



STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

GRETCHEN WHITMER
GOVERNOR

ELIZABETH HERTEL
DIRECTOR

January 31, 2022

Mr. Darrin Adair, Assistant Superintendent of Special Education
Branch Intermediate School District
370 Morse Street
Coldwater, Michigan 49036

Dear Mr. Adair:

Attached is our final report for the Michigan Department of Health and Human Services (MDHHS) Medicaid School Based Services Program audit of the Branch Intermediate School District's Medicaid School Based Services claims for the period July 1, 2017 through June 30, 2018.

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

Thank you for the 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

Attachment

cc: Pam Myers, Director, MDHHS, Audit
Shannah Havens, MDHHS, Audit
Steve Ireland, MDHHS, Audit
Cheryl Miller, MDHHS, Audit
Madisyn Pabst, MDHHS, Audit
Kevin Bauer, MDHHS, Medicaid Program Policy
Sarah Coan, Branch Intermediate School District
Hilary Curtis, Branch Intermediate School District
Viveca Skean, Branch Intermediate School District
Nathan Johnson, Branch Intermediate School District
Robin Iveson, Branch Intermediate School District
Diane Shiery, Branch Intermediate School District
Tami VanAuker, Branch Intermediate School District

Branch Intermediate School District

School Based Services Program
Student Claims Audit

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

Final Report – January 31, 2022

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



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EXECUTIVE SUMMARY

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

Audit Objective #1 - Student Claims	Conclusion
To assess whether Branch ISD and its Local Education Agencies (LEAs) effectively developed student claims in accordance with applicable Federal and State requirements.	Effective
We identified one exception related to student claims.	

Exception 1 Page 2	Insufficient Supporting Documentation
Criteria	Medicaid Provider Manual, School Based Services, Section 2.9.
Invalid Claims	7 of 60 (11.67%)
Corrective Action	Monthly check lists will be required to be filed with the Special Education office.
Completion Date	January 21, 2022
Person Responsible	Sarah Coan, Special Education Administrative Assistant Tami VanAuker, Special Education Secretary

Exception 1 Insufficient Supporting Documentation

Condition

Branch ISD did not maintain sufficient documentation in its students' records to support all 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 seven of 60 (11.67%) invalid claims in the sample transactions that did not have signed monthly PCS checklists in the child's school clinical record.

Recommendation

We recommend Branch ISD implement sufficient controls and procedures to ensure all documentation is maintained in all student's records to comply with the Medicaid Provider Manual regarding the validity of personal care claims.

Agency Corrective Action Plan

Branch ISD agrees with the recommendation. In the past, PCS logs were kept with the service provider. Branch ISD is now requiring that the logs be sent to the Special Education Office for filing.

Completion Date

January 21, 2022

Responsible Individuals

Sarah Coan, Special Education Administrative Assistant
Tami VanAuker, Special Education Secretary

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

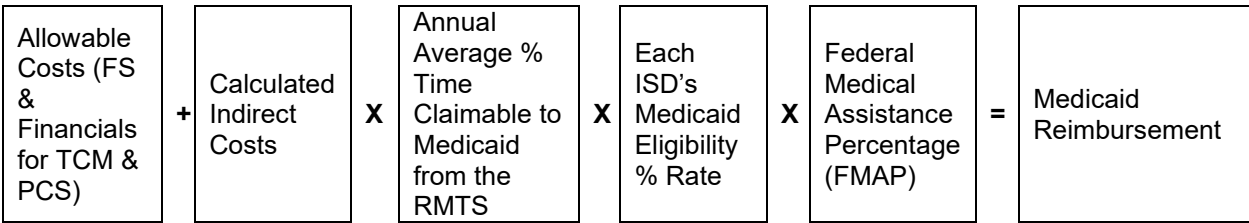
Staff salaries and related costs are reported directly to a hired contractor, the Public Consulting Group (PCG), on quarterly financial reports by each of the Local Education Agencies (LEAs). PCG combines the costs per Intermediate School District (ISD), applies various allocation percentages and submits 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
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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; 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 Branch ISD and its four 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 for the Branch ISD audit.
- 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
BISD	Branch ISD
CHAMPS	Community Health Automated Medicaid Processing System
CMS	Centers for Medicare and 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