
Iosco Regional Educational Service Agency and its Local Education Agencies

Medicaid School Services Program
Student Claims Compliance Audit

For the Period July 1, 2020 – June 30, 2021

Final Report – Issued June 2024

State of Michigan
Department of Health and Human Services
Bureau of Audit
Audit Division





STATE OF MICHIGAN

DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ELIZABETH HERTEL
DIRECTOR

June 3, 2024

Hannah Wanks, Director of Special Education
Iosco Regional Educational Service Agency
27 N. Rempert Road
Tawas City, Michigan 48763

Dear Ms. Wanks:

This is Michigan Department of Health and Human Services' (MDHHS) audit report of the Medicaid School Services Programs student claims of Iosco Regional Educational Service Agency (ISD) for the period July 1, 2020, through June 30, 2021.

The Michigan Department of Health and Human Services (MDHHS) is committed to ensuring high standards of integrity and accountability for public funds. To that end, we periodically perform audits to assess the agency's compliance with fiscal reporting and other requirements contained in MDHHS agreements, policies and procedures, and Federal regulations.

The final report contains the following: Executive Summary; Exceptions, Recommendations and Corrective Actions; Funding Methodology; Scope and Methodology; and Glossary Abbreviations and Terms.

Thank you for the cooperation extended by your agency throughout this audit process.

Sincerely,

A handwritten signature in cursive script that reads "Tracie Bonner".

Tracie Bonner, Manager
Youth Service Programs Audit Section
Audit Division

- c: Kathryn Jagelewski, Accountability and Compliance Coordinator, ISD
- Kevin Bauer, Specialist, MDHHS, Medicaid Program Policy Division
- Teressa Long, Manager, MDHHS, Rate Review Section
- Shannah Havens, Director, MDHHS, Bureau of Audit
- Bryce Wooton, Director, MDHHS, Audit Division
- Cindy Keller, Audit Specialist, MDHHS, Audit Division
- Cheryl Miller, Auditor, MDHHS, Audit Division
- Kimberley Maharaj, Auditor, MDHHS, Audit Division

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EXECUTIVE SUMMARY

Exception 1 Page 2	Insufficient Treatment Plans for Direct Medical Claims
Criteria	Medicaid Provider Manual, School Based Services, Section 2.9
Invalid Claims	One (2%) of 60
Corrective Action	The ISD will provide additional training and guidance to ensure that personal care will be added to the IEP.
Completion Date	August 2024
Person Responsible	Kathryn Jagelewski, Accountability and Compliance Coordinator

Exception 2 Page 2	Insufficient Supporting Documentation for Personal Care Service Claims
Criteria	Medicaid Provider Manual, School Based Services, Section 2.9; 42 CFR 440.167
Invalid Claims	16 (27%) of 60
Corrective Action	The ISD will develop a personal care procedure about documentation expectations, provide training to the LEA designees and their staff, and include a compliance check by the Medicaid committee.
Completion Date	June 30, 2028
Person Responsible	Kathryn Jagelewski, Accountability and Compliance Coordinator

Exception 3 Page 4	Insufficient Supporting Documentation for Direct Medical Claims
Criteria	Medicaid Provider Manual, School Based Services, Section 1.6, and Section 11.2
Invalid Claims	Three (5%) of 60
Corrective Action	The ISD will write procedures about documentation expectations, provide training to staff and designees, and include a compliance check by the Medicaid Committee.
Completion Date	June 30, 2028
Person Responsible	Kathryn Jagelewski, Accountability and Compliance Coordinator

Exception 1

Insufficient Treatment Plans for Direct Medical Claims

Condition

The ISD did not document all required elements necessary in its IEPs/IFSP/Treatment Plans for direct medical service claims.

Criteria

The Medicaid Provider Manual, School Based Services, Section 2.9 states:

“Personal Care Services must be medically necessary and the need for the service must be documented in the student's IEP/IFSP. ...Personal Care Services are not covered if they are...not documented in the IEP/IFSP.”

Exception

During our review, we identified one (2%) of 60 claims not sufficiently documented to support the claim.

- One claim for personal care services was not documented in the IEP/Treatment Plan.

Recommendation

We recommend the ISD implement sufficient controls and procedures to ensure that direct medical service claims IEP/IFSP/Treatment Plans are sufficiently documented in accordance with the Medicaid Provider Manual.

Corrective Action Plan

The ISD has provided additional training to ensure that all treatment plans are signed, titled, and dated by the qualified staff and maintained. For the claim that did not have personal care services documented in the IEP/Treatment Plan, the ISD has created guidance for adding personal care to the IEP.

Completion Date

August 2024

Responsible Individual

Kathryn Jagelewski, Accountability and Compliance Coordinator

Exception 2

Insufficient Supporting Documentation for Personal Care Service Claims

Condition

The ISD did not maintain sufficient documentation in its student records to support personal care service claims.

Criteria

The Medicaid Provider Manual, School Based Services, Section 2.9 states “Personal Care Services must be medically necessary and the need for the service must be documented in the student's IEP/IFSP. Each child's school clinical record must contain a completed, signed, and dated monthly activity checklist. Service categories (i.e. toileting, feeding, transferring, etc.) times and frequencies must be documented either in the IEP/IFSP, in an attached document, or in the child's treatment authorization.”

“In accordance with 42 CFR 440.167, authorization for Personal Care Services (PCS) may be done by a physician or ‘other licensed practitioner’ operating within the scope of their practice...It is expected that the personal care services will be authorized by the appropriate practitioner.”

Exception

During our review, we identified 16 (27%) of 60 claims that did not have sufficient supporting documentation in the student's school clinical record for personal care service claims.

- Twelve personal care service claims did not contain a complete monthly activity checklist for each day services were provided for the student in attendance.
- One personal care service claim did not have a monthly activity checklist in the student's clinical record.
- Three personal care service claims were missing authorization for personal care services signed by a licensed practitioner.

Recommendation

We recommend that the ISD implement procedures to obtain and maintain all required supporting documentation for personal care services including authorizations and, detailed monthly activity checklists in accordance with the Medicaid Provider Manual.

Corrective Action Plan

The ISD will:

- Develop a personal care procedure regarding the expectations for documenting daily personal care services.
- Require all staff providing personal care services to document using the same ISD-approved form.
- Provide training to all LEA designees and their staff who provide daily personal service to students.
- Include a compliance check two to three times a year during the “mini audit” performed by the Medicaid Committee.

Completion Date

June 30, 2025

Responsible Individual

Kathryn Jagelewski, Accountability and Compliance Coordinator

Exception 3

Insufficient Supporting Documentation for Direct Medical Claims

Condition

The ISD did not maintain sufficient documentation in its student records to support direct medical claims.

Criteria

The Medicaid Provider Manual, School Based Services, Section 1.6 states “Group therapy or treatment must be provided in groups of two to eight. Services provided as part of a regular classroom activity are not reimbursable.”

The Medicaid Provider Manual, School Based Services, Section 11.2 states “MDHHS audit review of selected ISD/DPS and MSD for approved SBS student claims may include...Confirmation that services requiring the student to be in attendance have support documentation (i.e., attendance records) on file. Verification that group therapy or treatment was provided in groups of two to eight.”

Exception

During our review, we identified that three (5%) of 60 claims did not have sufficient supporting documentation in the student’s school clinical record for direct medical claims.

- Two group psychotherapy and speech and language claims did not document the actual number of students present in a group therapy session identified as between two and eight students.
- One psychotherapy claim was not supported by the student’s attendance record/session log or did not use a procedure code with a telehealth modifier.

Recommendation

We recommend the ISD implement sufficient controls and procedures to ensure sufficient documentation is maintained in the student’s clinical record in accordance with the Medicaid Provider Manual.

Corrective Action Plan

The ISD will:

- Write Medicaid Service Logging procedures to ensure staff include the required documentation for services provided.
- Develop a consistent method for all providers to document the required information when service logging for direct services.
- Provide staff and designee training for the procedures for service logging and the method of documentation in EdPlan Wizards.
- Include a compliance check two to three times a year during the “mini audit” performed by the Medicaid Committee.

Completion Date

June 30, 2025

Responsible Individual

Kathryn Jagelewski, Accountability and Compliance Coordinator

FUNDING METHODOLOGY

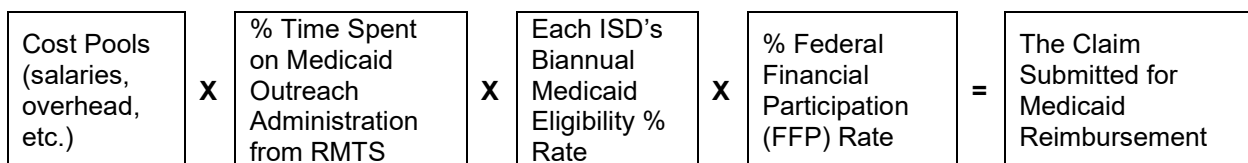
The School Services Program (SSP) includes the Administrative Outreach Program (AOP); Direct Service Claiming (DSC), formerly School Based Services (SBS); and Caring 4 Students (C4S).

The amounts reported by the ISD for the SSP programs are gross amounts and subject to the Funding Methodology. Any exceptions identified in this audit report reflect the gross amounts as reported by the ISD.

AOP

The AOP provides reimbursement for administrative activities required to identify, manage, refer, and develop programs for children at risk of academic failure due to an underlying health issue, including mental health.

Staff salaries and related costs are reported directly to a hired contractor, the Public Consulting Group (PCG), on quarterly financial reports by each of the Local Education Agencies (LEAs). PCG combines the costs per Intermediate School District (ISD), applies various allocation percentages and submits the AOP claim directly to Michigan Department of Health and Human Services (MDHHS) for review, processing, and payment each fiscal quarter. Claim development is based on a “pool” of costs, primarily salaries, incurred by the school districts for individuals that engage in Medicaid-type activities on a regular basis. The percentage of effort spent on Medicaid-type activities is identified by a Random Moment Time Study (RMTS) that is also conducted by PCG. The final amount claimed for Medicaid reimbursement is equal to:



Direct Service Claiming and Caring 4 Students

The DSC Program reimburses schools for the cost of providing direct medical services to the special education Medicaid student population. The C4S Program provides reimbursement for the cost of providing direct medical services to general education Medicaid student populations, primarily for behavioral health and nursing services.

DSC and C4S providers are required to submit service claims for all Medicaid covered allowable services. These claims do not generate a payment but are required by the Federal Centers for Medicare and Medicaid Services (CMS) in order to monitor the services provided, the eligibility of the recipient, and provide an audit trail. These claims are submitted and processed through the Community Health Automated Medicaid Processing System (CHAMPS); however, the procedure code fee screens are set to pay zero.

Providers receive DSC/C4S funding from interim monthly payments based on prior year actual costs. The interim payments are reconciled on an annual basis to the current year costs by the MDHHS Hospital and Clinic Reimbursement Division (HCRD). Cost reporting and reconciliation are based on the school fiscal year which is July 1 through June 30 of each year. Annually, ISDs and LEAs submit allowable costs to MDHHS in CHAMPS on the Facility Settlement (FS) system. The final amount claimed for Medicaid reimbursement is equal to:

Allowable Costs (FS & Financials for TCM & PCS)	+	Calculated Indirect Costs	X	Annual Average % Time Claimable to Medicaid from the RMTS	X	Each ISD's Medicaid Eligibility % Rate	X	Federal Medical Assistance Percentage (FMAP)	=	Medicaid Reimbursement
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The cost settlement is accomplished by comparing the interim payments to the annual Medicaid allowable costs. Any over/under settlement payments are made.

Transportation

Specialized transportation costs are the costs associated with the special education buses used for the specific purpose of transporting special education students only. On an annual basis, the cost per trip is calculated by dividing the total reimbursable cost submitted on the Facility Settlement cost report by the total special education one-way transportation trips reported by the ISD in CHAMPS. The Medicaid reimbursable amount is obtained by multiplying the cost per trip by the number of "allowable" one-way trips from CHAMPS. An "allowable" one-way trip is provided to a Medicaid-eligible beneficiary and fulfills all the following requirements:

- Documentation of ridership is on file;
- The need for specialized transportation service is identified in the Individualized Education Program (IEP) or Individual Family Service Plan (IFSP); and
- A Medicaid-covered service is provided on the same date of the trip.

The cost settlement is accomplished by comparing the monthly interim payments to the annual Medicaid allowable specialized transportation costs. The cost settlement amount for the specialized transportation is combined with the cost settlement amounts for Direct Medical, Targeted Case Management (TCM), and Personal Care Services (PCS). Any over/under adjustments are processed as one transaction.

SCOPE AND METHODOLOGY

We examined Iosco RESA's records and activities for the period July 1, 2020, through June 30, 2021.

Our audit procedures included the following:

- Performed audit procedures remotely for student claims submitted by Iosco RESA and its five Local Education Agencies
- Reviewed the Quality Assurance Plan and responses to the Audit Questionnaire.
- Reviewed a sample of Direct Services claims and all required supporting documentation including:
 - o Reviewed plan of care for details related to services provided:
 - To verify the diagnosis and treatment are medically necessary.
 - To verify that the plan of care was signed.
 - To verify that the service provided in the claim was identified in the plan of care.
 - To verify that the student was under the age of 21 years old.
 - To verify the plan of care contained appropriate short-term and long-term goals.
 - o Reviewed Student Encounter Logs, Personal Care Service Logs, Provider Notes, and Provider Encounter Logs and Transportation logs as applicable for the sample of Direct Services claims.
 - o Reviewed provider Licenses to ensure that all providers had the appropriate credentials and proper documentation of supervision/direction was maintained, if required.
 - o Reviewed Prescriptions, Referrals and Authorizations to ensure they were obtained for services provided and services were authorized by appropriate professionals.
 - o Reviewed Attendance Records to verify student attendance on date of service.
 - o Reviewed transportation claim documentation:
 - To verify Transportation Logs contained details for the student on the date of service.
 - Reviewed Student Encounter documentation to verify that a valid medical service was provided on the same day.

GLOSSARY OF ABBREVIATIONS AND TERMS

GENERAL ABBREVIATIONS	
AOP	Administrative Outreach Program
C4S	Caring 4 Students
CHAMPS	Community Health Automated Medicaid Processing System
CMS	Centers for Medicare & Medicaid Services
DSC	Direct Service Claiming
FFP	Federal Financial Participation
FMAP	Federal Medical Assistance Percentage
FS	Facility Settlement
IEP	Individual Education Plan
IFSP	Individualized Family Services Plan
ISD	Intermediate School District
LEA	Local Education Agency
MDE	Michigan Department of Education
MDHHS	Michigan Department of Health and Human Services
OMB	Office of Management and Budget
PCG	Public Consulting Group
PCS	Personal Care Services
RMTS	Random Moment Time Study
SBS	School Based Services
SSP	School Services Programs
TCM	Targeted Case Management