

# Argyle Central School District

## Medicaid Reimbursements

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JUNE 2021

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

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# Report Highlights

## Argyle Central School District

### Audit Objective

Determine whether the Argyle Central School District (District) maximized Medicaid reimbursements by submitting claims for all eligible Medicaid services provided.

### Key Findings

The District did not maximize Medicaid reimbursements by submitting claims for all eligible Medicaid services provided.

- The District lacked adequate procedures to ensure Medicaid claims were submitted and reimbursed.
- Claims were not submitted for 1,251 eligible services totaling \$26,637. Had these services been claimed, the District would have realized revenues totaling \$13,319, 50 percent of the reimbursement.

### 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 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 District serves the Towns of Argyle, Fort Edward, Greenwich, Hartford and Hebron in Washington County.

The five-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 Pupil Personnel Services oversees the special education program.

#### Quick Facts

##### Claims Submitted for Medicaid Reimbursement

2018-19	\$69,882
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2019-20	\$51,819
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2019-20 Appropriations	\$13.4 million
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Enrollment	460
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### Audit Period

July 1, 2018 – September 30, 2020

# Medicaid Reimbursements

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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. Services eligible for Medicaid reimbursement include, but are not limited to, physical, occupational and speech therapies, psychological counseling, skilled nursing and special transportation.

All SSHSP services are reimbursed using an encounter-based claiming methodology, based on fees established by DOH. Using the fee schedule, districts can submit Medicaid claims for the gross amounts eligible for reimbursement. Districts then receive Medicaid reimbursements for approved claims. The State's share of Medicaid reimbursements received by a district is generally 50 percent,<sup>1</sup> 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 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 the student's Medicaid client identification number (CIN), obtain a written order or referral (prescription) from a qualified provider documenting the medical necessity of the services<sup>2</sup> prior to initiating services and document that the services were provided.

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<sup>1</sup> 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 revenue.

<sup>2</sup> The medical necessity for special transportation services and medical evaluations can be documented in the student's IEP.

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Services must be provided by a qualified provider or under the direction or supervision of a qualified provider. In addition, the services must be in accordance with the student's IEP and properly documented<sup>3</sup> as close to the conclusion of the service encounter as practicable. Claims are required to be submitted within a claiming window based on the date the services are provided.<sup>4</sup>

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 12 eligible students in 2018-19 and 16 eligible students in 2019-20. 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:

- 637 of the 2,484 (26 percent) eligible services totaling \$15,774 for the 2018-19 school year.
- 614 of the 1,699 (36 percent) eligible services totaling \$10,863 for the 2019-20 school year.

Combined, claims were not submitted and reimbursed for 1,251 of the 4,183 (30 percent) eligible services for the two years totaling \$26,637 (Figure 1). As a result, the District did not realize revenue totaling \$13,319 (50 percent of the Medicaid reimbursements).

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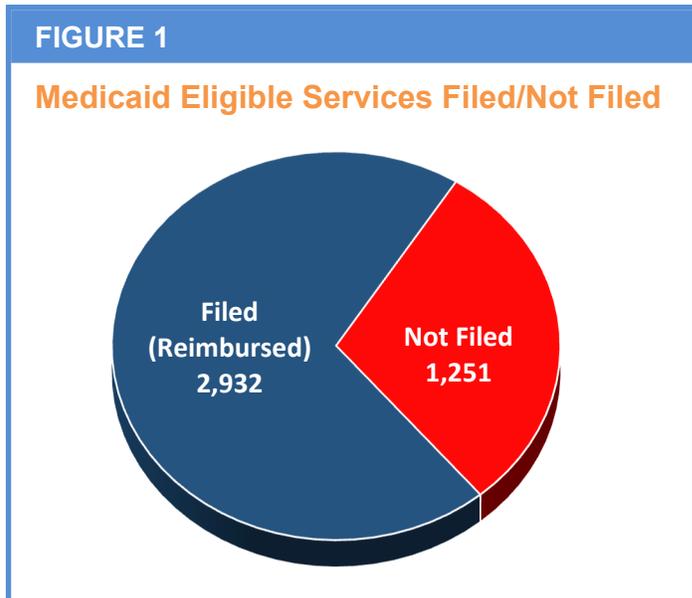
... [T]he District did not realize revenue totaling \$13,319.

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3 Services must be documented in a session note, special transportation log, medication administration record or evaluation report. For example, session notes must be completed by all qualified providers furnishing ongoing therapy services authorized in a student's IEP for each 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; a 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.

4 The claiming window was temporarily extended from 18 months to 21 months from the date of service for services provided on and after July 1, 2017. Effective September 5, 2019, the window was changed from 21 months to 15 months from the date of service.



Services provided but not claimed included:

- Speech Therapy,
- Physical Therapy,
- Occupational Therapy,
- Psychological Counseling,
- Skilled Nursing and
- Special Transportation.

Appendix A contains a comprehensive table of the number of services, by service type, the District did not claim in each school year.

Claims were not submitted and reimbursed for the following reasons:

- Claims for 631 special transportation services totaling \$9,276 were not submitted because the services, while recorded on manual transportation logs, were not recorded in the system used to submit for reimbursement.<sup>5</sup>

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<sup>5</sup> The vendor uses the service encounters documented in the system to submit corresponding claims to Medicaid for reimbursement on the District's behalf.

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- Claims for 218.5<sup>6</sup> services totaling \$6,168 were not submitted for reimbursement even though all documentation requirements were met. Officials could not explain why they were not submitted.
  - Encounters for 173.5 services totaling \$5,632 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.
  - Prescriptions (written orders/referrals) for 120 services totaling \$1,059 were either not obtained (27 services), obtained after services were provided (89 services) or contained an incorrect date range for the services to be provided (four services).
  - Claims for 108 services totaling \$4,502 were not submitted because officials were not aware that a student was Medicaid-eligible. This occurred because officials did not obtain the student's Medicaid CIN in a timely manner to verify eligibility.

The failure to submit claims occurred because officials did not establish adequate procedures to ensure that all documentation requirements were met. For example, the providers recorded the details of service encounters in the system or on manual logs 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, officials did not receive or review any other documentation of claims submitted. 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 for reimbursement.

## 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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... [O]fficials did not establish adequate procedures to ensure that all documentation requirements were met.

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<sup>6</sup> Physical and occupational therapy services that are provided to a student individually can be submitted for reimbursement in 15-minute increments, which can result in half of a unit for a 30 minute scheduled service.

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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 and submit any eligible claims for reimbursement.

## Appendix A: Eligible Service Claims Not Submitted or Reimbursed

**Figure 2: Eligible Service Claims Not Submitted or Reimbursed**

Type of Services	2018-19		2019-20		Totals	
	Number of Services	Claim Amount	Number of Services	Claim Amount	Number of Services	Claim Amount
<b>Speech Therapy</b>	32	\$1,788	22	\$833	54	\$2,621
<b>Physical Therapy</b>	41	1,759	36	1,649	77	3,408
<b>Occupational Therapy</b>	81	4,138	30	1,912	111	6,050
<b>Psychological Counseling</b>	42	2,032	13	386	55	2,418
<b>Skilled Nursing</b>	78	721	245	2,143	323	2,864
<b>Special Transportation</b>	363	5,336	268	3,940	631	9,276
<b>Totals</b>	<b>637</b>	<b>\$15,774</b>	<b>614</b>	<b>\$10,863</b>	<b>1,251</b>	<b>\$26,637</b>

## Appendix B: Response From District Officials

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May 25, 2021

Office of the State Comptroller  
Attn: Gary Gifford  
Glens Falls Regional Office  
One Broad Street Plaza  
Glens Falls, NY 12801-4396

RE: Argyle Central School District Response and Corrective Action Plan to New York State Comptroller "Medicaid Reimbursements" Audit 2020M-171

Dear Mr. Gifford,

Please accept the following as a written response and Corrective Action Plan to the audit report referenced above. For each recommendation included in the audit report, the following is our corrective plan(s) taken or proposed. The district agrees with the audit finding that the district did not realize the revenue, which totaled \$13,319. Since the completion of the audit, and to date, the district has recouped \$7,028 of the amount identified during the audit.

On behalf of the Board of Education and Administration, we would like to extend our appreciation to your staff for the professional and support they displayed through this process.

Unit Name: Argyle Central School  
Audit Report Title: Medicaid Reimbursements  
Audit Report Number: 2020M-171

For each of the four recommendations in the audit report, the following is our corrective actions(s) taken or proposed.

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Audit Recommendation and Implementation of Plan Actions(s):

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

The Director of Pupil Personnel Services will make arrangements on an annual basis to participate in training, along with the CSE secretary, on documentation requirements as defined by the NYS Department of Health and NYS Education Department's Medicaid Provider Policy and Billing handbooks.

Implementation date: Immediately

Person responsible for implementation: Director of Pupil Personnel Services

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

On a monthly basis, and prior to the claims being submitted for reimbursement, the CSE Secretary will review the documentation submitted by the outside vendor to ensure that the documentation requirements have been met.

Implementation date: Immediately

Person responsible for implementation: Director of Pupil Personnel Services, CSE Secretary

- 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 for errors before each billing cycle. Each month, the CSE secretary will 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.

Implementation date: Immediately

Person responsible for implementation: Director of Pupil Personnel Services, CSE Secretary

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**4. Review all the unclaimed services identified in this report and submit any eligible claims for reimbursement.**

The district worked with the third party vendor to review, correct and resubmit eligible encounters.

- For the 2018-2019 school year, the audit identified 363 claims were not submitted for various reasons. The district informed the third party vendor, but these claims were outside of the billing window and unable to be claimed.
- For the 2019-2020 school year, the audit identified 614 claims were not submitted for various reasons. The district has resolved as many as possible within the billing window and, to date, has recouped \$7,028.

Sincerely,

Michael Healey  
Superintendent

## Appendix C: Audit Methodology and Standards

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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 records and reports to gain an understanding of procedures related to claiming Medicaid reimbursements and documented any associated effects of deficiencies in those procedures.
- District officials obtained parental consent to submit Medicaid claims for reimbursement of services provided to 12 eligible students in 2018-19 and 16 eligible students in 2019-20. We reviewed records of services provided to all of these students to determine whether claims were submitted to Medicaid and reimbursed for all eligible services provided to these students. For eligible services 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 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.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

## Appendix D: Resources and Services

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### **Regional Office Directory**

<https://www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf>

### **Cost-Saving Ideas** – Resources, advice and assistance on cost-saving ideas

<https://www.osc.state.ny.us/local-government/publications>

### **Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

[www.osc.state.ny.us/local-government/fiscal-monitoring](http://www.osc.state.ny.us/local-government/fiscal-monitoring)

### **Local Government Management Guides** – Series of publications that include technical information and suggested practices for local government management

<https://www.osc.state.ny.us/local-government/publications>

### **Planning and Budgeting Guides** – Resources for developing multiyear financial, capital, strategic and other plans

[www.osc.state.ny.us/local-government/resources/planning-resources](http://www.osc.state.ny.us/local-government/resources/planning-resources)

### **Protecting Sensitive Data and Other Local Government Assets** – A non-technical cybersecurity guide for local government leaders

<https://www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf>

### **Required Reporting** – Information and resources for reports and forms that are filed with the Office of the State Comptroller

[www.osc.state.ny.us/local-government/required-reporting](http://www.osc.state.ny.us/local-government/required-reporting)

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## Contact

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