Saginaw Intermediate School District

and its Local Education Agencies

Medicaid School Based Services Programs
Student Claims Compliance Audit

For the Period July 1, 2018, through June 30, 2019

Final Report - Issued January 2023

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

MDHHS

STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ELIZABETH HERTEL
DIRECTOR

January 9, 2023

Mr. David Smith, Director of Finance
Saginaw Intermediate School District
3933 Barnard Road
Saginaw, Michigan 48603

Dear Mr. Smith:

Enclosed is the Michigan Department of Health and Human Services (MDHHS) audit report of the Medicaid School Based Services student claims submitted by Saginaw Intermediate School District for the period July 1, 2018, through June 30, 2019.

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, and 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,

Tracie Bonner

Tracie Bonner, Manager
Child Care Fund and Medicaid School Services Program Audit Section
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Invalid Claims	Three (5.0%) of 60
Corrective Action	Checking monthly to make sure any Personal Care Logs have Personal Care on their IEP. Training local supervisors to make sure that they are adding the appropriate services to the IEP.
Completion Date	August 1, 2023
Person Responsible	Holli Penny, Medicaid and Data Systems Specialist

Exception 2 Page 3	**Insufficient Supporting Documentation for Direct Medical Claims - Supervision**
Criteria	Medicaid Provider Manual, School Based Services, Sections 2.4.A, 2.5 and 1.4
Invalid Claims	Three (5.0%) of 60
Corrective Action	Conduct audits of staff licenses and verify that they are set up correctly in Ed Plan. Maintain license documentation after staff leaves or receives an updated license.
Completion Date	June 30, 2023
Person Responsible	Holli Penny, Medicaid and Data Systems Specialist

Exception 3 Page 5	**Insufficient Documentation for Direct Medical Claims – Group Therapy**
Criteria	Medicaid Provider Manual, School Based Services, Sections 1.6 and 11.2
Invalid Claims	Two (3.3%) of 60
Corrective Action	Updated the Ed Plan group size field, staff can no longer enter a range for group size they have to enter the exact number in the group. Also, service dates are a required field on all logs.
Completion Date	December 1, 2022
Person Responsible	Holli Penny, Medicaid and Data Systems Specialist

EXCEPTIONS, RECOMMENDATIONS, AND CORRECTIVE ACTIONS

Exception 1
Insufficient Treatment Plans for Direct Medical Claims – Personal Care Service

Condition
Saginaw Intermediate School District (SISD) did not have sufficient IEP/Treatment Plans in place to support Personal Care Service (PCS) 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."*

Exception
During our review, we identified three (5.0%) of the 60 claims sampled where SISD did not have sufficient IEPs/IFSPs/Treatment Plans in place for direct medical claims. These claims were for PCS that were not documented in the IEP/Treatment Plan.

Recommendation
We recommend that SISD implement controls and procedures to ensure that Direct Medical Claims are only submitted for services/treatments documented in the IEP/Treatment Plan, in compliance with the Medicaid Provider Manual.

Agency Corrective Action Plan
Checking monthly to make sure any Personal Care Logs have Personal Care on their IEP. Training local supervisors to make sure that they are adding the appropriate services to section 5 and 7 of the IEP and not adding Personal Care wizards for staff without making sure Personal Care is written into students IEP.

Completion Date
August 1, 2023

Responsible Individual
Holli Penny, Medicaid and Data Systems Specialist

Exception 2
Insufficient Supporting Documentation for Direct Medical Claims - Supervision

Condition
SISD did not have sufficient documentation to show oversight of Limited License Providers in accordance with the Medicaid Provider Manual Requirements.

Criteria
The Medicaid Provider Manual, School Based Services, Section 2.4A states:

> *"Speech, language and hearing services may be reimbursed when provided by…a limited licensed speech language pathologist, **under the direction of** a fully licensed SLP or audiologist. All documentation must be reviewed and signed by the appropriately licensed supervising SLP or licensed audiologist.*

The Medicaid Provider Manual, School Based Services, Section 2.5 states:

> *"Psychological, counselling and social work may be reimbursed when provided by… a limited licensed master's social worker **under the supervision of** a licensed master's social worker…"*

The Medicaid Provider Manual, School Based Services, Section 1.4 states:

> *"…For a supervising clinician, '**under the direction of**' means that the clinician is supervising the individual's care which, at a minimum, includes seeing the individual initially, prescribing the type of care to be provided…'Under the direction of' requires face-to-face contact by the clinician at least at the beginning of treatment and periodically thereafter."*
>
> *"'**Supervision of**' limited licensed mental health professionals consists of the practitioner meeting regularly with another professional…This is often known as clinical or counseling supervision or consultation…"*

Exception
During our review, we identified three (5.0%) of the 60 sampled claims did not have sufficient documentation to show oversight of limited licensed professionals.

- One group speech claim did not have documentation to show the limited licensed professional was acting under the direction of a fully licensed SLP or audiologist.
- One claim for group psychotherapy did not have documentation to show the limited licensed provider was under the supervision of a master's social worker.
- One claim for individual speech therapy did not have documentation to show the limited licensed professional was acting under the direction of a fully licensed SLP or audiologist.

Recommendation

We recommend that SISD implement internal controls to ensure that all limited licensed providers are receiving the appropriate oversight and that required documentation of oversight is maintained, in compliance with the Medicaid Provider Manual.

Agency Corrective Action Plan

Medicaid Data Systems Specialist will audit staff licenses and verify that they are setup correctly in Ed Plan. If they are limited license staff, they will be set up with the Supervisor that approves their logs.

Also, SISD will maintain license documentation after staff leaves or receives an updated license so that documentation of staff licenses is available for future audits.

Completion Date

June 30, 2023

Responsible Individual

Holli Penny, Medicaid and Data Systems Specialist

Exception 3
Insufficient Documentation of Direct Medical Claims – Group Therapy

Condition
SISD did not complete its claim documentation sufficiently to indicate the actual number of students present in a group therapy session.

Criteria
The Medicaid Provider Manual, School Based Services, Section 6.1.A states:

> *"Claim documentation must be sufficient to identify the patient clearly, justify the diagnosis and treatment, and document the results accurately. Documentation must be adequate enough to demonstrate that the service was provided and that the service followed the 'approved plan of treatment'"*

The Medicaid Provider Manual, School Based Services, Section 1.6 states:

> *"Group therapy must be provided in groups of two to eight."*

The Medicaid Provider Manual, School Based Services, Section 11.2 states:

> *"Student Claims Audit Activities To Be Performed By MDHHS Office of Audit Staff…. Verification that group therapy was provided in groups of two to eight."*

Exception
SISD did not include the actual number of students present in the claim documentation or its provider comments to show the number of students in attendance at its group therapy sessions. However, upon request, the SISD provided alternative documentation to support the number of students in the group sessions.

During our review of the alternative documentation, we noted that the information on the claim documentation was not accurate for two (3.3%) of 60 claims sampled, to be submitted for group therapy sessions.

- One psychotherapy group for three students, only had one student in attendance. The service logs for two of the students showed they were absent on the date of service.
- One speech group included two students in the session. One student's service log was documented in a group, while the second student's service log was documented as an individual therapy session.

Recommendation
We recommend that SISD implement internal controls to accurately document the number of students in attendance at a group session in its claim documentation, and to ensure that claims for group therapy meet the group requirement, in compliance with the Medicaid Provider Manual.

Agency Corrective Action Plan

Ed Plan has been updated for group logs. Staff can no longer enter a range for group size they have to enter the exact number in the group.

Also, service date and times are a required field on all logs as of December 1, 2022.

Completion Date

December 1, 2022

Responsible Individual

Holli Penny, Medicaid and Data Systems Specialist

FUNDING METHODOLOGY

The Administrative Outreach Program (AOP) and Direct Medical Services Program are companion programs. 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. The Direct Medical Services Program reimburses schools for the cost of providing direct medical services to the special education Medicaid student population.

AOP

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:

Cost Pools (salaries, overhead, etc.)	**X**	% Time Spent on Medicaid Outreach Administration from RMTS	**X**	Each ISD's Biannual Medicaid Eligibility % Rate	**X**	% Federal Financial Participation (FFP) Rate	**=**	The Claim Submitted for Medicaid Reimbursement

Direct Medical Services

School Based Services (SBS) providers are required to submit Direct Medical Services 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.

SBS providers receive Direct Medical Services 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

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; and
- 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 SISD and LEA's records and activities related to Medicaid student claims for the period July 1, 2018, through June 30, 2019.

Our audit procedures included the following:

- Performed virtual fieldwork at SISD and its LEAs.

- Reviewed the Quality Assurance Plan and responses to the Audit Questionnaire.

- Reviewed a sample of Direct Medical Services claims and all required supporting documentation including:

    - Reviewed IEP/IFSP for details related to services provided:
        - To verify the diagnosis and treatment are medically necessary.
        - To verify that the IEP/IFSP was signed by quality staff.
        - To verify that the service provided in the claim was identified in the IEP/IFSP.
        - To verify that the student was under the age of 21 years old.
        - To verify the IEP/IFSP contained appropriate short-term and long-term goals.

    - Reviewed Student Encounter Logs, Personal Care Service Logs, Provider Verification Logs, and Provider Encounter Logs as applicable for the sample of Direct Medical Services claims.

    - Reviewed provider Licenses to ensure that all providers had the appropriate credentials.

    - Reviewed Prescriptions, Referrals and Authorizations to ensure they were obtained for services provided and services were authorized by appropriate professionals.

    - Reviewed Attendance Records to verify student attendance on date of service.

    - 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
CHAMPS	Community Health Automated Medicaid Processing System
CMS	Centers for Medicare & Medicaid Services
RESA	Educational Service District
FFP	Federal Financial Participation
FMAP	Federal Medical Assistance Percentage
FS	Facility Settlement
IDEA	Individuals with Disabilities Education Act
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
TCM	Targeted Case Management

School Abbreviations	
SISD	Saginaw Intermediate School District