

# Audit Report

Clare-Gladwin Regional Education Service District  
Medicaid School Based Services Program

July 1, 2011 – June 30, 2012



Audit Division  
September 2017



**RICK SNYDER**  
GOVERNOR

STATE OF MICHIGAN  
DEPARTMENT OF HEALTH AND HUMAN SERVICES  
BUREAU OF AUDIT, REIMBURSEMENT AND QUALITY ASSURANCE  
P.O. Box 30479; LANSING, MICHIGAN 48909

**NICK LYON**  
DIRECTOR

September 29, 2017

Ms. Shay Anderson  
Mr. Martin Combs  
Clare-Gladwin Regional Education Service District  
4041 East Mannsiding Road  
Clare, MI 4861

Dear Ms. Anderson & Mr. Combs:

Enclosed is our final report for the Michigan Department of Health & Human Services (MDHHS) Medicaid School Based Services Program audit of the Clare-Gladwin Regional Education Service District for the period July 1, 2011 – June 30, 2012.

The final report contains the following: Description of Agency; Background; Funding Methodology; Purpose and Objectives; Scope and Methodology; Conclusions, Findings and Recommendations; and Corrective Action Plans. The Corrective Action Plans include the agency's response to the Preliminary Analysis.

Thank you for the cooperation extended throughout this audit process.

Sincerely,  
Scott Werner, Director  
Audit Support Division  
Bureau of Audit, Reimbursement and Quality Assurance

Enclosure

cc: John Lambert, School Based Services Auditor  
Tim Kubu, HS, Medicaid, Behavioral Health & Single Audit Section Manager  
Cindy Linn, Manager, Medicaid Program Policy Division  
Kevin Bauer, Specialist, Medicaid Program Policy Division  
Steve Ireland, Manager, Rate Review Section

## TABLE OF CONTENTS

	Page
Description of Agency .....	1
Background .....	1
Funding Methodology .....	2
Purpose and Objectives .....	3
Scope and Methodology .....	3

### Conclusions, Findings and Recommendations

#### Internal Controls

1. Validity of Direct Medical Claims .....	4
--	---

#### Financial Reporting

2. Federal Funds .....	5
3. MAER Medical Staff Cost Report .....	6
4. Inclusion of Unallowable Expenditures .....	7
5. MAER Transportation Cost Report .....	8
6. Lack of Oversight of Financial Data Reported .....	8

Corrective Action Plans .....	10
-------------------------------	----

## **DESCRIPTION OF AGENCY**

The Clare-Gladwin Regional Education Service District (Clare-Gladwin RESD), one of 56 intermediate school districts (ISDs) in Michigan, was established in 1962. ISDs are regional service agencies that offer support services to school personnel that are best delivered regionally. Clare-Gladwin RESD is a publicly funded school district regulated by the state and federal government.

The Clare-Gladwin RESD administrative offices are located in Clare, Michigan, serving the 5 public school districts primarily in Clare, and Gladwin County. The Clare-Gladwin RESD Board of Education consists of five members.

## **BACKGROUND**

Effective July 1, 2008, the Center for Medicare & Medicaid Services (CMS) made changes to the Medicaid School Based Services (SBS) Program. Under the new SBS Program, the Michigan Department of Health & Human Services (MDHHS) provides SBS reimbursement to school districts that provide Medicaid covered health and health-related services. There are two components of the SBS program that include:

- Direct Medical Services (includes specialized transportation, personal care services, and targeted case management services)
- Medicaid Administrative Outreach (AOP)

Those beneficiaries who are served by the SBS program are individuals with physical and/or behavioral disabilities, ages 0-21, who meet the eligibility requirements of the Federal Individuals with Disabilities Education Act (IDEA) Statute and the Michigan Board of Education Administrative Rule for Special Education. Medicaid covers some medical services included in an Individualized Education Program (IEP) or Individualized Family Service Plan (IFSP) for Medicaid eligible students including:

- Medically necessary services included in a Medicaid covered category
- Services that are included in the Medicaid State Plan

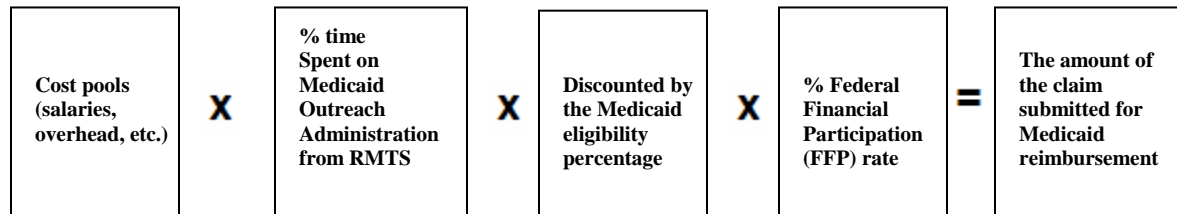
For an enrolled school district to receive reimbursement, the services provided must meet all Federal and State Medicaid regulations and provisions, including those for provider qualifications, comparability of services, and the amount, duration, and scope of services.

## FUNDING METHODOLOGY

The 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

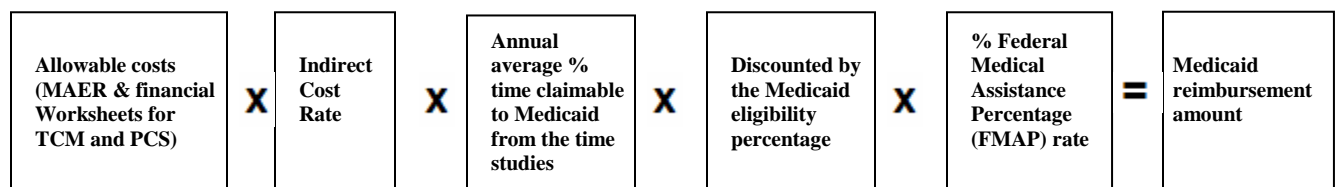
Staff salaries and related costs are reported directly to a hired contractor, the Public Consulting Group (PCG), by each of the LEAs. PCG combines the costs, applies various allocation percentages and submits the AOP claim directly to MDHHS for review, processing and payment each fiscal quarter. Claim 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 actually spent on Medicaid-type activities is identified by a Random Moment Time Study (RMTS) that is also conducted by PCG. Reallocation of administrative activities found in the RMTS and certain other allocation percentages are applied to the Medicaid activities where appropriate. For most activities, the final amount claimed for Medicaid reimbursement is equal to:



### Direct Medical 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 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 their funding from the interim monthly payments that are based on prior year actual costs and that are reconciled on an annual basis to the current year costs. Cost reporting and reconciliation are based on the school fiscal year which is July 1 through June 30 of each year. 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. 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 by the total ISD-reported special education one-way transportation trips. The Medicaid reimbursable amount is obtained by multiplying the number of “allowable” one-way trips paid by the Medicaid Invoice Processing system per ISD. An “allowable” one-way trip is provided to a Medicaid-eligible beneficiary and fulfills all of the following requirements:

- Documentation of ridership is on file;
- The need for the specialized transportation service is identified in the IEP or IFSP; and
- A Medicaid-covered service is provided on the same date of the trip

The cost settlement is accomplished by comparing the interim payments to the annual Medicaid allowable specialized transportation costs. Any over/under settlement payments are made. This settlement amount will be included with the Direct Medical Services cost settlement payment/recovery.

## **PURPOSE AND OBJECTIVES**

The purpose of our audit was to review that School Based Service costs reported by the ISD and its LEAs were in compliance with Federal and State laws and regulations and that internal controls for the Direct Medical Services and the Administrative Outreach Program were effectively established and implemented. Our work is summarized by the following objectives:

- 1.) To assess whether the Clare-Gladwin Regional Education Service District and its LEAs effectively established and implemented internal controls over the development of School Based Service Medicaid claims.
- 2.) To assess whether the School Based Service costs reported by Clare-Gladwin Regional Education Service District and its LEAs that were used to develop the Medicaid claim were reasonable, allocable and allowable under Federal and State laws and regulations.

## **SCOPE AND METHODOLOGY**

Within the limitations described below, our audit included reviews of the claims development process and the costs claimed by Clare-Gladwin RESD and its LEAs for the year ended June 30, 2012.

The scope of our review of the claims development process was limited to the parts of the process that were not monitored by others. The RMTS and the assignment of sampled moments to activities are monitored by PCG and were excluded from the scope of this audit. We also accepted the federally approved indirect cost rate without review; but verified that the approved rate was used in claim calculations and applied only to costs in the specified base. We did not audit the procedures used to calculate the percentage of Medicaid eligible students in Clare-Gladwin RESD since these procedures apply to all ISDs and were reviewed and approved by

CMS. School districts are subject to Federal Single Audit requirements and the independent auditors' report on internal controls was used to identify weaknesses that might affect our review; none were reported for Clare-Gladwin RESD and its LEAs selected for testing.

The scope of our audit was generally limited to determining whether the costs reported by the Clare-Gladwin RESD and its LEAs were reasonable, allocable and allowable under Federal and State laws and regulations and that proper internal controls were in place to develop Medicaid claims under the SBS program. This included reviewing payroll documentation at the Clare-Gladwin RESD and its LEAs, as well as reviewing IEP/IFSPs and all required supporting documentation for a sample of Direct Medical Services claims to ensure compliance with applicable Federal and State laws and regulations. Our audit included site visits to the Clare-Gladwin Regional Education Service District and to two of 5 LEAs including Beaverton Rural Schools and Harrison Community Schools.

We verified that costs were directly related to individuals included in the RMTS, incurred during the sample period, did not contain duplicate costs, were not claimed as costs of other Federal projects and were otherwise allowable under the federal regulations in Office of Management and Budget (OMB) Circular A-87 (located at 2 CFR Part 225). Fieldwork was performed from June to January 2017.

## **CONCLUSIONS, FINDINGS, AND RECOMMENDATIONS**

### **INTERNAL CONTROLS**

**Objective:** To assess whether the Clare-Gladwin Regional Education Service District and its LEAs effectively established and implemented internal controls over the development of School Based Service Medicaid claims.

**Conclusion:** The Clare-Gladwin Regional Education Service District and its LEAs were only moderately effective in establishing and implementing internal controls over the development of School Based Service Medicaid claims. We did identify a material weaknesses related to internal controls over Validity of Direct Medical Claims (Finding 1).

#### **Finding**

##### **1. Validity of Direct Medical Claims**

The internal controls of Clare-Gladwin RESD did not ensure compliance with the Medicaid Provider Manual regarding the validity of Direct Medical Services claims.

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" (for school-based services, the service must be identified in the child's IEP/IFSP).*

Our testing identified (35%) invalid claims in the 75 sampled claims we reviewed including:

- Eighteen claim were invalid because the referral/authorization were not provided.
- Five claims were invalid because the provider notes were insufficient or were not provided.
- One claim was invalid because the beneficiary was not in attendance on the date of service.
- One claim was invalid because the provider did not have appropriate licensure.
- One claim was invalid because the transportation log was not provided.

Noncompliance with the Medicaid Provider Manual could result in adjustments, disallowances, and/or future reductions of Medicaid funding.

### **Recommendation**

We recommend that Clare-Gladwin RESD improve internal controls to ensure compliance with the Medicaid Provider Manual regarding the validity of Direct Medical Services claims.

## **FINANCIAL REPORTING**

**Objective:** To assess whether the School Based Service costs reported by the Clare-Gladwin Regional Education Service District and its LEAs that were used to develop the Medicaid claim were reasonable, allocable and allowable under Federal and State laws and regulations.

**Conclusion:** We determined that the Clare-Gladwin Regional Education Service District and its LEAs were only moderately effective in reporting costs that were reasonable, allocable, and allowable under Federal and State laws and regulations. We identified reportable deficiencies regarding Federal Funds (Finding 2), MAER Medical Staff Cost Report (Finding 3), Inclusion of Unallowable Expenditure (Finding 4), MAER Transportation Cost Report (Finding 5), and Lack of Oversight of Financial Data Reported (Finding 6).

### **Finding**

#### **2. Federal Funds**

Clare-Gladwin Regional Education Service District and Harrison Community Schools did not comply with the Medicaid Provider Manual regarding the inclusion of federal funds to expenditures pertaining to staff salaries and benefits. The error resulted in an overstatement of reported expenditures of \$43,590.

Noncompliance with the Medicaid Provider Manual could result in sanctions, disallowances, and/or future reductions of Medicaid awards.

Medicaid Provider Manual, School Based Services, Section 5.2 states:

*Providers are not allowed to report any costs that are federal funds, State flow-through funds, or non-federal funds that have been committed as local match for other federal or State funds or programs.*



*Claims for approved Medicaid School Based Service functions may not include expenditures of:*

- *Federal funds received by the district directly*
- *Federal funds that have been passed through a State or local agency*
- *Non-Federal funds that have been committed as local match for other Federal or State funds or programs*

Our review of sampled employees in Clare-Gladwin Regional Education Service District payroll disclosed that federal funds were included in the Eligible Cost/Cost Pool Summary Reports. Ten employees had federal funds of \$37,195 included in their salary and benefits, along with appropriate earnings.

Our review of sampled employees in Harrison Community Schools' payroll disclosed that federal funds were included in the Eligible Cost/Cost Pool Summary Reports. Seven employees had federal funds of \$6,395 included in their salary and benefits, along with appropriate earnings.

### **Recommendation**

We recommend that Clare-Gladwin Regional Education Service District and Harrison Community Schools report future costs in compliance with the Medicaid Provider Manual regarding the inclusion of federal funds to expenditures pertaining to staff salaries and benefits.

### **Finding**

#### **3. MAER Medical Staff Cost Report**

Clare-Gladwin Regional Education Service District did not comply with the Medicaid Provider Manual regarding the accuracy of financial data reported on the MAER Medical Staff Cost Report. The error resulted in an overstatement of reported expenditures by \$27,515.

Noncompliance with the Medicaid Provider Manual could result in adjustments, disallowances, and/or future reductions of Medicaid funding.

The Medicaid Provider Manual, School Based Services, Section 2 outlines the Medicaid covered services that can be billed by the ISD. This section includes a definition of the allowable covered service as well as procedure codes that may be billed for the services.

For the specific reporting of expenditures related to Direct Medical Services and Special Education Transportation, the Medicaid Provider Manual, School Based Services, Section 5.1 states:

*The financial data reported for the Direct Medical Services (salaries, benefits, supplies, etc.) must be based on actual detailed expenditure reports obtained directly from the participating ISD's financial accounting system.*

Our review of payroll costs disclosed Clare-Gladwin Regional Education Service District included reported expenditures for direct medical services employees not in the Staff Pool Listing in the MAER Medical Staff Cost Report. Staff pool listing errors resulted in an overstatement of these reported expenditures by \$27,515.

### **Recommendation**

We recommend that Clare-Gladwin Regional Education Service District report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the MAER Medical Staff Cost Report.

### **Finding**

#### **4. Inclusion of Unallowable Expenditures**

Beaverton Rural Schools and Harrison Community Schools did not ensure compliance with federal laws and regulations regarding allocable costs pertaining to staff salaries and benefits. The errors resulted in an overstatement of reported expenditures of \$5,133.

Noncompliance with federal laws and regulations could result in sanctions, disallowances, and/or future reductions of Medicaid awards.

The Office of Management and Budget Circular A-87, Attachment A, section C requires costs charged to a federal award to be allowable, reasonable, and allocable to the federal award in accordance with relative benefits received. Support Services – Other and General Education expenditures are not related to Medicaid services and, therefore, cannot be included in the state match expenditures.

Our review of sampled employees in Beaverton Rural Schools' payroll disclosed:

- Athletic funds were included in the Eligible Cost/Cost Pool Summary Reports. The costs reported are unallowable expenditures and resulted in an overstatement of reported expenditures by \$3,748.
- General education funds were included in the Eligible Cost/Cost Pool Summary Reports. The costs reported are unallowable expenditures and resulted in an overstatement of reported expenditures by \$76.

Our review of sampled employees in Harrison Community Schools' payroll disclosed General education funds were included in the Eligible Cost/Cost Pool Summary Reports. The costs reported are unallowable expenditures and resulted in an overstatement of reported expenditures by \$1,309.

### **Recommendation**

We recommend that Beaverton Rural Schools and Harrison Community Schools report future costs in compliance with federal laws and regulations regarding allocable costs pertaining to staff salaries and benefits.

## **Finding**

### **5. MAER Transportation Cost Report**

Clare-Gladwin Regional Education Service District did not comply with the Medicaid Provider Manual regarding the accuracy of financial data reported on the MAER Transportation Cost Report. Calculation errors contributed to the errors noted in the review of transportation costs. The combined errors resulted in an overstatement of \$3,253 to the costs reported in the MAER Transportation Cost Report.

Noncompliance with the Medicaid Provider Manual could result in adjustments, disallowances, and/or future reductions of Medicaid funding.

The Medicaid Provider Manual, School Based Services, Section 2 outlines the Medicaid covered services that can be billed by the ISD. This section includes a definition of the allowable covered service as well as procedure codes that may be billed for the services.

For the specific reporting of expenditures related to Direct Medical Services and Special Education Transportation, the Medicaid Provider Manual, School Based Services, Section 5.1 states:

*The financial data reported for the Direct Medical Services (salaries, benefits, supplies, etc.) must be based on actual detailed expenditure reports obtained directly from the participating ISD's financial accounting system.*

Our review of transportation costs in Clare-Gladwin Regional Education Service District disclosed:

The costs reported under the “Pupil Trans Common Carrier” included unallowable expenditures. The errors resulted in an overstatement of reported expenditures by \$3,253.

## **Recommendation**

We recommend that Clare-Gladwin Regional Education Service District report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the MAER Transportation Cost Report.

## **Finding**

### **6. Lack of Oversight of Financial Data Reported**

Clare-Gladwin Regional Education Service District, Beaverton Rural Schools, and Harrison Community Schools did not comply with the Medicaid Provider Manual regarding the accuracy of financial data reported on the Eligible Cost/Cost Pool Summary Reports. The error resulted in an understatement of reported expenditures of (\$22,304).

Noncompliance with the Medicaid Provider Manual could result in sanctions, disallowances, and/or future reductions of Medicaid awards.

For the reporting of expenditures related to Administrative Outreach Program, the Medicaid Provider Manual, SBS Administrative Outreach Program Section 2.4 states:

*The financial data reported (salaries, benefits, supplies, etc.) must be based on actual detailed expenditure reports obtained directly from the participating ISDs' financial accounting system.*

Our review of payroll costs disclosed:

Clare-Gladwin Regional Education Service District reported salaries, benefits, and other expenditures in the Eligible Cost/Cost Pool Summary Reports. The costs reported for salaries, benefits, and other expenditures were less than the actual expenditures in the financial accounting system and resulted in an understatement of reported expenditures by (\$1,284).

Beaverton Rural Schools reported salaries, benefits, and other expenditures in the Eligible Cost/Cost Pool Summary Reports. The costs reported for salaries, benefits, and other expenditures were less than the actual expenditures in the financial accounting system and resulted in an understatement of reported expenditures by (\$5,856).

Harrison Community Schools reported salaries and benefits in the Eligible Cost/Cost Pool Summary Reports. The costs reported for salaries and benefits were less than the actual expenditures in the financial accounting system and resulted in an understatement of reported expenditures by (\$15,164).

### **Recommendation**

We recommend that Clare-Gladwin Regional Education Service District, Beaverton Rural Schools, and Harrison Community Schools report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the Eligible Cost/Cost Pool Summary Reports.

## **Corrective Action Plan**

**Finding Number:** 1

**Page Reference:** 4

**Finding:** **Validity of Direct Medical Claims**

**Recommendation:** We recommend that Clare-Gladwin RESD improve internal controls to ensure compliance with the Medicaid Provider Manual regarding the validity of Direct Medical Services claims.

### **Clare-Gladwin RESD**

**Comments:** Clare-Gladwin RESD agrees with the finding and recommendation.

**Corrective Action:** Clare-Gladwin RESD has created and modified as necessary a Medicaid School Based Services Quality Assurance Plan in an effort to maintain compliance with the Medicaid Provider Manual regarding the validity of Direct Medical Services Claims. Please see the excerpts from the Quality Assurance Plan which correspond with each of the 5 findings below:

- Eighteen claims were invalid because the referral/authorization were not provided.
- Five claims were invalid because the provider notes were insufficient or were not provided.
- One claim was invalid because the beneficiary was not in attendance on the date of service.
- One claim was invalid because the provider did not have appropriate licensure.
- One claim was invalid because the transportation log was not provided.

### **Pertinent components from CGRESD Quality Assurance Plan found below:**

In order to ensure that covered services are medically necessary, as determined and documented through appropriate and objective testing, evaluation and diagnosis:

- A. Evaluations are conducted by qualified staff that makes up a Multidisciplinary Evaluation Team (MET).
- B. Using MET guidelines the evaluation team develops an eligibility recommendation.
- C. An Individualized Education Program (IEP) meeting is then scheduled. The IEP team reviews the data and considers the eligibility recommendation and any other information provided

and decides whether or not a child is eligible for special education services, including medically-related services.

- D. In addition, districts periodically conduct a Review of Existing Evaluation Data (REED). The purpose of the REED is to review existing student data and to ascertain what, if any, additional evaluation is needed to determine/re-determine eligibility.

Services are rendered in accordance with each student's IEP, developed by medical professionals in the school setting. They are authorized by the appropriate licensed practitioner to address the student's mental or medical disability and are needed in order to attain or retain normal activity or self-care. IEP's are randomly checked throughout the year in order to make sure they list the services to be provided, the service frequency, duration, goals and objectives.

### **CLAIMING PROCEDURES**

Clare-Gladwin RESD will establish and maintain the following practices and procedures in order to monitor and evaluate the quality of our Medicaid School Based Services Billing Program:

#### **Staff Training**

CGRESD itinerant staff, case manager and paraprofessional training for Medicaid School Based Services claiming will be provided on an annual basis using a group setting at the start of each new school year. This training will be provided by the RESD Special Education Office and will be based on the information put forth in the Medicaid Provider Manual. All local school districts' case managers will be encouraged to attend a training session with the Special Education Office on an annual basis.

- A. Training will also be available for new staff members throughout the year.
- B. To ensure a quality process, individual trainings will be provided on an as needed basis.
- C. Staff trainings will cover detailed information categorized by specific discipline.
- D. Staff have been instructed to inquire about any medical services the student receives outside the school setting, in order to coordinate those services.

#### **Staff Certification Requirements**

The RESD Special Education Office will work with the Human Resources Specialist to check for certification status of new RESD staff based on the requirements of the Michigan Department of Community Health. The Human Resource Specialist will maintain a file of staff certifications for those members

listed on Direct Service and Case Management Staff Pool Lists for the RESD. At the beginning of each school year the Special Education Office will check the Licensing and Regulatory Affairs (LARA) website to make sure all itinerant staff licenses are current. All local school districts are responsible for checking and maintaining the license or certification information of their own staff members.

### **Quality Assurance**

Copies of all IEP's and supporting documentation will be sent to the RESD Special Education Department. The documents will be reviewed by the Special Education Office staff in order to insure compliance with the Medicaid Provider Manual. These reviews will include students throughout the local districts and the RESD and will be ongoing throughout the school year.

The documentation review will include:

1. The students' Individualized Education Plans, which will be reviewed for Medicaid related services.
2. The current prescriptions for speech, occupational therapy and physical therapy, if applicable.
3. The current authorizations for Personal Care Services, if applicable.
4. The current REED and/or MET reports, if applicable.

The Special Education Office will conduct random checks of provider notes and contact staff regarding any problems identified during the initial review of the documentation and/or the random check of provider notes. Individual and/or group professional development will be used to correct any problems that are found.

### **Vendor Billing Checks**

Public Consulting Group (PCG) Error Reports/Billing Checks will be utilized as an upfront billing screener for all documentation sent to the Medicaid School Based Services Program. The PCG Error Reports will be individually investigated by the Special Education Office staff and billing on the rejected claims will not be released to the Medicaid Program until it is found that the criteria below have been satisfied. Medicaid claims will be screened for the following:

- A. Monthly Summaries
- B. Targeted Case Management Missing Direct Itinerant Services

- C. Annual Prescriptions or Referrals on file for Occupational Therapy, Physical Therapy, Speech Therapy and Personal Care Services
- D. Duplicate Services Billed
- E. Parent Permission Form on file
- F. Multiple Individual Education Plans billed within six months
- G. Annual Individualized Education Plan/or annual Individualized Family Service Plan on file
- H. Service approval for COTA, PTA, and LPN services
- I. Maintaining a “Do Not Bill” list with our vendor to screen out documentation from Medicaid non-certified staff

### **Staff Pool Lists**

When Clare-Gladwin RESD receives notice from PCG that the quarterly preliminary staff pool lists from Michigan Administrative Outreach Program (miaop@pcgus.com) are available for editing, the RESD Special Education Office will review the lists and make appropriate changes.

- A. The following will be considered when reviewing the quarterly CGRESD staff pool lists for outreach, case management, direct service and personal care providers:
  - a. New staff hires
  - b. Employees no longer employed
  - c. Employee leaves of absence
  - d. Staff certification
  - e. Staff job duties
  - f. Federal funding levels
- B. The CGRESD local districts will be reminded to consider the following when submitting their staff pool list participants:
  - a. New staff hires
  - b. Employees no longer employed
  - c. Employee leaves of absence
  - d. Staff certification
  - e. Staff job duties
  - f. Federal funding levels

### **Communication Procedures**

The Clare Gladwin Regional Education Service District will work to share Medicaid School Based Service program updates and information with all concerned parties.

- A. State Implementer Meetings will be attended by at least one representative of the CGRESD Special Education Office.



- B. A member of the Special Education Office will be available to attend local district Business Manager Meetings, when there is a need to share information.
- C. CGRES D will communicate program updates and requirements monthly with the local district Special Education Coordinators.
- D. CGRES D will hold Medicaid Meetings with representation from the Business Office and Special Education Office. These meetings will be for the purpose of establishing procedures, reviewing processes and sharing information in order to be compliant with rules and regulations of the School Based Services Medicaid Program.
- E. Public Consulting Group (PCG) Regional Meetings will be attended by at least one representative of the CGRES D Special Education Office.

**Coordination and collaboration**

In order to coordinate services, our staff has been instructed to inquire about medical services the student is receiving outside of the school setting if they qualify for services within the school setting. We will cooperate with the Public Health Department, Department of Human Services, Community Mental Health Services Programs, Medicaid Health Plans, hearing centers, outpatient hospitals, etc. in order to develop appropriate plans of care for the student.

**Evaluation Of Medicaid School Based Services Program**

Parent/guardian and student participation are encouraged in evaluating the impact of the SBS program during parent teacher conferences.

**Anticipated**

**Completion Date:** These Assurances were put into effect shortly after the Medicaid Audit Findings were made available to us. We continue to update the document in response to changes and or identified concerns with our processes.

**Corrective Action Plan**

**Finding Number:** 2

**Page Reference:** 5

**Finding:** **Federal Funds**

**Recommendation:** We recommend that Clare-Gladwin Regional Education Service District and Harrison Community Schools report future costs in compliance with the Medicaid Provider Manual regarding the inclusion of federal funds to expenditures pertaining to staff salaries and benefits.

**Clare-Gladwin RESD**

**Comments:** Clare-Gladwin RESD agrees with the finding and recommendation.

**Corrective Action:** 1. Clare-Gladwin RESD will provide training to all districts that participate in the program to ensure the appropriate staff at the LEAs understands allowable costs before the completion of the quarterly Administrative Outreach Program (AOP) submissions. The training will be included in the September 2017 Business Managers Meeting.

2. When completing the cost reports for the Medicaid Allowable Expenditure Report (MAER) and AOP, we will compare the total costs of the staff members with the payroll system to ensure that federal funds are not included in the costs. If the costs are allocated to federal funds at the end of the fiscal year as a result of direct services related to proportionate share, we will amend the quarterly or yearly reports to make the corrections to exclude the federal portion from the reports.

**Anticipated**

**Completion Date:** The corrective action plan is in place and will be ongoing.

**Corrective Action Plan**

**Finding Number:** 3

**Page Reference:** 6

**Finding:** **MAER Medical Staff Cost Report**

**Recommendation:** We recommend that Clare-Gladwin Regional Education Service District report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the MAER Medical Staff Cost Report.

**Clare-Gladwin RESD**

**Comments:** Clare-Gladwin RESD agrees with the finding and recommendation.

**Corrective Action:** The finding noted was related to contracted services. We will verify that all items included on the MAER Report are related to allowable covered services. We will refer to the Medicaid Provider Manual for allowable services.

The MAER Report will be reviewed by the Director of Special Education prior to submission starting with the 2016-2017 report.

**Anticipated**

**Completion Date:** Corrective action plan is in place and will be ongoing.

**Corrective Action Plan**

**Finding Number:** 4

**Page Reference:** 7

**Finding:** **Inclusion of Unallowable Expenditures**

**Recommendation:** We recommend that Beaverton Rural Schools and Harrison Community Schools report future costs in compliance with federal laws and regulations regarding allocable costs pertaining to staff salaries and benefits.

**Clare-Gladwin RESD**

**Comments:** Clare-Gladwin RESD agrees with the finding and recommendation.

**Corrective Action:**

1. Clare-Gladwin RESD will provide training to all districts that participate in the program to ensure the appropriate staff at the LEAs understands allowable costs before the completion of the quarterly AOP submissions. The training will be included in the September 2017 Business Managers Meeting.
2. When completing the cost reports for the AOP, we will compare the total costs of the staff members with the payroll system to ensure that unallowable services are not included in the costs. We will review the fund, function and object that all payroll is charged to. If the costs are related to an unallowable service, we will exclude the amount from the total costs.

**Anticipated**

**Completion Date:** The corrective action is in place and will be ongoing.

**Corrective Action Plan**

**Finding Number:** 5

**Page Reference:** 8

**Finding:** **MAER Transportation Cost Report**

**Recommendation:** We recommend that Clare-Gladwin Regional Education Service District report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the MAER Transportation Cost Report.

**Clare-Gladwin RESD**

**Comments:** Clare-Gladwin RESD agrees with the finding and recommendation.

**Corrective Action:** All costs related to field trips and student work enclaves will be excluded from the MAER Transportation Cost Report.

**Anticipated**

**Completion Date:** Corrective action plan is in place and will be ongoing.

**Corrective Action Plan**

**Finding Number:** 6

**Page Reference:** 8

**Finding:** **Lack of Oversight of Financial Data Reported**

**Recommendation:** We recommend that Clare-Gladwin Regional Education Service District, Beaverton Rural Schools, and Harrison Community Schools report future costs in compliance with the Medicaid Provider Manual to ensure accuracy of financial data reported on the Eligible Cost/Cost Pool Summary Reports.

**Clare-Gladwin RESD**

**Comments:** Clare-Gladwin RESD agrees with the finding and recommendation.

**Corrective Action:** 1. Clare-Gladwin RESD will provide training to all districts that participate in the program to ensure the appropriate staff at the LEAs understands allowable costs before the completion of the quarterly AOP submissions. The training will be included in the September 2017 Business Managers Meeting.

2. When completing the cost reports for the MAER and AOP, we will compare the total costs of the staff members with the payroll system to ensure that all allowable services are not included in the costs.

**Anticipated**

**Completion Date:** Corrective action plan is in place and will be on-going.