



Gouverneur Central School District

Medicaid Reimbursements

2023M-34 | June 2023

Contents

Report Highlights	1
Medicaid Reimbursements	2
How Do Officials Ensure Eligible Services Are Claimed and Reimbursed?.	2
Officials Did Not Claim Medicaid Reimbursement for Eligible Services	2
What Do We Recommend?	4
Appendix A – Eligible Service Claims Not Submitted or Reimbursed	5
Appendix B – Response From District Officials	6
Appendix C – Audit Methodology and Standards	8
Appendix D – Resources and Services.	10

Report Highlights

Gouverneur Central School District

Audit Objective

Determine whether the Gouverneur Central School District (District) officials claimed all Medicaid reimbursements to which the District was entitled.

Key Findings

District officials did not identify students who received Medicaid-eligible services or file Medicaid-reimbursement claims to recover part of the costs associated with these services. As a result, the District did not receive about \$68,200 for reimbursements to which it was entitled.

- Although the District provided Medicaid-reimbursable services to 27 students who were eligible for Medicaid during the 2021-22 fiscal year, officials did not file for reimbursements because a District-prepared cost-benefit analysis did not fully quantify the potential revenue that the District could have realized.
- District officials did not establish Medicaid claims procedures to ensure that staff maintained sufficient documentation for eligible services provided.

Key Recommendations

- Establish written procedures for obtaining parental consent forms, documenting the eligible services provided and submitting claims for Medicaid reimbursement.

District officials agreed with our recommendation and have initiated or indicated they planned to initiate corrective action

Background

The District serves the Towns of DeKalb, Edwards, Fowler, Gouverneur, Hermon, Macomb, Pitcairn and Rossie, in St. Lawrence County and the Town of Antwerp in Jefferson County.

The nine-member elected Board of Education (Board) is responsible for the general management and control of financial and educational affairs.

The Superintendent of Schools (Superintendent) is the chief executive officer and is responsible, along with other administrative staff, for day-to-day management under the Board's direction.

The District's Committee on Special Education (CSE) chairperson oversees the special education department (department), which includes developing and implementing individualized education programs (IEPs) for students enrolled in special education programs.

Quick Facts

2021-22

Special Education Expenditures	\$4 million
Special Education Students	257
Enrollment	1,440

Audit Period

July 1, 2021– January 31, 2023

Medicaid Reimbursements

How Do Officials Ensure Eligible Services Are Claimed and Reimbursed?

School district (district) officials should design an effective system for claiming Medicaid reimbursements to help ensure that the district receives all Medicaid reimbursements to which it is entitled. Officials should clearly assign responsibilities for specific activities to ensure each participant understands the overall objectives and their role in the process. In addition, district officials should develop written procedures and provide adequate oversight to ensure that all claim reimbursement documentation requirements are met.

To submit Medicaid claims for reimbursement of services provided to Medicaid-eligible students – for whom district officials have developed an IEP – officials must first obtain parental consent, and the student’s Medicaid client identification number, to bill Medicaid for the eligible services provided.¹ Before initiating services, officials also must obtain a written order or referral (prescription) from a qualified provider documenting the medical necessity of the services.² Officials must ensure that the services are provided according to each student’s IEP and are properly documented (e.g., in session notes, special transportation logs, medication administration records or evaluation reports).

Officials Did Not Claim Medicaid Reimbursement for Eligible Services

While the District is not required to claim Medicaid reimbursement for services provided to Medicaid-eligible students, doing so can help offset the District’s costs of providing the services. However, District officials did not submit any claims for Medicaid reimbursement during the 2021-22 fiscal year. Also, officials did not establish any written procedures to identify all Medicaid-eligible students and to ensure all documentation requirements were met for filing Medicaid reimbursement claims. For example, District officials did not establish written procedures for obtaining parental consent needed to determine whether a student was Medicaid-eligible.

Although department staff mailed parental consent forms annually to the parents of all special education students who did not have forms on file, the District did not have procedures to follow up with parents who did not respond or determine whether the students with parental consent were Medicaid eligible. As a result, District officials did not know which special education students qualified for Medicaid reimbursement for services that they received in the 2021-22 fiscal year.

1 Eligible services include physical, occupational and speech therapies; psychological counseling; skilled nursing; and special transportation.

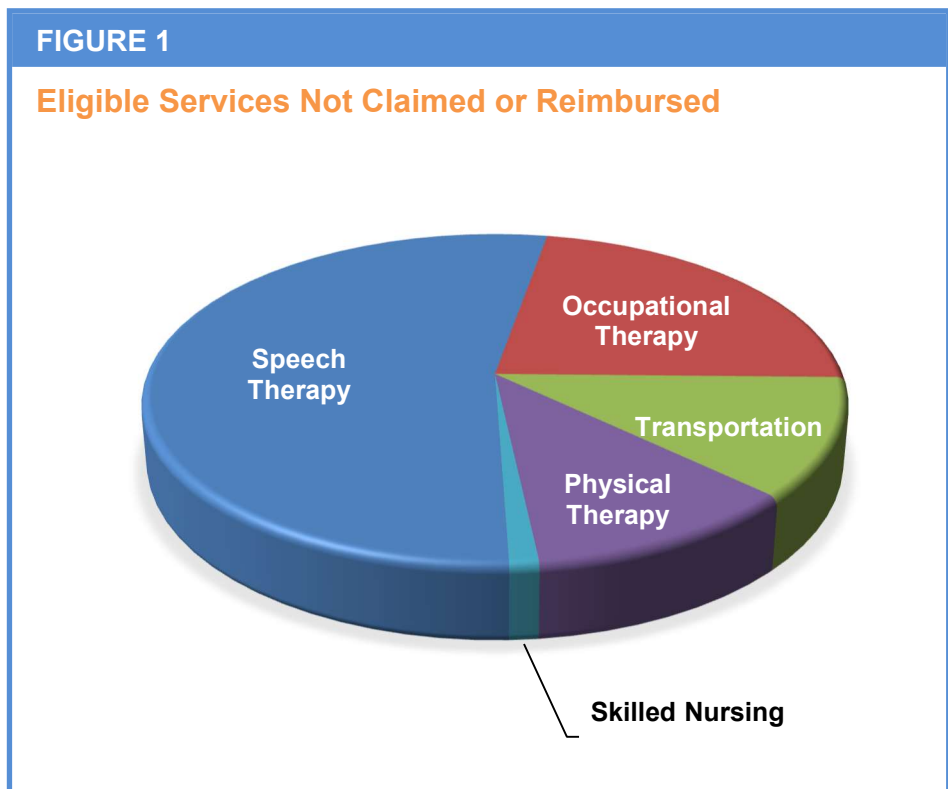
2 District officials must document the medical necessity for special transportation services and medical evaluations within a student’s IEP.

To determine which students could be eligible for Medicaid reimbursement, we compared a list of District students who were receiving Medicaid benefits,³ to the District's list of students who had an IEP and received an eligible service (i.e., speech, occupational or physical therapy; skilled nursing; and/or special transportation) and identified 27 students who were Medicaid-eligible.

The students' IEPs required that the District provide eligible services during the 2021-22 fiscal year. However, officials did not submit claims for these services totaling approximately \$136,400 (Figure 1).⁴ Had District officials submitted these claims, the District could have received about \$68,200 (50 percent of the Medicaid reimbursements).⁵

The District's Business Manager told us that she assessed the cost-effectiveness of Medicaid reimbursements 10 years ago and found that the total cost – including software, time and labor resources needed – exceeded the reimbursement amount that she estimated the District would receive at that time. Consequently, she recommended to the Board that the District should not file for reimbursement. She did not complete another cost-benefit analysis until the new Superintendent requested an analysis.

The Business Manager prepared another cost-benefit analysis in February 2022 to determine the potential revenue that the District might have received if officials submitted claims for Medicaid reimbursement for the 2021-22 fiscal year. The Business Manager requested parental consent forms and associated student IEPs from the department to complete the analysis.



3 Refer to Appendix C for further information.

4 Refer to Appendix A for a summary of the number of services, by type, that District officials did not claim.

5 The State's share of Medicaid reimbursement is generally 50 percent, but it can be less than 50 percent due to possible changes in the federal reimbursement share. For this report, we used 50 percent of Medicaid reimbursements for the State's share when calculating the District's corresponding reimbursement.

Department staff provided parental consent forms and IEPs for seven students who received speech, occupational and/or physical therapy services. The Business Manager's analysis focused on these seven students. We found the following deficiencies with the analysis:

- Only one of the seven students was actually Medicaid eligible during the 2021-22 fiscal year. Because officials did not have effective procedures to pursue obtaining parental consent, the Business Manager did not include in her analysis all 27 students who received services and were Medicaid-eligible during the 2021-22 fiscal year.
- The analysis did not take into consideration special transportation services included in one student's IEP.
- Two additional Medicaid-eligible students with signed parental consent forms (dated November 2021) were omitted from the analysis.
- The Business Manager incorrectly calculated the District's potential reimbursement using half the percentage that the District could receive (she used 25 percent reimbursement instead of 50 percent).

Based on this analysis, District officials chose not to file claims for Medicaid reimbursement. The Business Manager told us that officials decided that the cost of filing outweighed the benefit. However, the analysis did not fully quantify the potential revenue that the District could have realized if parental consent was obtained for all Medicaid-eligible students who received eligible services.

Because District officials did not file Medicaid claims for reimbursement, the District did not receive additional funding that could have helped offset the costs of providing Medicaid-eligible services to students each year. As a result of our audit, the Superintendent told us that officials obtained the necessary software to file for Medicaid reimbursement for the 2022-23 fiscal year and that they would begin filing claims for Medicaid reimbursement for eligible services.

What Do We Recommend?

District officials should:

1. Establish written procedures for obtaining parental consent forms, documenting the eligible services provided and submitting claims for Medicaid reimbursement.

Appendix A: Eligible Service Claims Not Submitted or Reimbursed

Figure 2: Eligible Service Claims Not Submitted or Reimbursed

Type of Service	Number of Services Provided	Estimated Reimbursements
Speech Therapy	1,716	\$72,765
Occupational Therapy	646	30,731
Special Transportation	545	16,023
Physical Therapy	230	15,290
Skilled Nursing	175	1,619
Totals	3,312	\$136,428^a

a) Had District officials submitted claims for these services, the District could have received \$68,214 (50 percent of the Medicaid reimbursements).

Appendix B: Response From District Officials

ADMINISTRATION
JACQUELYN L. KELLY
SUPERINTENDENT OF SCHOOLS
(315) 287-4870
JESSICA SULLIVAN
ASSISTANT SUPERINTENDENT
(315) 287-4870
CAROL LASALA
BUSINESS MANAGER
(315) 287-4836



BOARD OF EDUCATION
DAVID FENLONG
PRESIDENT
TODD E. BATES
VICE-PRESIDENT
BROOKE BUSH
DR. WILLIAM CARTWRIGHT
MARK HENDRICK
NAAMAN LOWRY
NICKOLAS ORMASEN
LAURIE M. ROBERTS
LAURA SPICER

May 5, 2023

Via E-Mail (caps@osc.state.ny.us) & First Class Mail

Rebecca Wilcox, Chief of Municipal Audits
Office of the New York State Comptroller
Division of Local Government & School Accountability
PSU – CAP Submission
110 State Street, 12th Floor
Albany, NY 12236

**Re: Gouverneur Central School District
Audit Response and Corrective Action Plan**

Dear Ms. Wilcox and Taxpayers of the Gouverneur Central School District:

The Gouverneur Central School District is in receipt of the Draft Audit Report *Medicaid Reimbursements* for the 2021-22 school year, prepared by the Office of the State Comptroller. On behalf of the Board of Education and the School District administration, we would like to thank the Comptroller's staff for their professionalism in conducting their duties associated with this audit.

The Gouverneur Central School District is committed to ensuring that its finances are administered responsibly and in a manner that benefits taxpayers and inspires trust and confidence.

Beginning August 18, 2022, the Comptroller's office spent several days at Gouverneur Central School District reviewing its Medicaid reimbursement procedures. The scope of the audit was to examine the School District's Medicaid reimbursement practices for the period between July 1, 2021 through June 30, 2022. As expected, the audit did not uncover any instances of fraud, or malfeasance with the School District's financial management. The School District has reviewed the Comptroller's findings and recommendations from this audit, and has already taken corrective actions to maximize Medicaid reimbursement practices. These actions will be recounted in our corrective action plan.

The audit report advised the School District to establish written procedures for obtaining parental consent forms, documenting the eligible services provided and submitting claims for Medicaid reimbursement. The School District began taking corrective action before the Comptroller's audit by training services providers and staff with respect to Medicaid reimbursement, and is developing written procedures to maximize Medicaid reimbursement.

The School District agrees with the Comptroller's position that the School District should implement an effective system for claiming Medicaid reimbursements to help ensure that the School District receives all Medicaid reimbursements to which it is entitled. The Board and Administration have incorporated the Comptroller's findings to improve its Medicaid reimbursement practices on behalf of its taxpayers.

Comptroller Recommendation 1:

Establish written procedures for obtaining parental consent forms, documenting the eligible services provided and submitting claims for Medicaid reimbursement.

Implementation Plan of Action:

The School District began steps to maximize Medicaid reimbursement prior to the start of the Comptroller's audit. During the 2021-2022 school year, the School District began training its Medicaid eligible service providers to ensure that the services according to each student's IEP were properly documented. The initial "██████████ Medicaid" training for the service providers occurred November 1, 2021. Service providers also attended School Supportive Health Services Program (SSHSP) Medicaid 101 (Part I and II) training on December 15, 2021. The School District's CSE office staff participated in a Medicaid Kick-Off meeting on October 14, 2022. The related service providers received "██████████ Medicaid" training again this year on March 17, 2023. Prior to the Comptroller's audit, the School District began the process of planning to submit Medicaid claims during the 2022 - 2023 school year. On August 24, 2022, the School District entered into a contract through a service provider to assist with documenting Medicaid eligible services provided and submitting claims for Medicaid reimbursement. The School District is preparing written procedures for Medicaid reimbursement, including procedures governing obtaining parental consent forms, documenting eligible services provided and submitting claims for Medicaid reimbursement. The School District anticipates completing these procedures by the end of the 2022-23 school year.

Person Responsible for Implementation: Business Manager

Implementation Date: June 30, 2023

Conclusion: The School District would like to thank the Comptroller's Office for their thoroughness and professionalism during the time they spent in the School District. The Audit Report offers constructive guidance to strengthen our management of the School District's Medicaid reimbursements, supplementing action already taken by the School District to strengthen our Medicaid reimbursement policies and procedures. We have addressed in this response our plans to implement the Audit Report's recommendations, including actions already initiated. We will implement the Comptroller's Office guidance in a manner which maximizes Medicaid reimbursements on behalf of the School District's taxpayers.

David Fenlong
Board President

Jacquelyn L. Kelly
Superintendent of Schools

Appendix C: Audit Methodology and Standards

We conducted this audit pursuant to Article V, Section 1 of the State Constitution and the State Comptroller's authority as set forth in Article 3 of the New York State General Municipal Law. To achieve the audit objective and obtain valid audit evidence, our audit procedures included the following:

- We interviewed District officials and reviewed District policies to determine whether the District had policies and procedures related to claiming Medicaid reimbursements.
- We interviewed service providers to gain an understanding of how services provided to special education students were documented.
- Because the District did not have a method to determine which students were Medicaid-eligible, we compared a list of students from a Direct Certification form⁶ to the District's list of students who had an IEP and received eligible services (i.e., speech, occupational or physical therapy; skilled nursing; and/or special transportation) during the 2021-22 fiscal year. We identified all 27 students who received these services in the 2021-22 fiscal year and were eligible for Medicaid.
- We reviewed the 27 students' IEPs for the 2021-22 fiscal year to determine the number of services to be provided to the students by each service provider, that were Medicaid reimbursable. We then applied the appropriate billing code for the services based on the students' needs (goals) as stated in their IEPs. We used the payment rate associated with the applied billing code, according to the SSHSP Billing Rates handbook, to calculate the estimated amount that could have been reimbursed to the District.

We conducted this performance audit in accordance with generally accepted government auditing standards (GAGAS). Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective.

The Board has the responsibility to initiate corrective action. A written corrective action plan (CAP) that addresses the findings and recommendations in this report must be prepared and provided to our office within 90 days, pursuant to Section 35 of General Municipal Law, Section 2116-a (3)(c) of New York State Education Law and Section 170.12 of the Regulations of the Commissioner of Education. To the extent practicable, implementation of the CAP must begin by the end of the

⁶ This form identified students who were eligible to receive free District meals through the U.S. Department of Agriculture's Supplemental Nutrition Assistance Program (SNAP) and those who were eligible to receive Medicaid benefits. We used this form to determine which students could be eligible for Medicaid reimbursement.

next fiscal year. For more information on preparing and filing your CAP, please refer to our brochure, *Responding to an OSC Audit Report*, which you received with the draft audit report. The CAP should be posted on the District's website for public review.

Appendix D: Resources and Services

Regional Office Directory

www.osc.state.ny.us/files/local-government/pdf/regional-directory.pdf

Cost-Saving Ideas – Resources, advice and assistance on cost-saving ideas

www.osc.state.ny.us/local-government/publications

Fiscal Stress Monitoring – Resources for local government officials experiencing fiscal problems

www.osc.state.ny.us/local-government/fiscal-monitoring

Local Government Management Guides – Series of publications that include technical information and suggested practices for local government management

www.osc.state.ny.us/local-government/publications

Planning and Budgeting Guides – Resources for developing multiyear financial, capital, strategic and other plans

www.osc.state.ny.us/local-government/resources/planning-resources

Protecting Sensitive Data and Other Local Government Assets – A non-technical cybersecurity guide for local government leaders

www.osc.state.ny.us/files/local-government/publications/pdf/cyber-security-guide.pdf

Required Reporting – Information and resources for reports and forms that are filed with the Office of the State Comptroller

www.osc.state.ny.us/local-government/required-reporting

Research Reports/Publications – Reports on major policy issues facing local governments and State policy-makers

www.osc.state.ny.us/local-government/publications

Training – Resources for local government officials on in-person and online training opportunities on a wide range of topics

www.osc.state.ny.us/local-government/academy

Contact

Office of the New York State Comptroller
Division of Local Government and School Accountability
110 State Street, 12th Floor, Albany, New York 12236

Tel: (518) 474-4037 • Fax: (518) 486-6479 • Email: localgov@osc.ny.gov

www.osc.state.ny.us/local-government

Local Government and School Accountability Help Line: (866) 321-8503

SYRACUSE REGIONAL OFFICE – Rebecca Wilcox, Chief of Municipal Audits

State Office Building, Room 409 • 333 E. Washington Street • Syracuse, New York 13202-1428

Tel (315) 428-4192 • Fax (315) 426-2119 • Email: Muni-Syracuse@osc.ny.gov

Serving: Herkimer, Jefferson, Lewis, Madison, Oneida, Onondaga, Oswego, St. Lawrence counties

osc.state.ny.us

