

Lynbrook Union Free School District

Medicaid Reimbursements

NOVEMBER 2022



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

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Report Highlights

Lynbrook Union Free School District

Audit Objective

Determine whether Lynbrook Union Free School District (District) officials ensured students received all services from their individualized education programs (IEPs) and Medicaid-eligible services were properly filed to receive Medicaid reimbursements.

Key Findings

Officials did not ensure students received all services from their IEPs or that all Medicaid-eligible services provided were properly filed for Medicaid reimbursements. If all services were provided and the Medicaid claims were properly filed, the District may have realized \$10,107 in additional Medicaid reimbursements. In addition, officials:

- Did not establish written Medicaid claim procedures or provide supervision over the Medicaid claiming process.
- Did not take steps to identify students receiving reimbursable Medicaid-eligible services. As a result, 14 students likely received services for which the District could have filed Medicaid reimbursement claims to reduce the District's cost to provide these services.

Key Recommendations

- Ensure all reimbursable services provided are claimed.
- Ensure all recommended eligible services are provided, where practicable, and valid session notes are prepared and retained for all such encounters.

Except as specified in Appendix A, officials agreed with our recommendations. Appendix B includes our comments on the District's response.

Background

The District, located in the Town of Hempstead in Nassau County, is governed by a seven-member Board of Education (Board) responsible for the general management and control of financial and educational affairs.

The Special Education Director – with input from parents, professionals, District staff and students – develops IEPs with recommended service encounters.

The accounts payable clerk was responsible for preparing, submitting and resubmitting Medicaid claims for reimbursement and the Assistant Superintendent for Finance, Operations, and Information Technology (Assistant Superintendent) reviews journal entries for Medicaid reimbursements.

Quick Facts

Special Education Students	
Total	656
Reviewed	26
Eligible Service Encounters	
Recommended	1,088
Not Claimed or Unclaimable	734
Medicaid Revenue for Six Months Tested	
Realized	\$7,408
Not Realized	\$10,107

Audit Period

July 1, 2019 – June 30, 2021

Medicaid Reimbursements

The New York State Education Department and New York State Department of Health (DOH) jointly established the School Supportive Health Services Program (Supportive Services) to help school districts obtain Medicaid reimbursement for certain diagnostic and health support services provided to eligible students. Service encounters eligible for Medicaid reimbursement include, but are not limited to, speech, physical and occupational therapies, special transportation, skilled nursing and counseling services.¹

All Supportive Services are reimbursed using an encounter-based claiming methodology, based on fees established by DOH. Using the fee schedule, school districts submit Medicaid claims for the gross amounts eligible for reimbursement. School districts then receive Medicaid reimbursements for approved claims. The State's share of Medicaid reimbursements received by a district is generally 50 percent, which is collected by deducting this amount from a school district's future State aid payments.

For each student to receive Medicaid-eligible services, a school district must generate an IEP that describes the student's learning goals, and among other things, the recommended service encounters for the student with the duration, frequency and setting (individual or group). During the audit period, the District's service providers included employees and third-party providers. The District provides all counseling services using in-District staff; as such, these services are not eligible for reimbursement.

How Can a School District Maximize Medicaid Reimbursements?

A well-designed system for claiming Medicaid reimbursements provides reasonable assurance that Medicaid-eligible special education students are identified, parental consent forms (consents) allowing the school district to submit claims for reimbursement are obtained and all eligible service encounters have complete session notes so they can be claimed. School district officials should have written procedures outlining how these tasks are accomplished and assign responsibilities for specific activities to ensure each participant understands the overall objectives and their role in the process. In addition, school district officials should provide adequate supervision to ensure all claim documentation requirements are met.

Because the family income threshold for students receiving lunch benefits is similar to the Medicaid income threshold, school district officials can cross-reference a list of students receiving free and reduced lunch with a list of special education students with IEPs. The cross-reference can help officials identify students who may be receiving Medicaid benefits, allowing the school district to

¹ None of the eligible students we reviewed received skilled nursing or fit the Medicaid criteria to receive reimbursement for special transportation, so these services were not applicable to our review.

obtain Medicaid reimbursements for services provided. The District had unwritten procedures in place to determine Medicaid eligibility for special education students, which included collecting consents from parents of students receiving a large number of services because there was a higher likelihood that students provided numerous services could be Medicaid-eligible students.

Supportive Services must be in accordance with the student's IEP and documented in complete session notes that include the:

- Date of the service,
- Duration,
- Service setting (individual or group),
- Description of services provided, and
- Signature of the qualified provider.

Officials Did Not Establish Written Procedures or Provide Adequate Supervision

The District did not establish written procedures to identify Medicaid-eligible students. The Assistant Superintendent said Medicaid claim reimbursements are not a significant revenue source. He only reviewed the journal entry for the Medicaid reimbursements the District received and did not provide any supervision over the Medicaid claiming process. As a result, officials did not provide supervision to ensure the District maximized its Medicaid reimbursements for Supportive Services provided. The lack of procedures and adequate supervision contributed to the District's loss of Medicaid revenue.

Officials Did Not Identify All Medicaid-Eligible Students

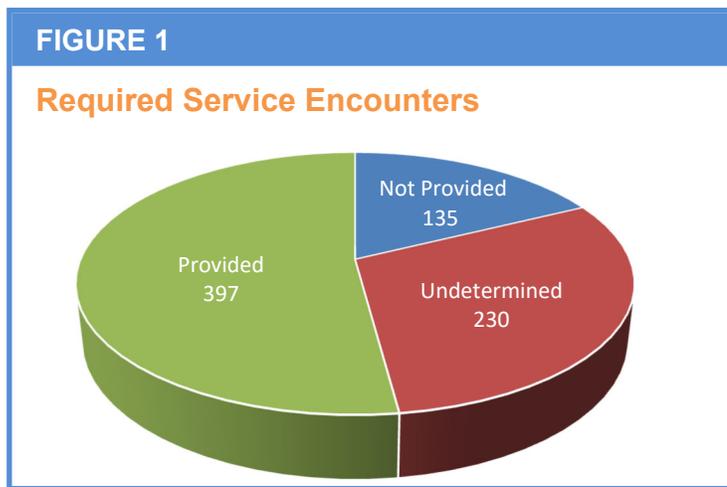
The District's procedure to identify Medicaid-eligible students was to obtain consent forms for students who were receiving a significant number of services instead of establishing procedures to identify all students with Medicaid benefits. To identify other students who may qualify for Medicaid reimbursements, we cross-referenced a list of students eligible for free and reduced lunch with a list of special education students. We identified 14 students who received Medicaid-eligible services and therefore may qualify for Medicaid reimbursements. The 14 students had 326 eligible service encounters identified in their IEPs for the six months reviewed with estimated reimbursements totaling \$8,369.² However, officials did not take steps to confirm eligibility or obtain consent forms from the

² Amounts estimated were calculated by multiplying the number of recommended service encounters by the Medicaid reimbursement rate for the particular service. Where a rate was not obvious due to lack of documentation, we used the lowest rate for the service claimed in a particular month.

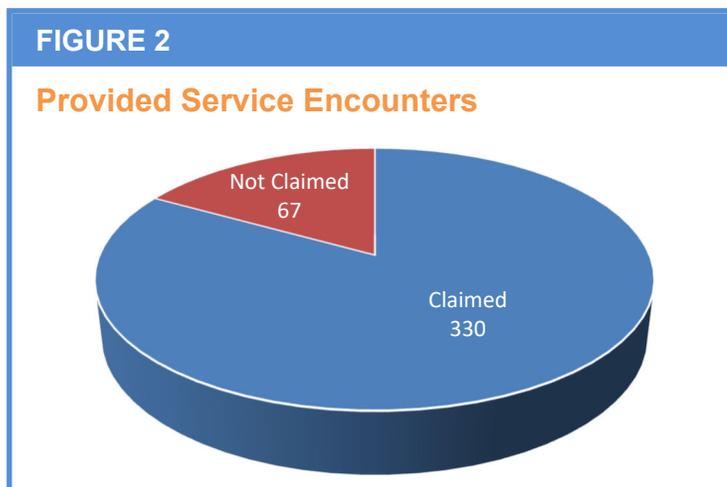
students' parents so the District could file the respective Medicaid claims. The lack of procedures and oversight led to potentially eligible students remaining unidentified and reimbursable services going unclaimed.

Officials Did Not Claim Eligible Service Encounters for All Medicaid-Eligible Students Identified by the District

District officials obtained consents to submit Medicaid claims for reimbursement for eligible services provided to 12 students in 2019-20 and seven students in 2020-21. The IEPs for these students required the District to provide 762 Medicaid-eligible service encounters estimated to be \$34,730 in reimbursable costs for the six months reviewed (Figure 1).



District officials claimed and received \$14,816 for 330 service encounters (43 percent), realizing \$7,408 in revenue (Figure 2).



For the remaining 432 service encounters with potential reimbursable costs of \$19,914, we found:

- It was impossible to determine whether 230 required service encounters were provided because:
 - There was no support that 131 required service encounters totaling \$8,069 in potential reimbursable costs³ were provided. The Special Education Director said they could not support that they provided the services because the District does not require service providers to maintain session notes. She stated they use the student's periodic report to evaluate progress, not session notes, so they don't always collect them from providers. However, without session notes, officials have no assurance the services were provided and the District cannot file Medicaid claims to recover a portion of the cost to provide eligible services.
 - 99 planned service encounters (13 percent) totaling \$3,345 in potential reimbursable costs had session notes that were either missing entries indicating services were provided or explanations for why services were not provided.
- 135 required service encounters were not provided because:
 - 71 services totaling \$2,998 in potential reimbursable costs were not provided for various reasons (student or provider was absent or school was closed). Officials should have rescheduled the required sessions but did not.
 - 64 services totaling \$2,852 in potential reimbursable costs were not provided because of mandatory school closures in the final two weeks of March 2020 due to the COVID-19 pandemic and were not rescheduled.
- 67 service encounters were provided but the District was not reimbursed (Figure 2) because:
 - 34 service encounters totaling \$921 were not provided in the format recommended in the student's IEP and could not be claimed. For example, a student's IEP recommended two group speech therapy sessions, but the District provided single speech therapy sessions in their place.
 - 33 eligible services were provided totaling \$1,729 but the District did not submit claims for reimbursement. The Assistant Superintendent could not explain why the District did not file claims for these service encounters.

³ Amounts estimated were calculated by multiplying the number of recommended service encounters by the Medicaid reimbursement rate for the particular service. Where a rate was not obvious due to lack of documentation, we used the lowest rate for the service claimed in a particular month.

The lack of written procedures and adequate oversight of the Medicaid claiming process resulted in students not receiving all recommended services and students receiving Medicaid-eligible services that were not identified and claimed by District officials. As a result, the District did not realize \$10,107 in additional revenue.

What Do We Recommend?

The Assistant Superintendent and the Special Education Director should:

1. Develop written procedures to:
 - Identify Medicaid-eligible special education students,
 - Obtain consents from identified students,
 - Collect and retain session notes from all service providers rendering eligible services, and
 - Claim all eligible service encounters provided in a timely manner.

The Assistant Superintendent should:

2. Ensure claims are remitted for reimbursement for all eligible service encounters provided to eligible students and verify that funds are received.

The Special Education Director should:

3. Ensure all IEP-recommended Supportive Service encounters occur, where practicable, and valid session notes are collected and retained.

Appendix A: Response From District Officials



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(516) 622-1396

October 20, 2022

Mr. Ira McCracken
Chief Examiner
Hauppauge Regional Office
Office of the New York State Comptroller
NYS Office Building, Room 3A10
250 Veterans Memorial Highway
Hauppauge, New York 11788-5533

Dear Mr. McCracken:

This letter serves as the Lynbrook Union Free School District's combined audit response and Corrective Action Plan regarding the Report of Examination 2022M-81. While the District agrees with the overall findings, we would like to note the issue presented is primarily one of a difference in the interpretation of policy guidance documents rather than one of a lack of oversight of the program.

See
Note 1
Page 11

The NYSOSC report states, "the family income threshold for students receiving lunch benefits is similar to the Medicaid income threshold, school district officials can cross-reference a list of students receiving free and reduced lunch with a list of special education students with IEPs." Traditionally, the District has strictly guarded free lunch data in accordance with the United States Department of Agriculture Memo SP16 CACFP06 SFSP10-2016. This memo specifically addresses Data Sharing with Medicaid and the State Children's Health Insurance Program. This memo permits an LEA to share lunch benefit data with Medicaid for the purpose of providing the State Children's Health Insurance Program with the information necessary to provide insurance to an eligible student who may not currently be insured.

However, The District has never interpreted this memo to mean that it may use lunch benefit data for the purposes of the *District receiving a benefit*. In fact, the District has systematically set up a firewall within its own organizational units to protect free and reduced price lunch data at the most privileged confidential data status utilizing a strict "need to know" standard that only includes employees directly involved in the issuance of the free meal benefit directly to children. By the District's traditional interpretation of SP16 CACFP06 SFSP10-2016, the sharing of lunch benefit data with the Special Education Department for the purpose of the district claiming reimbursement for Medicaid-eligible students would have not met that "need to know" standard. In fact, under the District's interpretation of the USDA's memo, this type of sharing of lunch benefit data would have

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been a most egregious violation of the District's standard. Therefore, while NYSOSC does recommend the use of this privileged data set for the purpose of the District receiving financial reimbursement from Medicaid, the District will need to consult with its attorneys before pursuing that mechanism for discovering potentially Medicaid-eligible students. Otherwise, the District has already taken steps to address the key findings of the report that will be detailed in the attached Corrective Action Plan.

See Note 2 Page 11

We thank you for providing the opportunity to present a broader context for these audit findings. We will be presenting the attached Corrective Action Plan for Board of Education approval.

Sincerely,

Melissa Burak, Ed.D.
Superintendent of Schools

Corrective Action Plan

Unit Name: Lynbrook Union Free School District
Audit Report Title: Lynbrook Union Free School Medicaid Reimbursements
Audit Report Number: 2022M-81

Audit Recommendation One

Recommendation:

The Assistant Superintendent and the Special Education Director should develop written procedures to:

- Identify Medicaid-eligible special education students,
- Obtain consents from identified students,
- Collect and retain session notes from all service providers rendering eligible services, and
- Claim all eligible service encounters provided in a timely manner

Implementation Plan of Action:

The Assistant Superintendent for Finance, Operations and Information Systems and Special Education Director will develop the written procedures outlined in the NYSOSC report and will present them to the Board of Education as part of the adoption of this Corrective Action Plan. The Assistant Superintendent for Finance, Operations, and Information Systems will consult with District Counsel to explore the issue of using the privileged free and reduced-price lunch benefit data set for the purposes of discovering potentially Medicaid eligible students with IEPs.

See Note 2 Page 11

Implementation Date:

December 7, 2022

Person Responsible for Implementation:

Assistant Superintendent for Finance, Operations, and Information Systems

Audit Recommendation Two

Recommendation:

The Assistant Superintendent should ensure claims are remitted for reimbursement for all eligible service encounters provided to eligible students and verify that funds are received.

Implementation Plan of Action:

The Assistant Superintendent has tasked the District Treasurer with oversight of the Medicaid process and has enlisted the support of the Nassau BOCES support team in the proper implementation of [REDACTED] software program

Implementation Date:

September 1, 2022

Person Responsible for Implementation:

Assistant Superintendent for Finance, Operations, and Information System and District Treasurer

Audit Recommendation Three

Recommendation:

The Special Education Director should ensure all IEP recommended Supportive Service encounters occur, where practicable, and valid session notes are collected and retained.

Implementation Plan of Action:

The Director of Special Services has already begun working with staff to ensure that all session notes for IEP recommended encounters are occurring and are well documented in session notes within the [REDACTED]. In addition, she is working with the Assistant Superintendent for Curriculum, Instruction, and Assessment to implement the [REDACTED] to capture session notes for evaluative sessions with non-classified students that may also be able to be claimed. The full implementation of the software will be completed by June 2023.

Implementation Date:

September 2022 – June 2023

Person Responsible for Implementation:

Director of Special Education and Assistant Superintendent for Curriculum, Instruction, and Assessment

Appendix B: OSC Comments on the District's Response

Note 1

The District did not have procedures, guidance documents or a policy governing Medicaid reimbursement.

Note 2

We recommended that District officials develop written procedures to identify Medicaid-eligible students. We did not indicate or suggest any particular identification method.

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 the accounts payable clerk responsible for filing Medicaid reimbursements, the Assistant Superintendent and the Special Education Director to obtain an understanding of the IEP development process, how service encounters are provided and the Medicaid reimbursement procedures.
- Reviewed the 12 Medicaid-eligible students who received Supportive Services and the District obtained consent forms for in our sampled test months of October 2019 and 2020, March 2020 and 2021, and May 2020 and 2021. During these months, there were no planned school breaks. We:
 - Reviewed the IEPs for the 12 students, quantified the recommended eligible service encounters in the test months and documented the frequency of the services (instances in a six-day cycle or week), duration and setting (group or single). Based on standardized Medicaid fees, we estimated these 762 eligible service encounters to be worth \$34,730 in potential reimbursements to the District.
 - Requested the available session notes for the 12 students and transcribed the dates, duration and settings of service encounters. We compared them with service encounters recommended in the respective IEPs and noted the reasons for sessions not being held, if documented.
 - Calculated the total amount reimbursed to the District by reviewing reports of claims filed in our test months. We compared this figure to the total service encounters recommended in the IEP and determined the percentage of service encounters claimed by the District.
 - Used the session notes provided to calculate the total amount of service encounters for eligible services that were provided and not claimed, and the service encounters that could not be claimed for various reasons. We compared both figures to the total service encounters recommended in the IEP and determined the percentage of service encounters not claimed and not able to be claimed by the District.
- Obtained and cross-referenced a list of students receiving free and reduced lunch and a list of all Special Education students in 2019-20 and 2020-21 and identified 14 special education students receiving eligible services and are likely receiving Medicaid benefits.
 - We reviewed IEPs with recommended service encounters and, when available, session notes for the 14 identified students to determine whether the recommended services were provided. We calculated the

reimbursement the District would have received if these students were identified as Medicaid-eligible and claims were filed.

- In all instances, the total revenue realized or not realized by the District was calculated by multiplying the total dollar amount of the service encounters claimed, not claimed or not able to be claimed by 50 percent to adjust for the State's portion.

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.

Unless otherwise indicated in this report, samples for testing were selected based on professional judgment, as it was not the intent to project the results onto the entire population. Where applicable, information is presented concerning the value and/or size of the relevant population and the sample selected for examination.

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

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

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

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

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

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