
St. Clair County Regional Educational Service Agency

School Based Services Program
Student Claims Audit

For the Period July 1, 2017, through June 30, 2018

Audit Report - Issued February 2022

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

February 25, 2022

Ms. Britt Pionk, Special Education Administrator
St. Clair County Regional Educational Service Agency
P.O. Box 1500
Marysville, Michigan 48040

Dear Ms. Pionk:

Enclosed is our final report or the Michigan Department of Health and Human Services (MDHHS) audit of the St. Clair County Regional Educational Service Agency (SCCRESA) Medicaid School Based Services claims for the period July 1, 2017 through June 30, 2018.

The final report contains the following: Executive Summary with objectives and conclusions; Exceptions and Recommendations; Corrective Action Plans; Funding Methodology; Scope and Methodology; and Glossary. The Corrective Action Plans include the agency's response to the Preliminary Analysis.

Thank you for they courtesy and cooperation extended throughout this audit process.

Sincerely,

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

Tracie Bonner, Manager
Child Care Fund and Medicaid School Services Program Audit Section
Bureau of Audit - Audit Division

cc: Deana Tuczec, Director of Special Education, SCCRESA
Pam Myers, Director, MDHHS, Bureau of Audit
Shannah Havens, Audit Division Director, MDHHS
Steve Ireland, Manager MDHHS, Rate Review Section
Kevin Bauer, Specialist, MDHHS, Medicaid Program Policy Division
Cheryl Miller, Auditor, MDHHS, CCF and Medicaid SSP Audit Section
Madisyn Pabst, Auditor, MDHHS, CCF and Medicaid SSP Audit Section

TABLE OF CONTENTS

Executive Summary	1
Exceptions, Recommendations, and Corrective Actions	
1. Insufficient Documentation for Speech Referrals on Direct Medical Claims	2
2. Insufficient Treatment Plans for Direct Medical Claims.....	3
3. Insufficient Supporting Documentation for Direct Medical Claims.....	4
Funding Methodology.....	6
Scope and Methodology.....	8
Glossary of Abbreviations and Terms	9

EXECUTIVE SUMMARY

Below is a summary of our audit objective, conclusion, and exception:

Audit Objective #1 - Student Claims	Conclusion
To assess whether St. Clair County Regional Educational Service Agency (SCC RESA) and its Local Education Agencies (LEAs) effectively developed student claims in accordance with applicable Federal and State requirements.	Not Effective
We identified three exceptions related to student claims.	

Exception 1 Page 2	Insufficient Documentation for Speech Referrals in Direct Medical Claims
Criteria	Medicaid Provider Manual, School Based Services, Section 2.4; and Section 2.11
Invalid Claims	10 (16.7%) of 60
Corrective Action	Review all new referrals/scripts to ensure all components are included. Annually review forms and conduct staff trainings.
Completion Date	June 2022 with ongoing training
Person Responsible	Britt Pionk and Toni Upplerger

Exception 2 Page 3	Insufficient Treatment Plans for Direct Medical Claims
Criteria	Medicaid Provider Manual, School Based Services, Section 1.7; Section 2.9 and Section 2.11
Invalid Claims	5 (8.3%) of 60
Corrective Action	Provide training and conduct annual reviews to ensure IEPs contain documentation for personal care services and have appropriate signatures.
Completion Date	June 2023 with ongoing training
Person Responsible	Britt Pionk and Toni Upplerger

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	2 (3.3%) of 60
Corrective Action	Implement a calendar system within the Medicaid billing platform for attendance; provide training to district staff and annually conduct reviews of Medicaid encounters for attendance and procedure codes.
Completion Date	June 2023 with ongoing training
Person Responsible	Britt Pionk and Toni Upplerger

Exception 1 Insufficient Documentation for Speech Referrals in Direct Medical Claims

Condition

St. Clair County RESA and its LEAs did not maintain appropriate speech referrals to support the validity of Direct Medical Service claims.

Criteria

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

Speech, language, and hearing services require an annual referral from a physician. A stamped physician signature is not acceptable. Services supported by an Individualized Education Program can precede the signed referral by up to 90 days; however, the active period of the referral cannot be longer than one year.

Also, the Medicaid Provider Manual, School Based Services, Section 2.11 states:

Medicaid may reimburse for special education transportation when a beneficiary received a Medicaid-covered service on the same day.

Exception

During our review, we identified 10 (16.7%) of 60 claims reviewed were invalid as follows:

- Nine claims were invalid because the speech, language, and hearing services referrals were for the prior school year; were signed more than 90 days after the date of service; or the signature was not dated.
- One transportation claim was invalid because the underlying medical service provided on the transportation date had a speech, language and hearing service referral that was not dated.

Recommendation

We recommend St. Clair County RESA and its LEAs implement sufficient controls and procedures to ensure appropriate referrals are maintained to comply with the Medicaid Provider Manual regarding the validity of Direct Medical Service claims.

Agency Corrective Action Plan

Phase 1: Review this exception with Special Education Directors, and County Administrators and provide location in county Google drive for new referral/scripts forms.

Phase 2: All new referral/scripts will be reviewed upon receiving to ensure all components are included on the form.

Phase 3: Review forms yearly and send out the most current form by June 1 of each year to local districts.

Phase 4: Ongoing training to ensure proper completion of documentation.

Completion Date

Phases 1 and 2 will be completed by March 2022

Phases 3 and 4 will be implemented by June 2022, with ongoing training

Responsible Individuals

Britt Pionk, Special Education Administrator Coordinator of Compliance, Planning and Accountability

Toni Uppleger, SIS, Medicaid, Special Education Certification

Exception 2 Insufficient Treatment Plans for Direct Medical Claims

Condition

St. Clair County RESA and its LEAs did not have all the necessary components included in its IEPs/Treatment Plans according to Medicaid Provider Manual requirements.

Criteria

The Medicaid Provider Manual, School Based Services, Section 1.7 states:

The treatment plan must be signed, titled, and dated by the qualified staff prior to billing Medicaid for services and must be retained in the beneficiary's school clinical record.

Also, the Medicaid Provider Manual, School Based Services, Section 2.11 states:

The need for special education transportation must be specified in the beneficiary's IEP/IFSP treatment plan. Medicaid may reimburse for special education transportation when a beneficiary received a Medicaid-covered service on the same day.

In addition, the Medicaid Provider Manual, School Based Services, Section 2.9 states:

Personal Care Services are not covered if they are: Not documented in the IEP/IFSP

Exception

During our review, we identified five (8.3%) of 60 claims reviewed were invalid as follows:

- Three Direct Medical claims were invalid because the IEP/Treatment plan was not signed by qualified staff.
- Two Transportation claims were invalid because the personal care services provided on the transportation date were not documented in the IEP/IFSP.

Recommendation

We recommend St. Clair County RESA and its LEAs implement sufficient controls and procedures to ensure that IEP/IFSP/Treatment Plans contain all elements necessary for proper establishment of Direct Medical Service claims according to the Medicaid Provider Manual.

Agency Corrective Action Plan

Phase 1: Review this exception with Special Education Directors, and County Administrators. Provide training on the importance and need to sign all IEPs, keep record of those signed plans along with documenting within the IEP, the need for personal care services.

Phase 2: Ongoing training with district staff regarding importance and need to sign all IEPs, keep record of those signed plans along with documenting within the IEP the need for personal care services.

Phase 3: Yearly reviews of IEPs checking for signatures and documentation of the need for personal care services.

Completion Date

Phase 1 will be implemented by March 2022

Phase 2 will be implemented by June 2022 and will be ongoing

Phase 3 will be implemented by June 2023

Responsible Individuals

Britt Pionk, Special Education Administrator Coordinator of Compliance, Planning and Accountability

Toni Uppleger, SIS, Medicaid, Special Education Certification

Exception 3**Insufficient Supporting Documentation for Direct Medical Claims****Condition**

St. Clair County RESA and its LEAs did not ensure documentation was maintained to support the validity of Direct Medical Service claims.

Criteria

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

Medicaid is required to follow the procedure code definition from Current Procedural Terminology (CPT) and Healthcare Common Procedure Coding System (HCPCS) manuals.

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

Confirmation that services requiring the student to be in attendance have support documentation (i.e. attendance records) on file.

Exception

During our review, we identified two (3.3%) of 60 claims reviewed were invalid as follows:

- One claim was invalid because the incorrect procedure code was used.
- One claim was invalid because the student's attendance records stated the student was absent.

Recommendation

We recommend St. Clair County RESA and its LEAs implement sufficient controls and procedures to ensure sufficient documentation is accurate and maintained to comply with the Medicaid Provider Manual regarding the validity of Direct Medical Services claims.

Agency Corrective Action Plan

Phase 1: Review of exception with Special Education Directors, and County Administrators. Implement the usage of the calendar system within the Medicaid billing platform. Provide personal care logs each year with county wide off days pre-highlighted and review with Special Education Directors and County Admin the importance of keeping accurate records that match the student attendance within their Student Information systems.

Phase 2: Ongoing training with district staff regarding accurate Medicaid encounter reporting with an emphasis on procedure codes and service dates. Review of how service dates must match the student attendance record within the district Student Information Systems.

Phase 3: Yearly reviews of Medicaid encounters within the system checking procedure codes and attendance.

Completion Date

Phase 1 will be implemented by March 2022

Phase 2 will be implemented by June 2022 and will be ongoing

Phase 3 will be implemented by June 2023

Responsible Individuals

Britt Pionk, Special Education Administrator Coordinator of Compliance, Planning and Accountability

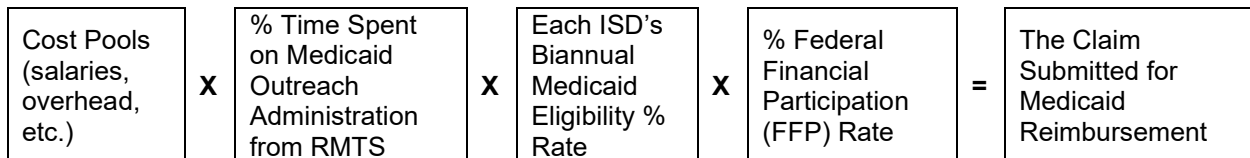
Toni Uppleger, SIS, Medicaid, Special Education Certification

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

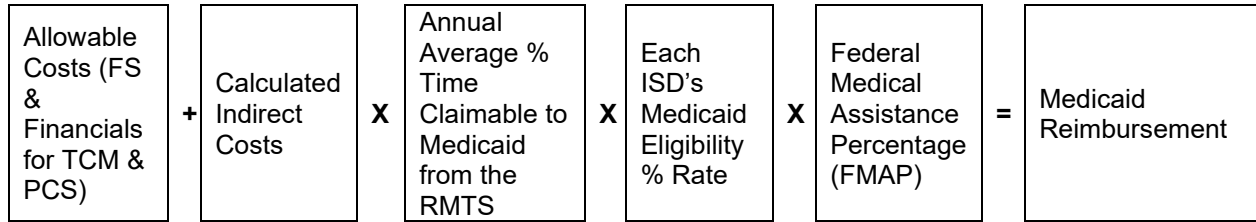
Staff salaries and related costs are reported directly to a hired contractor, the Public Consulting Group (PCG), on quarterly financial reports by each of the Local Education Agencies (LEAs). PCG combines the costs per Intermediate School District (ISD), applies various allocation percentages and submits 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:



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:



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 St. Clair County RESA's and LEA's records and activities related to Medicaid student claims for the period July 1, 2017 through June 30, 2018.

Our audit procedures included the following:

- Performed virtual fieldwork at St. Clair County RESA 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:
 - o 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.
 - o 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.
 - o Reviewed provider Licenses to ensure that all providers had the appropriate credentials.
 - 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

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
SCCRESA	St. Clair County Regional Educational Service Agency
TCM	Targeted Case Management