

Edwards-Knox Central School District

Medicaid Reimbursements

AUGUST 2021



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

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Report Highlights

Edwards-Knox Central School District

Audit Objective

Determine whether the Edwards-Knox Central School District (District) claimed all Medicaid reimbursements to which it was entitled.

Key Findings

The District did not claim any Medicaid reimbursements to which it was entitled. District officials:

- Did not claim Medicaid reimbursements for the 12 students we identified who were likely Medicaid-eligible and received speech, occupational or physical therapy services during 2019-20. Had these services been claimed, the District could have realized revenue totaling about \$25,000.
- Believed it was not cost-effective to file Medicaid claims but could not support their assertions because the District did not prepare a recent cost benefit analysis to support it is not cost-effective.
- Did not establish Medicaid claim policies or procedures or ensure that sufficient documentation was maintained for the eligible services provided.

Key Recommendations

- Prepare a Medicaid claiming cost benefit analysis.
- Establish written Medicaid claim procedures and ensure all Medicaid claim documentation requirements are met.

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

Background

The District serves the Towns of Canton, Clare, Edwards, Fine, Hermon, Pierrepont, and Russell, in St. Lawrence County.

The District is governed by an elected nine-member Board of Education (Board) responsible for the general management and control of financial and educational affairs.

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

The Committee on Special Education (CSE) Chair oversees the special education department, including the development and implementation of individualized education program (IEPs) for students enrolled in special education programs.

Quick Facts

2019-2020

Appropriations	\$16.1 million
Special Needs Students	108
Enrollment	450

Audit Period

July 1, 2019 – June 30, 2020

Medicaid Reimbursements

The New York State Education Department and New York 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,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, St. Lawrence–Lewis Board of Cooperative Educational Services staff and third-party providers.

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 IEP, officials must obtain parental consent to bill Medicaid for the services provided, obtain the student's Medicaid client identification number, and obtain a written order or referral (prescription) from a qualified provider documenting the medical necessity of the services² before initiating services and document that the services were provided.

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 revenue.

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

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 documented³ 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.⁴

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 Claim Medicaid Reimbursement for Eligible Services

District officials did not submit any claims for Medicaid reimbursement during our audit period and could not recall when they last filed Medicaid reimbursement claims. Also, officials did not establish any written procedures to facilitate the filing of Medicaid reimbursement claims by ensuring that all documentation requirements were met. For example, there are no procedures in place for obtaining parental consent to bill Medicaid or require providers to maintain session notes or other documentation showing the services provided.

As a result, District officials and staff could not determine which special education students who received a related service for the 2019-20 school year were Medicaid-eligible. Also, service providers did not always maintain documentation to track the services provided. For example, when we requested the session notes from the occupational therapist for 2019-20 for one student, she told us that she had accidentally overridden the file containing her session notes for all her students for that year and lost the information.

The lack of documentation prevents the District from claiming Medicaid reimbursement for eligible services and hinders the District's ability to verify the required services were provided to students. The software the District uses to track student IEPs has modules available to maintain session notes and assist the District with submitting claims for reimbursements. The District currently does not use these features to the fullest extent possible.

District officials did not submit any claims for Medicaid reimbursement.. [or] establish any written procedures to facilitate the filing of... claims...

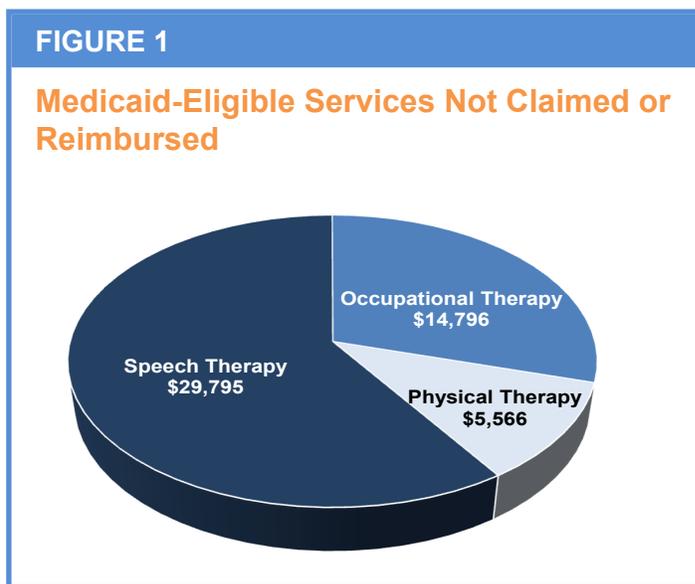
3 Services must be documented in a session note, special transportation log, medication administration record or evaluation report. For example, session notes must be completed by all qualified providers furnishing ongoing therapy services authorized in a student's IEP for each service delivered. Session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

To determine which students could be eligible for Medicaid reimbursement, we compared a list of students who received an eligible service (i.e., speech, occupational, or physical therapy) to the U.S. Department of Agriculture's Supplemental Nutrition Assistance Program (SNAP) eligibility list because the income thresholds for SNAP are similar to those for Medicaid eligibility.

We identified 12 students who were likely Medicaid-eligible and received eligible services and related evaluations for speech, occupational and physical therapy. The IEPs for these 12 students required that the District provide 1,521 related services during 2019-20. However, officials did not submit claims for these services totaling approximately \$50,000 (Figure 1). Had the District submitted these claims, it could have realized revenue totaling about \$25,000 (50 percent of the Medicaid reimbursement).

Appendix A contains a comprehensive table of the number of services and related evaluations, by service type, the District did not claim.



... [T]he District ... could have realized revenue totaling about \$25,000.

The Superintendent and CSE Chair told us the District did not file for Medicaid reimbursement because it is not cost-effective. In addition, the CSE Chairperson said the District used to claim Medicaid reimbursements many years ago, but the work hours required to maintain documentation exceeded the amount of reimbursement.

However, the District has not prepared an analysis in the last several years that would allow them to identify the costs associated with filing claims for Medicaid reimbursement or identify potential revenues the District could receive. We question the officials' belief it would not be cost-effective to submit claims for Medicaid reimbursements given the high number of other districts that bill for reimbursements in a cost-effective manner.

By not filing Medicare claims for reimbursement, the District did not receive additional revenue that could help reduce the financial burden on the taxpayers.

What Do We Recommend?

District officials should:

1. Prepare an analysis to determine whether it is cost-effective for the District to file Medicaid claims for reimbursement and revisit the decision not to claim Medicaid reimbursements. Officials should consider reaching out to other districts to obtain an understanding of their procedures that enable them to submit claims for reimbursements in a cost-effective manner.
2. Establish written procedures to ensure all documentation requirements are met to submit Medicaid claims for all eligible services provided if it is determined to be cost beneficial to claim Medicaid reimbursements.
3. Require providers to maintain session notes showing services provided to special education students, as required for Medicaid reimbursement.

Appendix A: Eligible Service Claims Not Submitted or Reimbursed

Figure 2: Eligible Service Claims Not Submitted or Reimbursed

Type of Service	Number of Services	Estimated Service Revenue	Number of Evaluations	Estimated Evaluation Revenue	Total Estimated Revenue
Speech Therapy	850	\$29,586	1	\$209	\$29,795
Occupational Therapy	508	14,498	3	298	14,796
Physical Therapy	158	5,479	1	87	5,566
Total	1,516	\$49,563	5	\$594	\$50,157

Appendix B: Response From District Officials

Ms. Erin E. Woods
Superintendent of Schools
(315)562-8130
Fax: (315)562-2477

Mrs. Amy Sykes
7-12 Principal
(315)562-8131
Fax: (315)562-2477

Ms. Lura Hughes
PK-6 Principal
(315)562-8132
Fax: (315)562-2477

**EDWARDS-KNOX CENTRAL
SCHOOL DISTRICT**

2512 COUNTY ROUTE 24
HERMON, NEW YORK 13652

BUS GARAGE: (315) 562-8133
MAIN OFFICE FAX: (315) 562-2477
www.ekcsk12.org

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Aug 5, 2021

Office of the State Comptroller
Attn: [REDACTED]
State Office Building, Room 409
333 E. Washington Street
Syracuse, NY 13202-1428

Dear [REDACTED]

The Edwards-Knox Central School District acknowledges receipt of the draft Report of Examination 2021M-92 "Medicaid Reimbursements" for the audit period July 1, 2019-June 30, 2020 with a specific review of 12 likely Medicaid eligible students during the fiscal year 2019-2020.

The District agrees with the findings that eligible services totaling about \$25,000 in claims were not submitted.

The District also agrees with the following recommendations:

1. Prepare a Medicaid claiming cost benefit analysis.
2. Establish written Medicaid claim procedures and ensure all Medicaid claim documentation requirements are met.

The District will submit a Corrective Action Plan in a timely manner that will allow the district's administration and Board of Education to review the details of the recommendations thoroughly and establish an action plan that will be used to positively improve operations and internal controls in regards to medicaid reimbursements.

Respectfully submitted,

Erin E. Woods
Superintendent

Appendix C: 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 reviewed Board policies to gain an understanding of the policies and procedures related to claiming Medicaid reimbursements.
- We interviewed service providers to gain an understanding of how services provided to special education students are documented.
- Because the District had no method to determine which students were Medicaid-eligible, we compared a list of students who received eligible services (i.e., speech, occupational, or physical therapy) based on the IEPs to SNAP eligibility lists, which had income thresholds similar to those for Medicaid eligibility. We identified 12 students who received these services and would likely be eligible for Medicaid.
- We reviewed the 12 students' IEPs for 2019-20 to determine the number of services provided by each service provider and applied the appropriate billing code based upon the students' needs (goals) stated within the IEPs to calculate the estimated amount reimbursable.

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

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

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

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

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>

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www.osc.state.ny.us/local-government/required-reporting

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Division of Local Government and School Accountability
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SYRACUSE REGIONAL OFFICE – Rebecca Wilcox, Chief Examiner

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