

# Mayfield Central School District

## Medicaid Reimbursements

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OCTOBER 2019

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

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# Report Highlights

## Mayfield Central School District

### Audit Objective

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

### Key Findings

- The District lacked adequate policies and procedures to ensure Medicaid claims were submitted and reimbursed for all eligible services provided.
- Claims were not submitted and reimbursed for 312 eligible services totaling \$11,896 and service providers (providers) did not document 948 scheduled services totaling \$69,324 in the special education system (system) as provided. Had these services been appropriately documented and claimed, the District could have realized potential revenues totaling \$40,610.
- Service records were not available for 10 students. As a result, we could not determine whether the District submitted all eligible claims for these students.

### Key Recommendations

- Establish adequate policies and procedures for Medicaid reimbursement.
- Review all unclaimed services and submit any eligible claims for reimbursement.
- Ensure providers document all service encounters in the system.

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

### Background

The Mayfield Central School District (District) serves the residents of the Towns of Mayfield, Northampton, Johnstown and Broadalbin in Fulton 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 Special Education (Director) oversees the District's special education program. The District had an Interim Director from December 2018 through June 2019.

#### Quick Facts

Enrollment	950
2018-19 General Fund Appropriations	\$18.77 million
Medicaid Reimbursements Received in 2017-18	\$120,742
Medicaid Reimbursements Received in 2018-19	\$96,229

### Audit Period

July 1, 2017 – February 28, 2019

# 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. 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,<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 providers included employees, Hamilton-Fulton-Montgomery 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 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 and providers have been adequately trained in recording services in the system.

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 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

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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 amount of revenue.

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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 and reimbursed. In addition, the services provided 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. In addition, the District has established a 10-day requirement from the date of service for providers to sign session documentation for claims eligibility. Generally, claims are required to be submitted within 12 months of 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 All Claims for Eligible Services Were Submitted and Reimbursed**

District officials obtained parental consent to submit claims for reimbursement of services provided to 59 eligible students during 2017-18 and 43 eligible students during 2018-19. We reviewed the records of services provided to 10 eligible students in 2017-18 (17 percent), and 10 eligible students in 2018-19 (23 percent) and found that claims were not submitted for reimbursement for all of the 903 eligible services provided.<sup>4</sup>

For 2017-18, claims were not submitted for 223 of the 681 (33 percent) eligible services totaling \$8,812 recorded as provided in the system. Similarly, for 2018-19, claims were not submitted for 89 of the 222 (40 percent) eligible services totaling \$3,084. Consequently, the District did not receive Medicaid reimbursements totaling \$11,896, resulting in the District not realizing revenue totaling \$5,948 (50 percent of the Medicaid reimbursements).

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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. The 21-month claiming cycle was changed to 15 months for services provided after November 30, 2017.

4 Refer to Appendix B for sampling methodology. We selected 15 eligible students in each fiscal year; however, we could not review services provided for 10 students (5 in each fiscal year) because their service logs were not provided, as detailed in the Officials Did Not Maintain Service Logs for Some Students section.

**Figure 1: Claims Not Submitted and Reimbursed for Eligible Services**

Type of Service	2017-18		2018-19 <sup>a</sup>		Total	
	Number of Services	Claim Amount	Number of Services	Claim Amount	Number of Services	Claim Amount
<b>Occupational Therapy</b>	42	\$1,471	4	\$73	46	\$1,544
<b>Physical Therapy</b>	90	\$4,274	13	\$290	103	\$4,564
<b>Psychological Counseling</b>	6	\$398	23	\$1,524	29	\$1,922
<b>Speech/Language Therapy</b>	85	\$2,669	49	\$1,197	134	\$3,866
<b>Totals</b>	<b>223</b>	<b>\$8,812</b>	<b>89</b>	<b>\$3,084</b>	<b>312</b>	<b>\$11,896</b>

a July 1, 2018-February 28, 2019

Claims were not submitted for the following reasons:

- Encounters for 237 services totaling \$9,584 were not properly documented. For example, providers did not always sign session notes in a timely manner or at all, the supervising provider did not always sign and date the notes in a timely manner or at all or session notes entered by a secretary were not complete and the paper notes were not on file for our review.
- In 2017-18, the District provided 52 services totaling \$1,637 to a non-resident student whose tuition agreement did not cover the entire time that that District provided special education services.<sup>5</sup> The provided services were not billed for Medicaid reimbursement through either mechanism available (i.e., submitted by the vendor or through non-resident tuition billing).
- Claims for 21 services totaling \$507 were not submitted during our audit period even though all documentation requirements were met.
- Prescriptions for two services totaling \$168 were either not recorded in the system or not valid for the dates of service.

The failure to submit claims occurred because officials did not establish adequate policies and procedures to ensure that all documentation requirements were met and claims were submitted and reimbursed for all eligible services provided. As a result, the providers were responsible for recording the details of service encounters in the system with limited or no oversight.

In addition, the vendor sends error reports<sup>6</sup> to the District prior to submitting claims for reimbursement to allow for reviews and corrections to be made so they can then be submitted. However, the error reports that would have shown sessions that were not signed within the District's 10-day requirement

<sup>5</sup> The tuition agreement covered January 16, 2018 through June 22, 2018. Services were provided from September 14, 2017 through January 5, 2018.

<sup>6</sup> The four error reports include: order referral not linked; USO (Under the supervision of)/UDO (Under the direction of) signature missing; no valid order/referral on file; and attending provider NPI (National Provider Identifier) missing.

period, which accounted for 210 out of the 237 services that were not properly documented, were not sent to the District. According to the vendor, this error report was not provided because the review by the vendor is performed on a monthly basis, thus the District would not have adequate time to correct the errors and comply with the 10-day requirement (i.e., the services on the report would have been provided more than 10 days prior to the report date). Furthermore, some providers were not aware of the 10-day requirement. As a result, the District was not alerted that this problem existed and could not correct it.

Lastly, District officials received notification of the total amounts of claims submitted for reimbursement by the vendor on the District's behalf. However, they did not receive or review any other documentation of claims submitted for reimbursement or reconcile claims submitted to Medicaid reimbursements received to be sure that they were paid. As a result, the District has not realized potential revenues totaling at least \$5,948 and cannot be sure all claims were paid.

### Providers Did Not Properly Document All Service Encounters

Providers did not document all service encounters in the related service logs in the system.<sup>7</sup> During our fieldwork the Interim Director became aware that providers did not always document all service encounters in the related service logs because they believed they only needed to log service encounters that they determined were eligible for Medicaid reimbursement. Additionally, providers were not trained on documenting session notes in the system.<sup>8</sup>

We reviewed the same students included in our previous review of claims for the same years. We found that 628 scheduled services totaling \$47,728 were not documented in 2017-18 and 320 scheduled services totaling \$21,596 were not documented in 2018-19 (Figure 2).

**Figure 2: Scheduled Services Not Properly Documented as Provided**

Type of Service	2017-18		2018-19 <sup>a</sup>		Total	
	Number of Services	Claim Amount	Number of Services	Claim Amount	Number of Services	Claim Amount
<b>Occupational Therapy</b>	168	\$11,712	68	\$5,069	236	\$16,781
<b>Physical Therapy</b>	107	\$8,355	24	\$1,553	131	\$9,908
<b>Psychological Counseling</b>	39	\$2,585	21	\$1,392	60	\$3,977
<b>Speech/Language Therapy</b>	314	\$25,076	207	\$13,582	521	\$38,658
<b>Totals</b>	<b>628</b>	<b>\$47,728</b>	<b>320</b>	<b>\$21,596</b>	<b>948</b>	<b>\$69,324</b>

a July 1, 2018-February 28, 2019

<sup>7</sup> The service encounters documented in the related service logs are used by the vendor to submit corresponding claims to Medicaid for reimbursement on the District's behalf.

<sup>8</sup> The District received training on documenting session notes from the vendor subsequent to our audit period.

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The failure to document these services occurred because the providers were responsible for recording details of service encounters in the system with limited or no oversight or training. Consequently, the District did not submit claims for all eligible services provided. If these services were actually provided the District could have received potential Medicaid reimbursements totaling \$69,324 and realized potential revenue totaling \$34,662 (50 percent of the Medicaid reimbursements).

### **Officials Did Not Maintain Service Logs for Some Students**

Service records were not available for 10 students selected to be included in our sample.<sup>9</sup> The services were provided by third-party providers and, although the District claimed some services, they did not maintain the related service logs or other documentation of service encounters or ensure they were maintained by the providers. The Interim Director requested the related service logs from the third-party providers but they were not provided. As a result, we could only determine the number of services billed and that the District received reimbursements for these students totaling \$37,006 in 2017-18 and \$18,821 in 2018-19.

Without the related service logs, we could not determine if the District submitted all eligible claims for reimbursement. We used the number of services billed and the number of services scheduled to determine the potential amount of services that were not submitted for reimbursement. Based upon this calculation claims were not submitted for 192 service encounters for 2017-18 and 88 service encounters in 2018-19. If these services were actually provided, the District could have realized additional potential revenue.<sup>10</sup>

### **What Do We Recommend?**

District officials should:

1. Establish policies and procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for all eligible services provided.
2. Improve error reporting and notify providers to ensure they sign session documentation within 10 days of providing services.
3. Review documentation of claims submitted for reimbursement by the vendor on the District's behalf.

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<sup>9</sup> Five in each fiscal year. Refer to Appendix B for sampling methodology.

<sup>10</sup> We could not quantify the dollar amount of these services without the service records to determine the related codes and payment rates.



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4. 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.
  5. Provide oversight and training to ensure providers document all service encounters in the related service logs and retain the related service logs and session notes.
  6. Review all the unclaimed services identified in this report and submit any eligible claims for reimbursement.
  7. Review records for the Medicaid-eligible students not included in our audit to determine whether the District is entitled to additional reimbursements for unclaimed services.

# Appendix A: Response From District Officials

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## MAYFIELD CENTRAL SCHOOL DISTRICT

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October 8, 2019

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Re: Mayfield CSD Response to Medicaid Reimbursements Report of Examination

We are in receipt and acceptance of the report of your audit of Medicaid Reimbursements of the Mayfield Central School District for the period covering July 1, 2017 through February 28, 2019. Below is the District's response to the recommendations:

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

*The Director of Student Services will review the current district policies and procedures in place that ensure all documentation requirements are met for submission of Medicaid Claims for reimbursement. Updates and additions will be made and the revised documentation will be shared with all staff responsible for tracking services for all students, including those eligible for Medicaid Reimbursement.*

2. Improve error reporting and notify providers to ensure they sign session documentation within 10 days of providing services.

*Every two weeks the district will review all claims for completion utilizing a report available in the Medicaid software. A reminder will be sent to any provider with outstanding signatures. The district will target a signature within 10 days of the provision of services but will allow for submissions beyond the 10 days on a case-by-case basis to be determined by the Director of Student Services. All USO/UDO signatures must be signed within 45 days of the completion of the service. No submission will be allowed for signature beyond the 45 days.*

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

***"ALL STUDENTS CAN LEARN"***

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*Prior to submission for reimbursement all claims are validated using the software to determine if a valid claim. No claim will knowingly be submitted without ensuring all validation rules have been met. The settings in the software are defaulted to maximize the validation rules for Parental Consent, correct orders/referrals, completion of requirements for session notes, signatures, etc.*

4. 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.

*Upon remittance of each claim file, the vendor provides the district with a report indicating any claims denied or rejected. Each of those claims will be reviewed by the Special Education Office, corrected if possible and resubmitted. Those claims not able to be corrected will be subtracted from the claim submission.*

5. Provide oversight and training to ensure providers document all service encounters in the related service logs and retain the related service logs and session notes.

*The district will provide a review training session on an annual basis for all related services providers in the use of ████████ in the ████████ software and correct data entry for ████████ also in the ████████ software, completed on all students with disabilities. Training documentation will be distributed to all providers as well as access to recorded videos. One on one instruction will be made available upon request from the provider.*

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

*Using the Medicaid Toolkit, the special education office will review all services provided within the last 15 months that are indicated as "Needs Review" to determine if any can be submitted for reimbursement. Going forward, this will be completed on a regular basis in collaboration with the vendor and the special education office. In addition, those claims denied/rejected (within the 15 month billing window) will also be reviewed, corrected if possible and resubmitted.*

7. Review records for the Medicaid-eligible students not included in our audit to determine whether the District is entitled to additional reimbursements for unclaimed services.

*This will be done in conjunction with number 6 above.*

\_\_\_\_\_  
Christopher Harper, Superintendent

10/10/19  
\_\_\_\_\_  
Date

## Appendix B: 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, providers and a vendor employee 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.
- In 2017-18, the District obtained parental consent to submit claims for 59 of the 61 Medicaid-eligible students and in 2018-19, for all 43 eligible students. We reviewed records of services provided to 15 students in 2017-18 and 15 students in 2018-19 to determine whether claims were submitted and reimbursed for all eligible services provided. We randomly selected our samples from the Medicaid-eligible students with parental consent. For eligible services provided for which claims were not submitted, we determined the reasons and calculated the amounts of the Medicaid reimbursements not received and unrealized revenue.
- We reviewed documentation for our previously selected sample of students for the same years and calculated the number of scheduled services that were not documented as provided based on the related service logs and paper session notes. We subtracted the recorded service encounters in accordance with the student's IEP, recorded services encounters not in accordance with the IEP (e.g., session not long enough or not in the proper ratio) and services recorded as not being provided (i.e., provider not available, student not available or school closed) from the number of scheduled services based on the IEP to calculate the scheduled services not documented as provided. We then calculated the potential Medicaid reimbursements not received and unrealized potential 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.

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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 District Clerk's office.

## Appendix C: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/localgov/regional\\_directory.pdf](http://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](http://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](http://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#lmgm](http://www.osc.state.ny.us/localgov/pubs/listacctg.htm#lmgm)

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

[www.osc.state.ny.us/localgov/planbudget/index.htm](http://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](http://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](http://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](http://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

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