

# Owego Apalachin Central School District

## Special Education Services and Medicaid Reimbursements

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SEPTEMBER 2020

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

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# Report Highlights

## Owego Apalachin Central School District

### Audit Objective

Determine whether District officials effectively managed special education services by ensuring students received services in accordance with their individual education programs (IEPs) and that the District claimed all Medicaid reimbursements to which it was entitled.

### Key Findings

- District officials did not ensure that students received all services in accordance with their IEPs. We reviewed IEPs for 28 students who received services in 2018-19. We found that these students did not receive 1,057 (39 percent) required physical therapy, speech therapy, occupational therapy and counseling sessions. Five students did not receive any required therapy and counseling services.
- Officials did not have procedures in place to reschedule missed sessions.
- The District was not reimbursed for 427 of 729 eligible services (59 percent) totaling \$12,170.

### Key Recommendations

- Establish procedures to ensure students receive services in accordance with their IEPs.
- Establish procedures to ensure therapists properly schedule student services.
- Establish procedures to ensure all documentation requirements are met to submit Medicaid claims.

District officials generally agreed with our recommendations and have initiated or indicated they planned to initiate corrective action. Appendix C includes our comment on an issue that was raised in the District's response letter.

### Background

The Owego Apalachin Central School District (District) serves the Towns of Candor, Newark Valley, Nichols, Owego and Tioga in Tioga County.

The seven-member elected Board of Education (Board) is responsible for the general management and controls 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 oversees the special education program.

#### Quick Facts

Enrollment	1,954
2019-20 Appropriations	\$47.8 million
Medicaid Reimbursements for 2018-19 Services	\$118,929
Students with IEPs	302

### Audit Period

July 1, 2018 – November 22, 2019

# Special Education Services and Medicaid Reimbursements

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An IEP is the tool that ensures a student with a disability has access to the general education curriculum and is provided the appropriate learning opportunities, accommodations, adaptations, specialized services and support needed for the student to progress toward achieving the learning standards and to meet his or her unique needs related to the disability.

The IEP must specify the special education program and/or services needed by the student. Special education services include consultant teacher services, integrated co-teaching services, resource room program and special classes.<sup>1</sup> Related services include, but are not limited to, speech, physical or occupational therapy and psychological counseling services.

The New York State Education Department and the 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 and psychological counseling.

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, which is collected by deducting this amount from a district's future state aid payments.<sup>2</sup>

The District contracted with the Delaware-Chenango-Madison-Otsego Board of Cooperative Educational Services (BOCES) to prepare, submit and resubmit Medicaid claims for reimbursement on the District's behalf. The District's service providers included employees and BOCES staff. Students received services from these providers either at the District (onsite) or at the BOCES.

## How Do Officials Ensure Students Receive Special Education Services?

School districts must take steps to ensure student IEPs are implemented as recommended by the Committee on Special Education.<sup>3</sup> District officials should ensure that IEPs are implemented as soon as possible following the

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1 Refer to Appendix A for definitions of special education services.

2 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.

3 The Committee on Special Education is a multidisciplinary team established in accordance with the provisions of Education Law, section 4402, as necessary to ensure timely evaluation and placement of students.

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meeting at which the IEP is developed. District officials can ensure IEPs are properly implemented by identifying staff who will be responsible for providing recommended services and support and providing copies of IEPs to the students' teachers and service providers. Officials should also establish procedures to ensure providers schedule and reschedule appropriate sessions with students.

## **Officials Did Not Ensure Students Received Services in Accordance With the IEPs**

We reviewed IEPs of 60 students to determine whether these students required special education programs and related services. We reviewed two specific sections of the IEPs – Special Education Programs and Related Services.<sup>4</sup>

Special Education Programs – We reviewed the student schedules and found that none of the three students who were required to be in a classroom with a student to teacher ratio of 15 students to one teacher (15:1 classroom) were enrolled in such a classroom. In fact, all three students were enrolled in classes with 19 to 21 students and one teacher.

Additionally, we reviewed the schedules of 23 students who were required to be in an integrated co-teaching classroom, a 12:1:1 classroom (a classroom with 12 students, one teacher and one teacher aide) a 12:1:2 classroom (a classroom with 12 students, one teacher and two teacher aides) or resource room. Other than minor discrepancies, which we discussed with District officials, we found that all these students were properly enrolled in the respective special classes.

District officials told us that they started to discontinue the 15:1 classroom model during the current school year (2019-20) but were unsure why these students were not placed in the 15:1 classrooms in 2018-19.

Related Services – We identified 28 students whose IEP required them to receive 45 related services in 2018-19 (some students received more than one service). We reviewed therapists' calendars and special education software documentation to determine whether these students actually received the number of required sessions for physical therapy, speech therapy, occupational therapy or counseling services. We found that these students did not receive 1,057 of 2,705 required sessions (39 percent) for services in accordance with their IEPs (Figure 1).

Specifically, of the 1,057 required sessions not received, we found that therapists did not schedule 619 sessions (23 percent). Additionally, students missed 438 scheduled sessions (16 percent), with minimal make-up sessions scheduled, if any (Figure 1).<sup>5</sup>

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4 Refer to Appendix D for information on our sampling methodology.

5 Therapists did not indicate which sessions, if any, were make-up sessions in their calendars.

**Figure 1: Services Not Received in 2018-19**

Service	Required Students Services <sup>a</sup>	Required Sessions	Sessions Scheduled	Sessions Not Received	Percentage of Sessions Scheduled	Percentage of Sessions Not Received
<b>Physical Therapy</b>	5	290	264	93	91%	32%
<b>Occupational Therapy</b>	12	826	640	322	77%	39%
<b>Speech Therapy</b>	22	1,540	1,143	626	74%	41%
<b>Counseling Services</b>	6	49	39	16	80%	33%
<b>Totals</b>	<b>45</b>	<b>2,705</b>	<b>2,086</b>	<b>1,057</b>	<b>77%</b>	<b>39%</b>

<sup>a</sup> The IEPs, for the 28 students reviewed, showed that they were required to receive 45 related services in 2018-19.

Furthermore, of 28 students receiving related services, five students did not receive any services outlined in their IEPs. Specifically, three students did not receive any speech therapy, one student did not receive any occupational therapy and one student did not receive any counseling services. District officials told us the reason for students not receiving these services was likely due to miscommunication between special education office staff and therapists.

Sessions were missed because students were absent, providers were unavailable, school was closed or students attended other class activities. While these reasons for missed sessions are valid, District officials did not have procedures in place to reschedule the missed sessions.

The occupational and speech therapists told us that they did not schedule services during the first three weeks of school due to kindergarten screenings and schedule preparations for the school year. However, the Director of Special Education was unaware that sessions were not scheduled at the beginning of the school year.

In addition, the therapists told us that they were unable to reschedule missed sessions because their schedules were too full to do so. However, our review of therapists' schedules documented in the software system disclosed that on average, three of five therapists' schedules showed that they still had half of their days available for sessions.<sup>6</sup> Therefore, the therapists may have been able to schedule time to make-up for the missed sessions.

As a result, District officials did not comply with student IEPs, and students were not provided with all required services.

<sup>6</sup> The District employs two speech therapists, two occupational therapists and one physical therapist. The psychologists' sessions were not documented in the software system.

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## How Do Officials Ensure Eligible Services Are Claimed and Reimbursed?

A well-designed system for claiming Medicaid reimbursements requires assigning 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 documentation requirements are met.

To submit Medicaid claims for reimbursement of services provided to Medicaid-eligible students, 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.

In addition, services provided must be in accordance with the student's IEP and properly documented as close to the conclusion of the service encounter as practicable.<sup>7</sup> Generally, claims are required to be submitted within 12 months of the dates the services were provided. Officials should promptly reconcile the claims submitted to 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 Medicaid claims for reimbursement of services provided to 13 Medicaid-eligible students who received services during 2018-19. We reviewed the records of services provided to these students and found that the District was not reimbursed for 427 of 729 (59 percent) eligible services provided totaling \$12,170.

**Figure 2: Eligible Services Not Reimbursed**

Type of Service	Number of Services	Eligible Amount
<b>Speech Therapy</b>	29	\$708
<b>Occupational Therapy</b>	230	\$4,807
<b>Physical Therapy</b>	145	\$5,131
<b>Psychological Counseling</b>	23	\$1,524
<b>Totals</b>	<b>427</b>	<b>\$12,170</b>

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<sup>7</sup> 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.

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Claims were not submitted to Medicaid and reimbursed for these eligible services for the following reasons:

- The providers did not obtain prescriptions for 398 services totaling \$11,462.
- The providers did not properly document encounters for 19 services totaling \$464. For example, the supervising provider did not always sign session notes, as required.
- District officials did not submit claims for nine services totaling \$220, even though all reimbursement documentation requirements were met.
- The providers failed to properly document one service provided totaling \$24.<sup>8</sup>

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. In addition, the providers were responsible for recording the details of service encounters in the special education services software with limited or no oversight. As a result, the District did not realize revenue totaling \$6,085 (50 percent of the Medicaid reimbursements).

## What Do We Recommend?

District officials should:

1. Establish procedures to ensure students receive services in accordance with their IEPs.
2. Establish procedures to ensure providers schedule the appropriate sessions, including missed sessions, for students with IEPs.
3. Establish procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for all eligible services.

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<sup>8</sup> Services must be recorded in the special education services software to be eligible for reimbursement.



# Appendix A: Special Education Service Definitions

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Consultant Teacher Services – Direct and indirect services provided to a student with a disability in the student’s regular education classes and/or to such student’s regular education teachers.

Direct Consultant Teacher Services – Specially designed individualized or group instruction provided by a certified special education teacher to a student with a disability to aid such student to benefit from the student’s regular education classes.

Integrated Co-teaching Services – Specially designed instruction and academic instruction provided to a group of students with disabilities and nondisabled students.

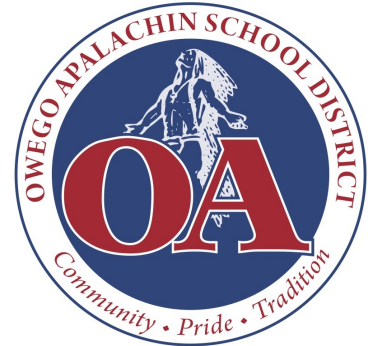
Resource Room Program – A special education program for a student with a disability registered in either a special class or regular class who is in need of specialized supplementary instruction in an individual or small group setting for a portion of the school day.

Special Classes – A class consisting of students with disabilities who have been grouped together because of similar individual needs for the purpose of being provided specially designed instruction. The classes at the District are 15:1 (15 students to one teacher), 12:1:1 (12 students to one teacher to one paraprofessional) and 12:1:2 (12 students to one teacher and two paraprofessionals).

# Appendix B: Response From District Officials

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Owego Apalachin Central School District  
**Corey A. Green**  
Superintendent of Schools  
5 Sheldon Guile Blvd.  
Owego, NY 13827  
(607)687-7307 x7001  
greenc@oacsd.org



Unit Name: Owego-Apalachin Central School District  
Audit Report Title: Special Education Services and Medicaid Reimbursements  
Audit Report Number: 2020M-21

Please accept this letter as our combined audit response and Corrective Action Plan.  
For each recommendation included in the audit report, the following is our corrective action(s) taken or proposed. For recommendations where corrective action has not been taken or proposed, we have included the following explanations:

**Audit Recommendation #1:** Establish procedures to ensure students receive services in accordance with their IEPs.

**District's Response:** The students who should have been enrolled in 15:1 programs and resource room programs, according to their IEPs were, indeed, enrolled in these programs. However, the students' schedules in the student scheduling software program reported otherwise. The special education department verified these students were enrolled in the 15:1 program and resource room program but also verified that their schedules did not reflect this.

See Note 1 Page 10
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**Corrective Action Plan:** The special education department leaders within each building will verify with the main office personnel that all students' schedules accurately reflect their programs as stated on their IEPs.

**Responsible person(s):** Special education department leaders

**Implementation Date:** September 9, 2020

**Audit Recommendation #2:** Establish procedures to ensure providers schedule the appropriate sessions, including missed sessions, for students with IEPs.

**District's Response:** The district acknowledges there are many reasons students' therapy sessions can potentially be missed, including student and/or therapist absence, school closure, field trips, assemblies, classroom activities, academic testing, etc.

**Corrective Action Plan:** Ensure the therapists utilize summer hours at the end of August in order to schedule all students accurately, rather than during the first weeks of school. When sessions are missed, therapists will document their attempts to reschedule in a timely manner.

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**Responsible person(s):** Speech therapists, occupational therapists, physical therapist and school psychologists and director of special education.

**Implementation Date:** August, 2020

**Audit Recommendation #3:** Establish procedures to ensure all documentation requirements are met to submit Medicaid claims for reimbursement for all eligible services.

**District's Response:** The district began working with a new Medicaid billing service in the 2018-2019 school year. Since this audit, procedures have changed and many of these discrepancies have been corrected.

**Corrective Action Plan:** Continue to work with the new Medicaid billing service to verify students who are Medicaid eligible, obtain prescriptions from pediatricians or school physician, and submit and sign timely session notes.

**Responsible Person:** Speech therapists, occupational therapists, physical therapist, administrative secretary for special education department.

**Implementation Date:** July 1, 2020

Respectfully submitted,

Eugene Cvik  
President, Board of Education

## Appendix C: Response From District Officials

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### Note 1

15:1 Classroom Students – District officials provided us with documentation that showed the students were seen by a special education teacher in some capacity. However, the documentation did not show that these students were placed in a 15:1 classroom.

Resource Room Students – After being provided additional supporting documentation with the District's response, we agree with District officials and modified our report to reflect this.

## Appendix D: 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 obtained background information regarding special education services and Medicaid reimbursement.
- We interviewed District officials to gain an understanding of IEPs.
- We used our professional judgment to select a sample of 60 students of the 302 students with IEPs for 2018-19. We reviewed the attendance and scheduling system, special education system and service provider records to determine whether the students in our sample received the recommended programs and services in accordance with their IEPs.
- We interviewed District officials and Delaware-Chenango-Madison-Otsego BOCES employees and reviewed records and reports to gain an understanding of the Medicaid claims reimbursement processes.
- In 2018-19, District officials obtained parental consent to submit claims for 19 of the 28 Medicaid-eligible students. We reviewed records of services provided to 14 Medicaid-eligible students for whom parental consent was obtained, and who received eligible services in 2018-19 to determine whether claims were submitted to Medicaid and reimbursed for all eligible services provided. For eligible services for which claims were not submitted and reimbursed, we determined the reason and calculated the amount of Medicaid reimbursements not received and the corresponding amount of 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.

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

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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 to the District's website for public review.

## Appendix E: Resources and Services

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### **Regional Office Directory**

[www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional\\_directory.pdf](http://www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2018-12/regional_directory.pdf)

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

[www.osc.state.ny.us/local-government/publications?title=&body\\_value=&field\\_topics\\_target\\_id=263196&issued=All](http://www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263196&issued=All)

### **Fiscal Stress Monitoring** – Resources for local government officials experiencing fiscal problems

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### **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?title=&body\\_value=&field\\_topics\\_target\\_id=263206&issued=All](http://www.osc.state.ny.us/local-government/publications?title=&body_value=&field_topics_target_id=263206&issued=All)

### **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/sites/default/files/local-government/documents/pdf/2020-05/cyber-security-guide.pdf](http://www.osc.state.ny.us/sites/default/files/local-government/documents/pdf/2020-05/cyber-security-guide.pdf)

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Office of the New York State Comptroller  
Division of Local Government and School Accountability  
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: [localgov@osc.ny.gov](mailto:localgov@osc.ny.gov)

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**BINGHAMTON REGIONAL OFFICE** – Ann C. Singer, Chief Examiner

State Office Building, Suite 1702 • 44 Hawley Street • Binghamton, New York 13901-4417

Tel (607) 721-8306 • Fax (607) 721-8313 • Email: [Muni-Binghamton@osc.ny.gov](mailto:Muni-Binghamton@osc.ny.gov)

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