DIVISION OF LOCAL GOVERNMENT AND SCHOOL ACCOUNTABILITY

REPORT OF EXAMINATION | 2019M-109

Cambridge Central School District

Medicaid Reimbursements

AUGUST 2019

OFFICE OF THE NEW YORK STATE COMPTROLLER

Thomas P. DiNapoli, State Comptroller

Contents

Report Highlights

Cambridge Central School District

Audit Objective

Determine whether the District claimed all Medicaid reimbursements to which it was entitled for services provided to eligible students.

Key Findings

- The District lacked adequate procedures to ensure Medicaid claims were submitted and reimbursed for all eligible services provided.
- Claims were not submitted and rejected claims were not resubmitted for 1,280 eligible services totaling $25,004. Had these services been appropriately claimed, the District could have realized revenues totaling $12,502.

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, determine whether these services are reimbursable and submit any eligible claims for reimbursement.

District officials generally agreed with our recommendations and indicated they planned to initiate corrective action.

Background

The Cambridge Central School District (District) serves the residents in the Towns of Cambridge, Easton, Jackson, Salem and White Creek in Washington County and the Towns of Hoosick, Pittstown and Schaghticoke in Rensselaer County.

The five-member elected Board of Education is responsible for the general management and control of the District's 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 Committee on Special Education (CSE) oversees the District's Special Education Program. The Medicaid Compliance Officer assists the CSE and oversees the Medicaid billing process.

Quick Facts	
Enrollment	850
2018-19 Adopted Appropriations	$21.6 million
Medicaid Reimbursements For 2017-18 Services	$18,950

Audit Period

July 1, 2017 – February 28, 2019

Medicaid Reimbursements

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. Related services eligible for Medicaid reimbursement include, but are not limited to, physical, occupational and speech therapies; psychological counseling; skilled nursing services 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 the amount of the 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, Washington-Saratoga-Warren-Hamilton-Essex Board of Cooperative Educational Services staff and third-party providers. In addition, the District contracted with a vendor to identify Medicaid-eligible students and prepare, submit and resubmit Medicaid claims for reimbursement on the District's behalf.

How Do Officials Ensure 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 district officials have developed an individualized education program (IEP), officials must obtain parental consent to bill Medicaid for the services provided, obtain prescriptions from a qualified ordering provider detailing the medical necessity of the services, and document that the services were provided.

Services must be provided by a qualified provider or under the direction or supervision of a qualified provider. The attending provider, who has the overall responsibility for the student's medical care and treatment, must be registered in the Medicaid system in order for the services provided to be eligible to be claimed

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 amount of revenue.

and reimbursed. In addition, the services provided must be in accordance with the student's IEP and properly documented[2] as close to the conclusion of the service encounter as practicable. Generally, claims are required to be submitted within 12 months of the date the services are provided.[3]

Officials should promptly reconcile the claims submitted to the Medicaid reimbursements received to ensure all claims are paid. Officials should review any rejected or disallowed amounts to determine whether these claims can be resubmitted for reimbursement.

Not All Claims for Eligible Services Were Submitted and Reimbursed

District officials obtained parental consent to submit Medicaid claims for reimbursement of services provided to 24 eligible students during fiscal year 2017-18.[4] We reviewed 15 students' records who were provided services billable to Medicaid and found the District was not reimbursed for all eligible services provided.

We found that for a total of 1,280 of 1,783 (72 percent) eligible services totaling $25,004 that were recorded as being provided in the special education system (system), claims were either not submitted for reimbursement or claims were submitted and rejected for various reasons (Figure 1). Additionally, District officials did not review and resubmit the rejected claims. As a result, the District did not realize revenue totaling $12,502 (50 percent of the eligible services provided).

Figure 1: Claims Not Reimbursed For Eligible Services

Type of Service	Number of Services	Claim Amount
Speech Therapy	540	$16,922
Skilled Nursing	686	$6,346
Occupational Therapy	48	$1,499
Physical Therapy	4	$144
Psychological Counseling (BOCES)	2	$93
TOTALS	**1,280**	**$25,004**

2 Session notes must be completed by all qualified providers furnishing the services authorized in a student's IEP for each Medicaid 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, 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 12 months to 21 months from the date of service for services provided on and after July 1, 2017.

4 Parental consents were on file for 24 Medicaid-eligible students. However, our sample was reduced to 15 students by eliminating eight students receiving psychological counseling provided in-house by providers who were not Medicaid-certified and for one student who moved before receiving services.

The District was not reimbursed for the 1,280 eligible services because the claims were either not submitted or were rejected for the following reasons:

- Claims submitted for 525 speech therapy sessions totaling $15,845 were rejected because the District inactivated[5] the provider's National Provider Identifier (NPI) Number in the billing program before the third-party provider processed the Medicaid billing.
- Services for 686 skilled nursing sessions totaling $6,346 were not billed because the District nurse was not instructed to record the related scripts and services into the billing program to allow for Medicaid reimbursement.
- Encounters for 47 services (including 31 occupational, 12 speech therapy and four physical) totaling $2,279 were not properly documented. For example, the supervising provider did not sign or date session notes in a timely manner for 31 occupational and 12 speech services.
- Claims for 14 occupational therapy sessions were rejected totaling $257 because the attending NPI number was not affiliated with the District. The rejection pertained to one provider who started with the District in January 2018.
- Claims for eight sessions (including three speech therapy, three occupational therapy and two psychological counseling) totaling $277 were not submitted, even though all documentation requirements were met to submit these claims for reimbursement.

The failure to submit claims and receive reimbursements for eligible services occurred because officials did not establish adequate procedures to ensure that all claim reimbursement documentation requirements were met. For example, the providers were responsible for recording the details of service encounters in the system 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, District officials did not review any other documentation of claims submitted for reimbursement. Furthermore, the vendor is paid a flat rate; there is no financial incentive to make sure all potential claims are submitted or that unpaid claims are corrected and resubmitted. 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.

5 The provider's NPI number was deactivated because the provider was no longer providing services to the District.

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.
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, determine whether these services are reimbursable and submit any eligible claims for reimbursement.
5. Review records for the current year Medicaid-eligible services to determine whether the District is entitled to additional reimbursements for unclaimed services.

Appendix A: Response From District Officials

Cambridge Central School District
Administrative Offices
58 South Park Street, Cambridge, NY 12816
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Fax: 518-677-3889

Dr. Douglas M. Silvernell
Superintendent of Schools

Beth Coates
Business Manager

August 12, 2019

Office of the State Comptroller
Attn: Jeffrey P. Leonard, Chief Examiner
Glens Falls Regional Office
One Broad Street Plaza
Glens Falls, NY 12801-4396

Dear Mr. Leonard,

The Cambridge Central School District acknowledges receipt of the draft Report of Examination 2019M-109 "Medicaid Reimbursements" for the audit period July 1, 2017 through February 28, 2019 with a specific review of eligible students during the fiscal year 2017-18.

The District agrees with the findings that eligible services totaling $25,004 in claims were either not submitted for reimbursement or were submitted and rejected for various reasons.

The District also agrees to the following recommendations:

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

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

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 the report, determine whether these services are reimbursable and submit any eligible claims for reimbursement.

The District's Corrective Action Plan will follow in a timely manner that will allow the district's administration to review the details of the rejections thoroughly and act accordingly.

Respectfully,

Dr. Douglas Silvernell
Superintendent of Schools

Appendix B: 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 a vendor employee involved with the Medicaid reimbursement process. We also reviewed various records and reports to gain an understanding of procedures related to claiming Medicaid reimbursements. We documented any associated effects of deficiencies in those procedures.
- In 2017-18, the District obtained parental consent to submit claims for 24 of the 41 Medicaid-eligible students. We reviewed records of services provided to 15 of the 24 Medicaid-eligible students who received eligible services to determine whether claims were submitted to Medicaid and reimbursed for all eligible services provided to these students. We used our professional judgment to select our sample from the Medicaid-eligible students who the District obtained parental consent to submit claims to Medicaid and received eligible services. We eliminated eight students from the population of 24 students who received psychological counseling from in-house providers who are not certified to bill Medicaid and one student who moved before any services were provided. For eligible services provided 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 GAGAS (generally accepted government auditing standards). 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.

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 2116-1(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 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. We encourage the Board to make the CAP available for public review in the Clerk's office.

Appendix C: Resources and Services

Regional Office Directory
www.osc.state.ny.us/localgov/regional_directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas
www.osc.state.ny.us/localgov/costsavings/index.htm

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems
www.osc.state.ny.us/localgov/fiscalmonitoring/index.htm

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management
www.osc.state.ny.us/localgov/pubs/listacctg.htm#lgmg

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans
www.osc.state.ny.us/localgov/planbudget/index.htm

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders
www.osc.state.ny.us/localgov/pubs/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/localgov/finreporting/index.htm

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers
www.osc.state.ny.us/localgov/researchpubs/index.htm

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics
www.osc.state.ny.us/localgov/academy/index.htm

Contact

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