

# Chazy Union Free School District

## Medicaid Reimbursements

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DECEMBER 2021

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

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# Report Highlights

## Chazy Union Free School District

### Audit Objective

Determine whether the Chazy Union Free 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.

- Claims were not submitted and reimbursed for 651 eligible Medicaid services provided. Had these services been claimed, the District could have realized revenues totaling \$12,875.
- The District lacked adequate procedures to ensure Medicaid claims were submitted and reimbursed.

### 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 Beekmantown, Champlain and Chazy in Clinton County.

The seven-member elected Board of Education (Board) is responsible for the general management and control of financial and educational affairs.

The Superintendent of Schools is the chief executive officer and, along with other administrative staff, is responsible for day-to-day management under the Board's direction.

The Director of Special Education (Director) oversees the special education program.

#### Quick Facts

##### Medicaid Reimbursements

2019-20	\$31,670
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2020-21	\$31,831
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2021-22 Appropriations	\$12.0 million
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Enrollment	450
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### Audit Period

July 1, 2019 – June 30, 2021

# 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, speech, occupational and physical 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 an employee and Clinton-Essex-Warren-Washington Board of Cooperative Educational Services staff. In addition, the special education office typist (typist) was responsible for preparing, submitting and resubmitting Medicaid claims for reimbursement until resigning in February 2021. After the typist resigned, the Director was responsible for these duties for the remainder of the audit period.

## 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, obtain a written order or referral (prescription) from a qualified provider documenting the medical necessity of the services before 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.

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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>2</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>3</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 Claims for All Eligible Services Were Submitted and Reimbursed**

District officials obtained parental consent to submit Medicaid claims for reimbursement of services provided to 14 eligible students in 2019-20 and 12 eligible students in 2020-21. We reviewed the records of services provided to all these students and found that claims were not submitted and reimbursed for all eligible services provided.

Claims were not submitted and reimbursed for:

- 290 of the 908 (32 percent) eligible services totaling \$11,582 provided in 2019-20.
- 361 of the 782 (46 percent) eligible services totaling \$14,168 provided in 2020-21.

For services provided during the audit period, officials failed to submit claims for 627 eligible services and did not resubmit 24 claims for reimbursement that Medicaid rejected. Combined, the claims not submitted and reimbursed were for 651 of the 1,690 (38 percent) eligible services totaling \$25,750 provided during the audit period (Figure 1). As a result, the District did not realize revenue totaling \$12,875 (50 percent of the Medicaid reimbursements).

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... [T]he District did not realize revenue totaling \$12,875 (50 percent of the Medicaid reimbursements).

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2 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.

3 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 submitted and reimbursed included:

- Speech Therapy,
- Occupational Therapy and
- Physical Therapy.

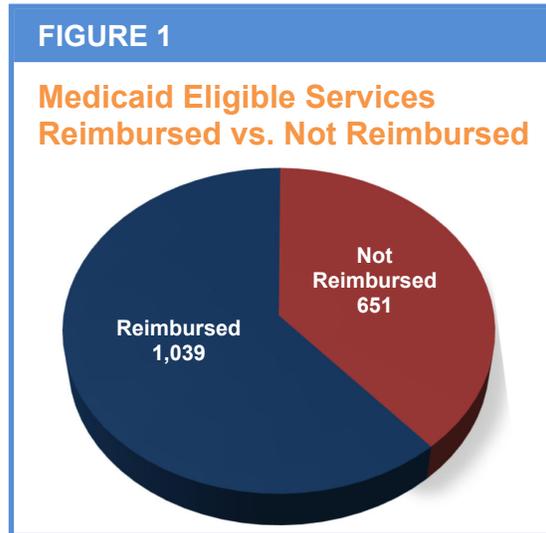
Appendix A contains a comprehensive table of the number of services, by service type, the District did not claim each year.

Claims were not submitted and reimbursed for the following reasons:

- Encounters for 603 services totaling \$21,822 were not properly documented.
  - For example, providers did not always record session notes in a timely manner or sign the notes, as required.
- Claims for 24 services totaling \$1,713 provided in 2019-20 were rejected by Medicaid because of submission errors and these claims were not corrected, resubmitted and reimbursed during the audit period. Officials are unable to resubmit these claims for reimbursement because the claiming period has expired.
- Prescriptions for 19 services totaling \$2,052 were either not obtained (eight services) or obtained after services were provided (11 services).
- Claims for five services totaling \$163 were not submitted for reimbursement even though all documentation requirements were met. Officials could not explain why the claims were not submitted.

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 special education system with limited or no oversight.

In addition, officials did not receive or review any documentation of claims submitted by the former typist and Director. 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.



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

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## 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.
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

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

Type of Service	2019-20		2020-21		Totals	
	Number	Claim Amount	Number	Claim Amount	Number	Claim Amount
<b>Speech Therapy</b>	253	\$9,154	357	\$13,892	<b>610</b>	<b>\$23,046</b>
<b>Occupational Therapy</b>	3	55	3	207	<b>6</b>	<b>262</b>
<b>Physical Therapy</b>	34	2,373	1	69	<b>35</b>	<b>2,442</b>
<b>Totals</b>	<b>290</b>	<b>\$11,582</b>	<b>361</b>	<b>\$14,168</b>	<b>651</b>	<b>\$25,750</b>

# Appendix B: Response From District Officials

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## THE CHAZY CENTRAL RURAL SCHOOL

CHAZY UNION FREE SCHOOL DISTRICT

609 Miner Farm Road

Chazy, NY 12921

www.ccrsk12.org ♦ (518) 846-7135 ♦ (518) 846-8322 (fax)



Wednesday, December 15, 2021

Office of the State Comptroller  
Division of Local Government and School Accountability  
Gary Gifford, Chief Examiner  
Glens Falls Regional Office  
One Broad Street Plaza  
Glens Falls, NY 12801-4396

Dear Mr. Gifford:

The Chazy Union Free School District acknowledges receipt of the draft Report of Examination 2021M-166 "Medicaid Reimbursement" for the audit period July 1, 2019-June 30, 2021 with a specific review of 14 eligible students during school fiscal year 2019-20, and 12 eligible students during school fiscal year 2020-21.

The District agrees with the findings that eligible services totaling \$12,875 (50 percent of the Medicaid reimbursements) in claims were not submitted.

The District also agrees with the following recommendations:

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.
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.

As such, the District offers the following Corrective Action Plan, which is already underway, with the intent to address the specific recommendations from the Office of State Comptroller:

1. Conduct Medicaid billing/reimbursement training for newly hired CSE Secretary position.
  - a. Responsible: CSE Administrator & NERIC Trainer
  - b. Implementation: January-February 2022



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# THE CHAZY CENTRAL RURAL SCHOOL

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Chazy, NY 12921

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2. Identify proper procedural steps for Medicaid reporting with our local BOCES service providers pertaining to students who receive services from BOCES.
  - a. Responsible: CSE Administrator & CVES Administrator
  - b. Completed: September 9-23, 2021
3. Designate a pre-set schedule for providers to meet requirements for session notes and Medicaid service reporting.
  - a. Responsible: CSE Administrator
  - b. Completed: September 21, 2021
4. Implement a month-end administrative review of claims in conjunction with CSE Secretary and CSE Director.
  - a. Responsible: CSE Administrator & CSE Secretary
  - b. Implementation: January 2022 ongoing monthly
5. Conduct month-end reconciliation of reimbursements, identify rejected/disallowed claims, and submit if eligible.
  - a. Responsible: CSE Administrator & CSE Secretary
  - b. Implementation: January 2022 ongoing monthly
6. The District has identified unclaimed services and will submit claims for reimbursement.
  - a. Responsible: CSE Administrator & CSE Secretary
  - b. Implementation: January-February 2022

On behalf of the Chazy Union Free School District I would like to extend our appreciation to your staff for their professionalism and support they displayed through the audit process.

Sincerely,

Craig C. Giroux  
Board of Education President

Scott J. Osborne  
Superintendent & 7-12 Principal



## 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 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 14 eligible students in 2019-20 and 12 eligible students in 2020-21. We reviewed records of services provided to all these students during the audit period 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**

[www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf](http://www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf)

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

[www.osc.state.ny.us/local-government/publications](http://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

[www.osc.state.ny.us/local-government/publications](http://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

[www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf](http://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)

### **Research Reports/Publications** – Reports on major policy issues facing local governments and State policy-makers

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

### **Training** – Resources for local government officials on in-person and online training opportunities on a wide range of topics

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

## Contact

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