OFFICE OF AUDITOR GENERAL

Medicaid Reimbursement Audit Report

February 3, 2010

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Executive Summary

OBJECTIVE:

To evaluate the Medicaid Compliance program, as well as the reimbursement operating control environment to ensure that appropriate claims are processed for Medicaid billing.

BACKGROUND:

The District receives Medicaid reimbursement for support services to Medicaid eligible students with disabilities. The Office of the Medicaid Inspector General has increased the focus on School Supportive Health Service programs that submit Medicaid claims reimbursement. The District is required to have a mandatory Medicaid compliance program in place by December 1, 2009. Until the compliance program has been approved and accepted, RCSD is unable to submit claims for the current fiscal year. Gross receipts for 2008-09 were approximately $4 million. The District receives a portion of the total receipts as a revenue source.

AUDIT SCOPE:

We will evaluate compliance with respective laws, District policies, procedures, performance guidelines and best practices. We will evaluate progress toward completing the mandatory Medicaid compliance program and make recommendations to facilitate implementation.

We will determine if adequate controls have been implemented to limit the District's exposure to unauthorized, non-compliant or inappropriate claims. We will evaluate the effectiveness of the internal controls, policies and procedures for Medicaid Reimbursements.

Medicaid Reimbursement
Executive Summary

CONCLUSION:

Medicaid reimbursement for special education related services had been under significant scrutiny. Effective December 31, 2009, the Office of the Medicaid Inspector General (OMIG) required districts with over $500K in claims to implement an effective Medicaid Compliance Program. The district implemented a Medicaid Compliance Program by the stated deadline; however additional actions are required to make the program functional, compliant and effective.

The Medicaid Department should be recognized for their efforts to prepare for the Medicaid Compliance Program. Key procedures were documented to facilitate an independent review of Medicaid operations. Enhancements are needed to address undefined processes within the Medicaid claiming process, deliverable timelines, and management monitoring. Although there is currently a hold on claims, opportunities exist to increase district reimbursement for Medicaid eligible students. Medicaid reimbursements represent only 40% of the eligible claims submitted. Due to a lack of district-wide procedures to obtain parent consent for Medicaid eligible students, 60% of eligible students are not billed. This issue is further complicated by a lack of internal Special Education program procedures to ensure that all required service documentation is completed and submitted for Medicaid eligible children.

During the current economic climate, Medicaid should be closely evaluated for revenue leakage. We believe, with effective operating processes and monitoring, additional revenues could be realized.

Medicaid Reimbursement
Summary of Recommendations

Rec#	Recommendations
1	*Develop written protocols and procedures for the Medicaid function. Communicate and enforce compliance with the protocols and procedures.*
2	*Establish procedures necessary to ensure district compliance with all OMIG requirements for the Medicaid Compliance Program.*
3	*Establish a methodology for the Medicaid receivable based on actual claims information in IEP and Medicaid Direct and historical trends. Develop reporting, in IEP and Medicaid Direct that will identify submitted and unreceived, as well as unsubmitted Medicaid eligible claims. Reconcile claims submitted against claims paid to ensure the accuracy of accounts receivable amounts.*
4	*Develop defined timelines regarding the download and linking of the Medicaid Eligibility files. Reevaluate the ownership of these processes to assess the appropriateness of the parties performing these functions.*
5	*Formalize a process for the timely resolution of students identified as a near match, multiple match, or match not found to facilitate the claiming process for eligible students.*
6	*Determine whether the capability exists or could be obtained to filter RS Log information for the Medicaid department to limit their review to only Medicaid eligible students.*
7	*Develop processes to ensure e-signatures on RS Logs are obtained in a timely manner. Engage Service Provider Supervisors in obtaining RS Log signatures and hold them accountable for missing signatures.*
8	*Develop a process to ensure required UDO documentation exists on RS Logs. Ensure the required UDO contact occurs promptly at the beginning of the treatment period to eliminate the risk of lost revenue to the district.*

Medicaid Reimbursement
Summary of Recommendations

Rec#	Recommendations
9	*Develop a formal process defining when a Medicaid parental consent form should be obtained. Identify responsibility for obtaining consent and an escalation process for when consent is not obtained. Enforce accountability for noncompliance.*
10	*Conduct Related Service Reviews throughout each school year to ensure that services provided are supported and proper documentation is maintained.*
11	*Develop procedures to ensure that all progress report requirements are fulfilled, including quarterly completion and submission. Establish supervisor oversight requirements to ensure reporting is completed timely.*
12	*Establish procedures for the ongoing review of Service Provider license and certification information, as well as the regular review of Service Providers on the Medicaid exclusion list.*
13	*Establish reporting and operating procedures to ensure that all Medicaid eligible claims are submitted within the 24 month claiming period.*
14	*Develop a process for the regular review and resolution of rejected claims. Trend rejected claims to determine common reasons for rejected claims and implement process improvements to minimize recurring issues.*
15	*Establish and implement defined procedures and documentation standards to ensure proper supporting documentation exists to support Medicaid transportation claims. Start claiming Medicaid eligible special transportation costs.*
16	*Develop a process to ensure the timely remediation for unbillable students. Identify responsibility for the resolution of unbillable students and enforce accountability.*
17	*Identify responsibility, designate responsibility, centrally locate and implement Medicaid documentation standards. Develop procedures to ensure that the location of the required documentation is consistently maintained. Consider the use of checklists to aid in ensuring that all appropriate documentation is present in all student files.*

Medicaid Reimbursement
Summary of Recommendations

Rec#	Recommendations
18	*Evaluate if unbillable students can be identified in IEP Direct. Automate the unbillable process to help ensure unbillable students are not submitted for claims.*
19	*Develop and enforce procedures that require all Medicaid related documentation to be saved on the district's network in lieu of individual staff computers.*
20	*Require access to all Third-Party Agencies related service information for district students.*

Medicaid Reimbursement
Observations, Recommendations and Action Plans

OBSERVATION #1

Policies and Procedures

Comprehensive Medicaid protocols and procedures do not exist to facilitate consistent operations. Significant efforts have recently occurred to establish some procedures within the Medicaid department to facilitate compliance with the required Medicaid Compliance Program. [redacted]

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop written protocols and procedures for the Medicaid function. Communicate and enforce compliance with the protocols and procedures.

Management Responses: During the audit, Medicaid provided internal written protocols and procedures, which included the following: Medicaid Process Overview, Communication Document, Training Documents, Desk Procedure Document and Medicaid Claiming Process. A team consisting of the Executive Director of Specialized Services, Medicaid Compliance Officer, Legal and Medicaid team will meet on April 30th, to address Medicaid functions, communication and compliance enforcement. The team will review all written protocols and procedures to ensure they meet Federal and State Medicaid requirements and develop any that are missing. Communications of protocols and procedures will be placed on the Medicaid Department's Intranet site. Medicaid staff provides training to all service providers regarding procedures and related service requirements. The Medicaid Unit of SED. will provide initial compliance training for all relevant employees. Subsequent compliance trainings will provided by BOCES, the District's Medicaid staff and the District's Medicaid Compliance Officer. The District's Medicaid Compliance Officer will collaborate with Medicaid staff to ensure communication and understanding of all procedures including compliance enforcement.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer

Due Date: June 30, 2010

OBSERVATION #2

Medicaid Compliance Program

The district's gross Medicaid receipts for 2008-09 were approximately $4 million. The Office of the Medicaid Inspector General (OMIG) required all school districts with Medicaid claims greater than $500K annually to adopt, implement and maintain an effective compliance program. The Medicaid Program was required to be certified by December 31, 2009. The program was lacking specific components of a required plan which was communicated by OAG to the Medicaid and Legal Departments on December 22, 2009. Although the district has adopted Superintendent's Regulation 8600-R as its Medicaid Compliance and Integrity Program and the December 31, 2009 certification deadline was met, the following deficiencies are still noted:

- The program was not fully implemented at the time of certification and is currently only partially implemented.
- The Medicaid Compliance Officer's (MCO) responsibilities are identified; however responsibilities and ownership for monitoring within the Special Education Organization have not been defined. The MCO will be unable to ensure than an effective program exists unless roles and responsibly are defined and monitored.
- The MCO shall report to the Superintendent or designee, and shall periodically report directly to the governing body. The Superintendent Regulation states that the Superintendent will provide periodic reports to the Board of Education on activity of the MCO.
- The Regulation states the MCO will review the risk assessment results and make recommendations or take appropriate corrective action. It remains unclear who is responsible for preparing a risk assessment.
- There is no responsibility designated for anyone other than the MCO to perform reviews and audits of the Medicaid process.

[redacted]

In conjunction with the compliance program requirement, the Office of the Medicaid Inspector General (OMIG) has announced that beginning January 2010, they will audit every school district that received more than $1 million or more from Medicaid annually. Any denied or unsupported claims will result in an overpayment which will require reimbursement to OMIG.

Medicaid Reimbursement
Observations, Recommendations and Action Plans

OBSERVATION #2 RECOMMENDATIONS and MANAGEMENT RESPONSES

Establish procedures necessary to ensure district compliance with all OMIG requirements for the Medicaid Compliance Program.

Management Responses: The State Plan Amendment (SPA) between the State and Centers for Medicaid and Medicare Services is pending approval. The proposal states that all NYS school districts claiming in excess of $500,000 will have to implement a Compliance Program. Any changes to the pending agreement may have a potential impact on the District's current Compliance Plan. A team consisting of the Medicaid Compliance Officer, Director of Social Work, Medicaid team and Executive Director of Specialized Services or designee will meet regularly to address the procedures that are necessary to ensure the District meets the OMIG requirements for a Medicaid Compliance Plan. Information and updates from the Office of the Medicaid Inspector General, the Medicaid Unit of SED, and Regional Information Centers will be reviewed, and protocol and procedures revised to meet compliance.

Responsibility: Linda Blankenhorn, Executive Director of Specialized Services; Cathy Peets, Principal Management Analyst; Cheryl Wheeler, Medicaid Compliance Officer; Jeanette Silvers, Chief, Office of Accountability; Joyce Martelli, Chief Financial Officer; Jean-Claude Brizard, Superintendent

Due Date: June 30, 2010

OBSERVATION #3

Eligibility Process

Accounts Receivable

The Medicaid accounts receivable valuation is created using estimated revenues, actual gross receipts per OMIG, and estimated collection percentages of parental consents. Understanding that the current Medicaid receivable value is an estimate, the receivable amount cannot be substantiated and little assurance regarding the accuracy of this value exists due to a lack of reporting for unsubmitted claims. For example, the estimated revenues used for 2008-09 were based on the 2007-08 estimates even though there has been a decline in Medicaid revenues. There is no component in the calculation of this Medicaid accounts receivable estimate that includes actual claims submitted but unpaid, or unsubmitted claims. In addition, a reconciliation of claims submitted but unpaid are not prepared. The value of the Medicaid accounts receivable should be accurate and easily substantiated. Reporting should be available from IEP or Medicaid Direct which reflects services submitted and unpaid as well as unsubmitted claims. Unless additional supporting documentation is available, the Medicaid accounts receivable value can be incorrect on the annual financial statements.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Establish a methodology for the Medicaid receivable based on actual claims information in IEP and Medicaid Direct and historical trends. Develop reporting, in IEP and Medicaid Direct that will identify submitted and unreceived, as well as unsubmitted Medicaid eligible claims.

Reconcile claims submitted against claims paid to ensure the accuracy of accounts receivable amounts.

Management Responses: Contrary to the recommendation, neither Medicaid nor IEP Direct can perform this function at this time. Steps have been taken to address District needs with Centris Group (IEP Direct) and both the Local and Regional Information Centers. On April 22nd, the Medicaid Department will meet with the Regional Information Center to evaluate the District's process and begin discussions for our preliminary request for development of reporting enhancements. However, no reporting customizations or changes will be made until Federal approval of the State Amendment Plan.

OAG: OAG made this recommendation because Medicaid and IEP Direct currently does not provide adequate reporting to identify accounts receivable. Since claims are originated from the Medicaid department they should have knowledge of claims submitted, paid and outstanding. Approval of the State Plan does not limit our ability to appropriately manage accounts receivable.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer

Due Date: Not provided; OAG will review during follow-up.

OBSERVATION #4

Eligibility Process

Eligibility

Defined timelines do not exist to identify when the Medicaid eligibility file is downloaded from the state. There is also no timeline identified for linking the Medicaid Eligibility file to IEP Direct. Although desk procedures exist for downloading the eligibility files and linking the file to IEP Direct, the Medicaid Department lacks formalized procedures regarding the Medicaid eligibility process. Responsibility for these processes is divided between the Medicaid Department and the Office of Accountability. Ownership of the processes should be reevaluated to assess whether the appropriate parties are performing these functions and that they are occurring timely. Formal timelines and delineated responsibilities will aid in ensuring all information is being processed timely and responsibility is clear for ensuring all Medicaid eligible students are identified in IEP Direct.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop defined timelines regarding the download and linking of the Medicaid Eligibility files. Reevaluate the ownership of these processes to assess the appropriateness of the parties performing these functions.

Management Responses: The Medicaid Department follows the New York State Monthly Claiming Calendar as the timeline for downloading and linking of Medicaid Eligible files. A copy of the most recent timeline/calendar was provided to the OAG staff during the audit. The Regional Information Center communicates to RCSD's Medicaid Department that a Medicaid claiming cycle is processed. This prompts the downloading of the eligibility files and linking to IEP Direct. This process is documented in desk procedures "ME File-linking Students" and "Processing Eligible Data" which were also provided during the audit. On May 4th, the Medicaid Department and the Office of Accountability will evaluate ownership and determine the appropriate parties to perform this process.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer

Due Date: June 30, 2010

Medicaid Reimbursement
Observations, Recommendations and Action Plans

OBSERVATION #5

Resolution of Non-Match Students

Eligibilty

The district receives a periodic Medicaid eligibility file from the state. At the time the eligibility file is provided, it identifies District students whose identifying information does not match directly with the information in their files. A non-Match Report is provided which includes students identified as either a "near match", "multiple matches found", or "match not found". Near match students are identified as possible matches. Multiple match students are those whose biographical data is identified with more than one Client Identification Number (CIN). Match not found relates to student's whose biographical data was not matched against the Department of Health eligibility file. The Medicaid Department lacks a formal process for resolving students with near match, multiple match or match not found statuses. Timely identification of all Medicaid eligible students is necessary to ensure appropriate Medicaid eligible claims are submitted. [redacted]

RECOMMENDATIONS and MANAGEMENT RESPONSES

Formalize a process for the timely resolution of students identified as a near match, multiple match, or match not found to facilitate the claiming process for eligible students.

Management Responses: The Medicaid department's internal "Medicaid Claiming Process" document, which was provided during the audit, includes a desk procedure for the resolution of near match, multiple match and non-match claims. Once the electronic list is received from the Regional Information Center, the desk procedures will be performed. This process will be completed on a monthly basis and incorporated into the eligibility process. The list of Medicaid eligible students is revolving; therefore 100% may not be resolved on a monthly basis.

On April 22nd, the Medicaid Department is scheduled to meet with the Regional Information Center to evaluate the District's process and potential reporting enhancements.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer

Due Date: June 30, 2010

OBSERVATION #6

Related Service (RS) Log Review

Related Service (RS) Logs

RS Logs are used by Service Providers to attest to the services provided. The Medicaid Department relies on the e-signature in these RS Logs as an attestation that services were performed. The Medicaid department ensures that the RS Log is completed and electronically signed in order to claim reimbursement for related services. The RS Logs in IEP Direct includes all students receiving Special Education services, not just Medicaid eligible students. As a result, the Medicaid Department reviews all RS Logs for e-signatures, therefore spending time reviewing information for non-Medicaid eligible students. The Medicaid Department should only spend time reviewing RS Logs for Medicaid eligible students. A filter should be established to limit the review process for only Medicaid eligible students. This change in process will reduce the time spent reviewing RS Logs. This change could increase department efficiency and potentially increase the number of claims submitted.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Determine whether the capability exists or could be obtained to filter RS Log information for the Medicaid department to limit their review to only Medicaid eligible students.

Management Responses: In discussions with Centris Group (IEP Direct Vendor) it was stated that it would not be the best practice to apply a filter that would limit the visibility to only Medicaid eligible students in the RS Log because of the following reasons:

- Medicaid eligibility is updated monthly and may come after the fact of service. We have no way of knowing the required documents that would be needed, and therefore a filter could exclude billable claims, which may result in the loss of Medicaid revenue.
- A filter would also adversely affect the efficiency and productivity of Medicaid and State Education reporting of related services, RS2/SED4 reporting, Medicaid Consent and attendance monitoring.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer

Due Date: Completed

OBSERVATION #7

RS Log E-Signature Follow-Up

RS Logs

The Medicaid Department lacks a formalized process to ensure that missing e-signatures on RS Logs are being obtained. Error notifications are sent to the Service Providers and, in some cases, the area Director. Defined procedures are not in place to ensure that all e-signatures are properly being acquired in a timely manner. When an RS Logs does not have a signature, the District is unable to claim reimbursement from Medicaid for eligible services. This results in lost revenue for the District. E-signatures should be present on all qualifying RS Log entries and procedures should exist to ensure that all e-signatures are obtained. The Service Provider's supervisors should be actively involved in this process and both the Service Provider and their supervisor should be accountable for any missing e-signatures.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop processes to ensure e-signatures on RS Logs are obtained in a timely manner. Engage Service Provider Supervisors in obtaining RS Log signatures and hold them accountable for missing signatures.

Management Responses: The Medicaid Department has a process in place to ensure e-signatures are obtained in a timely manner. Medicaid provided the following documents to the OAG staff during the audit; "Medicaid Notification Form" with instructions, "Medicaid Compliance and Reimbursement Process" and the "Contacting Related Service Providers Regarding Medicaid Compliance discrepancies". The Medicaid Notification Form (termed Error Notification – in audit observation) and instructions have been shared with the appropriate Specialized Services Directors at department meetings. Missing e-signatures are documented and submitted to providers for the necessary signatures in the RS log. Monthly communication is also shared with the appropriate Specialized Service Directors by e-mail or hard copy. If providers do not respond, a formal meeting is scheduled with the Director and provider to correct the problem and/or take further action. If disciplinary action is required, the Building Administration and Zone Directors will be made aware of the situation.

Responsibility: Cathy Peets, Principal Management Analyst; Linda Blankenhorn, Executive Director of Specialized Services; Joyce Martelli, Chief Financial Officer; Jean-Claude Brizard, Superintendent

Due Date: Complete

OBSERVATION #8

RS Logs and UDO Contact

RS Logs

A formal process does not exist to ensure that supervisory contact occurs as required. If a service provider is "Under the Direction Of" a supervisor (UDO), the UDO is required to provide face-to-face contact at the beginning of treatment and periodically thereafter. Services provided prior to student contact with the UDO are not claimable for Medicaid. During the audit, we noted missing e-signatures on RS Logs from required UDO's due to the lack of timely UDO contact with the student. Timely contact with the student by the UDO is crucial to reimbursement of Medicaid eligible expenses. Identification of the Service Providers that require a UDO should be maintained to support the UDO relationship. During our audit, we noted instances of missing documentation to support the UDO relationship. [redacted]

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop a process to ensure required UDO documentation exists on RS Logs. Ensure the required UDO contact occurs promptly at the beginning of the treatment period to eliminate the risk of lost revenue to the district.

Management Responses: The Medicaid Department currently has a standard "UDO Contact Log document" that was originally developed in collaboration with the Speech Staff. The contact log is submitted at the end of the school year by the Speech Staff that provided overview. Medicaid is recommending that the Speech Overviewers submit their contact log two times a year instead of once per year. The Medicaid Department already has a process in place to ensure e-signatures. We continue to work with the Related Service Directors to ensure e-signatures are submitted in a timely manner. Missing e-signatures are documented and submitted to providers for the signatures needed in the RS log. Monthly communication is also shared with the appropriate Specialized Service Directors. If providers do not respond, a formal meeting is scheduled with the director and provider to correct the problem and/or take further disciplinary action. If disciplinary action is required Building Administration and Zone Directors will be made aware of the situation. This will be placed in our written documentation and communicated through our training session as well as available on the Medicaid Compliance and Reimbursement SharePoint site.

Responsibility: Linda Blankenhorn, Executive Director of Specialized Services; Cathy Peets, Principal Management Analyst ; Joyce Martelli, Chief Financial Officer; Jean-Claude Brizard, Superintendent. **Due Date:** June 30, 2010

Medicaid Reimbursement
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OBSERVATION #9

Parental Consents

The Federal Family Educational Rights and Privacy Act (FERPA, also known as the Buckley Amendment) and Medicaid regulations require that the identity of a student with a disability and their related services be kept confidential unless parent consent occurs. The parental consent gives the district permission to disclose information from the child's educational records to local, state and federal agency representatives for the sole purpose of claiming Medicaid reimbursement for health related support services. Therefore, if consent does not exist, Medicaid reimbursement for services cannot be claimed. Although the Medicaid Department has made efforts to collect consent, they have been unable to obtain the required consents. A formal process does not exist to obtain all required Medicaid parental consents. Currently, the district has approximately a 40% parental consent collection rate. [redacted]

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop a formal process defining when a Medicaid parental consent form should be obtained. Identify responsibility for obtaining consent and an escalation process for when consent is not obtained. Enforce accountability for noncompliance.

Management Responses: The Medicaid Parental Consent process has been developed and continually modified over the past several years to increase consents received. The issue of low collection rates is a national problem. The existing CSE Process Checklist has been modified to include the receipt of Medicaid Consent for initial, annual, and requested review meetings. CSE Chairs, TCOSE's and CASE's will receive bi-annual training on the consent process. The Medicaid Department communicates all Medicaid Consent regulations to Specialized Services Staff and to the Placement Department. The Medicaid Department will meet with the Data Quality Assurance team to request a report listing all the review meetings that have been completed to date. The Medicaid Department will then verify consent was received from these review meetings. The Executive Director of Specialized Services will develop a process for the missing consents. A Medicaid Committee will be initiated with the following members - Executive Director of Specialized Services, Medicaid Compliance Officer and Medicaid Team to consider the possibility of including consent in the "Free & Reduced" lunch application process. The process will be in written documentation and communicated to all responsible staff.

Responsibility: Linda Blankenhorn, Executive Director of Specialized Services; Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer; Jean-Claude Brizard, Superintendent **Due Date:** June 30, 2010

Medicaid Reimbursement
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OBSERVATION #10

Verification of Services

There are no procedures in place to ensure that services were actually performed by the Service Providers. An e-signature by the Service Provider on the RS Logs is the only attestation that the Medicaid Department requires in order to submit claim for Medicaid reimbursement. Periodic review of the services should be performed on a test basis to ensure their validity. [redacted] Related Service Reviews should be conducted throughout each school year to ensure that proper documentation is maintained and services provided are supported. Each Service Provider should be audited periodically. The Medicaid Department, operating management and the Medicaid Compliance Officer should work collaboratively to ensure proper coverage of the Service Providers.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Conduct Related Service Reviews throughout each school year to ensure that services provided are supported and proper documentation is maintained.

Management Responses: Related Service Directors currently perform unannounced visits to review documentation and schedules. They also pull a sample of RS Logs or Daily Notes to review the accuracy or completion of services. Principals, as supervisors of related service providers, will be required to sign an attestation form annually to verify the delivery of related services.

Responsibility: Cathy Peets, Principal Management Analyst; Linda Blankenhorn, Executive Director of Specialized Services; Cheryl Wheeler, Medicaid Compliance Officer; Joyce Martelli, Chief Financial Officer; Jeanette Silvers, Chief, Office of Accountability; Jean-Claude Brizard, Superintendent

Due Date: June 30, 2010

OBSERVATION #11

Progress Reports

Quarterly progress reports are required for all students receiving Special Education related services. Quarterly progress reports are prepared by Service Providers. Progress reports must address the objectives and goals indicated in the student's Individual Education Plan and be signed and dated. The Medicaid Department lacks effective procedures for ensuring the receipt of all required progress reports on a quarterly basis. There is a lack of assurance that all providers are submitting quarterly progress reports for all of their students, nor is there assurance regarding the timeliness of the submissions. Our testing noted that some progress reports were submitted late. We also noted missing progress reports for some or all of the required quarters. Our review included requests for specific student progress reports for specified quarters within the last year. We did not receive all the information requested for our testing. As a result, we were unable to validate the proper quarter's claims submission.

Also, through inquiry with Medicaid Department staff, their review consists of ensuring the progress reports are signed and dated, but they do not ensure the objectives and goals as indicated in the IEP were addressed. It was noted during our audit, the progress report's categories did not always align with established categories (i.e. "Other" category used instead of "Speech" or "Motor").

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop procedures to ensure that all progress report requirements are fulfilled, including quarterly completion and submission. Establish supervisor oversight requirements to ensure reporting are completed timely.

Management Responses: Professional Development will be provided by Specialized Services Directors for new and existing staff to ensure progress report requirements are fulfilled, including quarterly completion and submission. Medicaid currently provides annual training and documentation to support the process and timelines for the submission of quarterly progress notes. The RCSD Medicaid Department is not responsible for assessing the program content quality of progress notes. Medicaid ensures the specified requirements for the quarterly progress notes, which are listed in the "Medicaid Claiming Process" document that was provided to OAG staff, are satisfied. The Data Quality Team will review the District's current progress notes, procedures and the impact of review meetings during a reporting quarter. Medicaid will continue to communicate in writing to Service Directors regarding missing quarterly progress notes. The Executive Director of Specialized Services and Chief of Youth and Services will develop supervisory oversight requirements.

Responsibility: Linda Blankenhorn, Executive Director of Specialized Services; Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer; Jean-Claude Brizard, Superintendent

Due Date: June 30, 2010

OBSERVATION #12

Service Providers

Service providers are required to maintain proper licensure and certifications. Defined processes should be in place to ensure that all of the Service Providers maintain the proper licenses and certifications, as required by Medicaid. All Service Providers should be evaluated to determine whether their licenses are current or if they have been included on the Medicaid exclusion list. This review should be performed on a regular basis to ensure that any changes are verified against district service providers. At the start of the Medicaid Audit, there were no defined processes in place to ensure the district maintains the proper licenses and certifications, nor were there processes in place to ensure that the Service Providers were not on the Medicaid exclusion list. It was communicated, prior to the completion of our audit, that verification of licenses, certifications and exclusions were performed. Procedures to periodically evaluate licenses, certifications and resolve providers on the exclusion list, has not yet been established. [redacted]

RECOMMENDATIONS and MANAGEMENT RESPONSES

Establish procedures for the ongoing review of Service Provider license and certification information, as well as the regular review of Service Providers on the Medicaid exclusion list.

Management Responses: HCI will verify all Related Service Provider's licenses and certifications on a quarterly basis. Staff verification reports will be sent to the Medicaid Department quarterly. HCI will be notified regarding the change in frequency from annually to quarterly. The Executive Director of Specialized Services and the Chief of Youth and Family Services will collaborate with the Medicaid Department to incorporate agency requirements in their contracts with the District. The Medicaid Department will verify that District and agency providers are not listed on the Office of the Medicaid Inspector General's Exclusion list.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer

Due Date: June 30, 2010

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OBSERVATION #13

Claiming Process

The district lacks well defined processes and timelines for the Medicaid reimbursement process. The district has 24 months to submit a claim for a related service for a Medicaid eligible student. Standard cycle times or a schedule for claims submission does not exist. There is also no process in place to ensure that the 24 month claiming period for services does not expire before all eligible claims have been submitted. If this timeline is not closely managed, the district can lose eligible reimbursement dollars for related services. It is imperative that the district ensures that processes are in place to make certain that all potential Medicaid claims are being sought within the 24 month time period allotted. Reporting should be created and utilized to identify services that are eligible for Medicaid reimbursement, and indicate when the claim period is near expiration.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Establish reporting and operating procedures to ensure that all Medicaid eligible claims are submitted within the 24 month claiming period.

Management Responses: The internal "Claiming Process document" supports Medicaid's procedures and will be modified to include the direction that the claiming process should begin with the submission of the oldest claims first. Medicaid will request from Centris Group (IEP Direct) the development of an aging report that will provide visibility to eligible claims within a 24-month period. The Medicaid Department submits claims that are within the 24-month claiming period on a monthly basis. The Medicaid Department follows the New York State Monthly Claiming Calendar.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer

Due Date: June 30, 2010

Medicaid Reimbursement
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OBSERVATION #14

Resolution of Rejected Claims

Currently, there is no formal process for resolving or reviewing rejected claims. For the audit period tested, approximately $600K in claims were rejected. A process should exist for the regular review and resolution of rejected claims. Rejected claims should also be trended to determine the reason for the rejection. This will aid in assessing potential recurring issues that may be resolved through process improvements[redacted]

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop a process for the regular review and resolution of rejected claims. Trend rejected claims to determine common reasons for rejected claims and implement process improvements to minimize recurring issues.

Management Responses: The Medicaid Department will create a process to document rejected claims on a monthly basis. The Medicaid Department is scheduled to meet with the Regional Information Center in late April to review this process and make requests for reporting enhancements. The process for this review and resolution of rejected claims will be documented in our procedures and communicated to necessary personnel.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer

Due Date: June 30, 2010

Medicaid Reimbursement
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OBSERVATION #15

Transportation Claims

The district lacks a formal process to claim Medicaid reimbursement for transportation services. All special transportation arrangements recommended by the Committee on Special Education (CSE) and the Committee on Preschool Special Education (CPSE) that are included in the student's Individualized Education Program (IEP) are eligible for Medicaid reimbursement. In order to claim Medicaid reimbursement for transportation services, the IEP must specify special transportation needs, the schedule/roster for the transportation must be available and daily attendance must be taken on the bus when the child is picked up and dropped off. The district should have a formalized process in place to ensure that the above criterion is met to support claims for special transportation services. For the audit period tested, approximately $400K in claims were for transportation services. Our audit testing revealed that attendance records were unavailable for all of the transportation claims tested. Currently, the Medicaid Department has ceased claiming eligible special transportation services for students receiving Medicaid related services. This is a lost revenue opportunity for the district.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Establish and implement defined procedures and documentation standards to ensure proper supporting documentation exists to support Medicaid transportation claims. Start claiming Medicaid eligible special transportation costs.

Management Responses: In December 2008, the RCSD Medicaid Department turned off the automatic billing feature in Medicaid Direct for Special Transportation to avoid the risk of claims being submitted. The Medicaid Department questions the dollar amount of claims stated in the observation as not having the required attendance records.
Medicaid will meet with the Transportation Department to ensure they are in compliance with Medicaid requirements to support claims if and when the District is able to submit them. Findings from the meeting will be documented in writing and communicated to the Executive Director of Specialized Services and the Medicaid Compliance Officer for further action as needed.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer; Maria Mello-Dupre, Director of Transportation; Jerome Underwood, Senior Director of Operations

Due Date: June 30, 2010

OBSERVATION #16

Documentation

Unbillable Students

An unbillable student is one that is eligible for Medicaid reimbursement, but the district has not appropriately obtained the necessary documentation for reimbursement. The district lacks a formal process to ensure that all eligible students are billable and that the Service Providers are obtaining the appropriate documentation. A lack of ownership and follow up procedures exist to ensure that students that have been identified as unbillable, are promptly rectified to allow claims reimbursement. A process should be in place to ensure the timely remediation of unbillable students. Procedures and responsibility for resolving unbillable students should be clearly defined. [redacted]

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop a process to ensure the timely remediation for unbillable students. Identify responsibility for the resolution of unbillable students and enforce accountability.

Management Responses: The unbillable student list is primarily a function of Speech & Language regulations that allows for the delivery of service without all supporting Medicaid documentation. For example, if a referral for Speech Evaluation is missing, the speech service may still be provided. Medicaid currently has a process in place to identify, monitor and follow-up on unbillable students. The District's Medicaid Department provides a required documentation checklist with instructions on the Medicaid SharePoint site. In addition, checklists are provided to staff at annual training provided by the Medicaid department. The Medicaid staff provides directions for Speech Providers to resolve unbillable issues. The RCSD's Medicaid and Speech Departments will meet to clarify responsibilities and to develop a plan to enforce accountability. Internal documentation will be updated to reflect decisions made.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer

Due Date: June 30, 2010

OBSERVATION #17

Records

Unbillable Student

There is a lack of standards and consistency regarding the maintenance of required Medicaid documentation. We were able to locate many of the required documents when we searched in the mental health records and/or the school cumulative files; however there was a general lack of consistency in establishing the location of required information. We were unable to locate all of the required documentation required to support Medicaid claims. When documentation remained outstanding, it was communicated that the Service Providers may also have missing documentation. Responsibility for maintaining documentation does not exist. Consistency regarding how the files are maintained and where pertinent information is located should exist. Clear definition of responsibility for Medicaid documentation should be established to facilitate the Medicaid Audits by OMIG. Procedures should exist to ensure that the location of the required documentation is consistently maintained, whether it is with the Records Department, Medicaid Department, HCI or Service Providers. Significant time will be utilized looking for required documentation, due to the lack of uniformity of files. Checklists could aid in ensuring that all appropriate documentation is present in all student files. Record retention policies for Medicaid records should be clearly defined and align with Medicaid requirements. Lack of accountability for the required documentation can cause denied claims in the OMIG audit process.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Identify responsibility, designate responsibility, centrally locate and implement Medicaid documentation standards. Develop procedures to ensure that the location of the required documentation is consistently maintained. Consider the use of checklists to aid in ensuring that all appropriate documentation is present in all student files.

Management Responses: The "Official Record" to be used will be determined by the Office of Accountability with support and advice from the Legal Department. The documented, secured records will exist in students' health folders or cumulative records. A team consisting of the Medicaid Department, Specialized Services, Medicaid Compliance Officer, Legal and Records Department will identify specific documentation to be included in this record. Once the process is complete, a checklist will be created for the documentation required in the student's official Special Education folder. Checklists will be communicated to the Specialized Services and Records Departments staffs. A determination of the responsibility for quality reviews will be made.

Responsibility: Cathy Peets, Principal Management Analyst; Linda Blankenhorn, Executive Director of Specialized Services; Joyce Martelli, Chief Financial Officer; Jean-Claude Brizard, Superintendent

Due Date: June 30, 2010

Medicaid Reimbursement
Observations, Recommendations and Action Plans

OBSERVATION #18

Automation

Unbillable Student

Identification of eligible, but unbillable students is a manual process. IEP Direct does not produce reporting to make unbillable students easily identifiable. The Medicaid Department keeps an unbillable student log in MS Excel which identifies students that have been categorized as unbillable due to missing required documentation. This log is referred to when e-signatures are missing on RS Logs. If a provider signs the RS Log and the student is unbillable, reimbursement could be requested from Medicaid even though documentation does not exist to properly support the claim. If the process for identifying unbillable students on RS Logs was automated within IEP Direct, the Medicaid Department could ensure that unbillable students are not being submitted for claims. Automating the process could increase efficiencies and accuracies in the claiming process.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Evaluate if unbillable students can be identified in IEP Direct. Automate the unbillable process to help ensure unbillable students are not submitted for claims.

Management Responses: The Related Service Directors and Medicaid will request that Centris Group (IEP Direct) investigate an electronic mechanism for tracking unbillable students. To the extent one can exist, the mechanism will be formalized and documented. The findings will be shared with the District's Data Quality Team for further discussion. All proposals for solution will be presented to the Executive Director of Specialized Services for review.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer

Due Date: June 30, 2010

OBSERVATION #19

Systems

The Medicaid Department's electronic files are primarily saved on individual Medicaid staff employees' computers rather than on the network. Medicaid assistance is also provided by the Office of Accountability whose files are created and saved on the Office of Accountability's network drive. Although the files are backed up on the network, they are not accessible to the Medicaid Department. The entire Medicaid Department should have access to all pertinent departmental documentation. Saving files on individual computers is problematic, since personal computers are not backed up and if an individual is out of the office, the information is inaccessible. All files should be saved to the district's network and accessible to the Medicaid Department to ensure proper backup of files and promote effective supervision of work performed.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Develop and enforce procedures that require all Medicaid related documentation to be saved on the district's network in lieu of individual staff computers.

Management Responses: A secure folder (\\rcsd.dom\co\SSS\Business-Finance) was requested and obtained on the District's network in September 2009. All files have been moved to that folder. Staff was notified via e-mail and staff meetings and understands that this is the protocol that should be followed. The Department Manager will periodically check for compliance.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer

Due Date: Complete

Medicaid Reimbursement
Observations, Recommendations and Action Plans

OBSERVATION #20

Third-Party Agencies

There is a lack of visibility to the services performed by Third-Party agencies. Student special education service information performed by Third-Party Service Providers is not visible in the District's IEP Direct program, which includes information such as attendance and progress reports. The Medicaid Department should be able to view all students Medicaid related services performed regardless of the Service Provider performing the service. Inaccessibility to district student records creates a lack of visibility and proper supervision of Third-Party Service Providers.

RECOMMENDATIONS and MANAGEMENT RESPONSES

Require access to all Third-Party Agencies related service information for district students.

Management Responses: The Executive Director of Specialized Services will collaborate with the Medicaid Department to determine the requirements for agencies, including access for Medicaid reporting. Contracts will include an agreement which will provide the district access and reporting of related service information for district students. These requirements will be incorporated into the District's contract with each agency. Until formal contracts are in place with each agency, Medicaid will schedule annual reviews for a random sample of 50 students that will be reviewed for proper Medicaid documentation.

Responsibility: Cathy Peets, Principal Management Analyst; Joyce Martelli, Chief Financial Officer

Due Date: June 30, 2010