounts claimed for Medicaid reimbursement with amounts received and investigate and correct any discrepancy that may arise.

APPENDIX A

RESPONSE FROM DISTRICT OFFICIALS

The District officials' response to this audit can be found on the following pages.



WESTBURY UNION FREE SCHOOL DISTRICT

2 Hitchcock Lane • Old Westbury, New York 11568-1615
516-876-5016 • FAX: 516-876-5187

CONSTANCE R. CLARK-SNEAD, Ed.D.
Superintendent

December 14, 2011

Mr. Ira McCracken, Chief Examiner
Division of Local Government and
School Accountability
Office of the State Comptroller
250 Veterans Memorial Highway
Room 3A10
Hauppauge, NY 11788-5533

Dear Mr. McCracken:

This is in response to your recent audit performed by your office regarding *Medicaid Revenues, Report of Examination #2011M-185* at the Westbury School District. Thank you for your recommendations, which will strengthen our internal controls and result in the receipt of all entitlement revenues.

Per the recommendations in your audit findings, please see the Westbury School District's Corrective Action Plan that has already been implemented.

Sincerely,

Constance R. Clark-Snead, Ed.D.
Superintendent of Schools

CRCS/mk
Enc.
cc: Mary A. Lagnado
Jorge Santiago

WESTBURY SCHOOL DISTRICT MEDICAID AUDIT CORRECTIVE ACTION PLAN

MEDICAID MANAGEMENT POLICY & PROCEDURES: MEDICAID ELIGIBLE STUDENTS

With the new *Medicaid in Education* guidelines that has been effect for over a year, as deemed by the NYSED, the Westbury School District has implemented certain internal controls so as to be compliant in the submission of Medicaid claims for reimbursable services. This has been established with the assistance of the Management Advisory Group.

In an effort to ensure that the Westbury School District receives all the Medicaid revenues that is entitled to them, District procedures have been identified and disseminated to all appropriate In-District staff and Out-of-District providers (i.e.- BOCES, agency providers, etc.) as it relates to services provided to Medicaid-eligible students.

The procedures that the Westbury School District has outlined to define the duties of individuals responsible for collecting student data, documentation, submission/reconciling claims and monitoring the reimbursement process includes but is not limited to the following:

- The Office of Pupil Personnel Services (PPS) has ongoing articulation with parents/guardians of students with Individualized Education Plans (IEP) so as to secure current Medicaid parental consent forms. These parental consent forms are kept at the Office of PPS and a copy is forwarded to the Management Advisory Group. As for updating information, the Management Advisory Group routinely articulates with the Office of PPS, regarding parental consent forms that are outstanding and thus required.
- The Office of PPS has contracted with a consulting physician to sign-off on all IEP students' prescriptions. In conjunction with the Management Advisory Group, the Office of PPS receives notification regarding student's prescriptions that are outstanding and thus required
- Medicaid-Eligible lists have been provided to all appropriate In-District staff and Out-of-District providers (i.e.- BOCES, agency providers, etc.) in a timely manner. These lists indicate applicable related services that students are receiving, as per their respective Individualized Education Plan (IEP).
- The Westbury School District has written documentation of applicable personnel being provided with annual Medicaid related training and who provide related services to Medicaid Eligible students. This has consisted of mandatory face-to face training and on-line Medicaid training for appropriate personnel. The District has also articulated with Out-of-District providers (i.e.- BOCES, agency providers, etc.) regarding their compliance requirement to attend on-line Medicaid training.

- All appropriate In-District staff and Out-of-District providers (i.e.- BOCES, agency providers, etc.) have been provided with written guidelines on the documentation of Medicaid information for Medicaid-Eligible students. This has included the following information:
 - IEP related service time period (i.e. - summer vs. regular school year)
 - IEP related service (i.e. – Counseling, speech, OT, PT, etc.)
 - Ratio (Group vs. Individual)
 - Date and time the service was rendered (length of session)
 - Session start & end times
 - Session location
 - Current Procedural Terminology (CPT) code & unit
 - Brief description of the student’s progress made by receiving the service during the session

- Since the Westbury School District subscribes to IEP Direct, all In-District personnel provide required Medicaid related information for their respective students on the Related Service Log via this system.

- Out-of-District providers (i.e.- BOCES, agency providers, etc.) that do not subscribe to IEP Direct, provide Medicaid related information on forms with the same requirements outlined above. These forms are submitted to the Office of PPS on a monthly basis.

- Since October, 2010, the following Medicaid information and procedures have been established and coordinated between the Office of Transportation and the Office of PPS :
 - Listing of all Medicaid Eligible students
 - Transportation department verifies that each Medicaid Eligible student has transportation by vendor/route.
 - Transportation department frequently collaborates with vendor so as to request/secure monthly attendance sheets.
 - Vendor submits monthly attendance sheets to the Transportation department.
 - Transportation department supplies the Office of PPS with monthly attendance sheets.
 - The Office of PPS reports Medicaid eligible students and appropriately calculates eligibility.

- The Office of PPS has implemented internal office process for with all In-District staff and Out-of-District providers (i.e.- BOCES, agency providers, etc.) so as to ensure that student contacts (for all Medicaid-Eligible students) are maintained and case notes are readily available to efficiently file for claims. This process includes Medicaid information/documentation for students via IEP Direct or District forms.

- Although effective January, 2012, the Office of PPS has requested and secured In-District and Out-of-District providers (i.e.- BOCES, agency providers, etc.) National Provider Identifier Numbers (NPI#). This NPI# will be documented in provider’s session notes, effective January, 2012.

- Although effective January, 2012, the Office of PPS is developing new prescription form which will require providers to provide an International Classification of Disease diagnosis (ICD9 Code) when recommending a respective related service to a student with an IEP.
- The Westbury School District in conjunction with the Management Advisory Group will develop a Medicaid Compliance Plan.

APPENDIX B

AUDIT METHODOLOGY AND STANDARDS

During this audit, we examined the District's Medicaid reimbursement system to determine if there were revenue enhancement opportunities. To accomplish this objective, we performed the following audit procedures:

- We assessed the District's internal controls over identifying eligible students, and preparing and monitoring Medicaid reimbursement claims.
- We interviewed District personnel and the District's consultant involved in the Medicaid reimbursement process, and tested selected records and transactions.
- We selected a non-biased judgmental sample of 21 students from a population of 264 students that were Medicaid-eligible — using the consultant's spreadsheets - to verify whether the consultant's records were reliable. We selected 10 students from 119 Medicaid-eligible students that had parental consent on file, five students from 145 Medicaid-eligible students that had no parental consent on file; and six other students from among 57 Medicaid-eligible-students that had parental consent and required special transportation for the entire 2008-09 school year.
- The District provided IEP-related services to 220 Medicaid-eligible students during the 2008-09 fiscal year. The District obtained parental consent from 119 of the 220 students. We randomly selected 16¹⁰ of the 119 students with parental consent to determine whether District officials claimed and were reimbursed for all eligible services provided. We reduced the sample to 14 students because two of the students attended institutions that were directly responsible for submitting reimbursement claims to Medicaid.
- We reviewed the IEP files of all Medicaid-eligible students without parental consent release forms to determine whether the students' IEPs recommended related services that were eligible for reimbursement. We determined the number of months the students were eligible to receive IEP-related services and multiplied the number of eligible services by the applicable service rate.
- We quantified the unclaimed amount for ongoing service coordination by multiplying the number of eligible units of services (i.e., at least two contacts per month with service coordination) by the reimbursable unit rate of \$100.
- We randomly selected nine of 57 students with parental consent who required special transportation services for the entire 2008-09 school year to estimate the amount of revenue lost for not billing Medicaid for this service. Since the District generally provides transportation

¹⁰ We originally selected a sample of 10 eligible students based on every 11th of the 119 students. We expanded our test by selecting an additional six students from amongst those that the District also provided transportation services to.

on a round trip basis, we calculated the number of days the students had attended the various schools and applied the daily reimbursement rate of \$25.33 to calculate the potential billable amount.

- We reviewed the Medicaid reimbursement reports to ascertain the amount of related services 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.

APPENDIX C

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APPENDIX D
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DIVISION OF LOCAL GOVERNMENT
AND SCHOOL ACCOUNTABILITY

Steven J. Hancox, Deputy Comptroller
Nathalie N. Carey, Assistant Comptroller

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