Elements of a Compliant School-Based Medicaid Program: A National Perspective on Audits

NAME Conference, October 2017

Bryan Hawkom, PCG
Kathleen Cummins Merry, Wayne RESA
Michelle Simmons, PCG

Michelle Simmons has 18 years of experience in public sector consulting work, with her focus being school-based Medicaid reimbursement projects, educational data management, and special education. Michelle has unique school-based program negotiation, strategy, and implementation experience including areas such aslieu of Title One, Random Moment Time Study (RMTS) methodology, fee for service billing, and cost settlements. Her involvement in education background is the field of disability advocacy. Michelle brings with her an extensive background in Medicaid and special education regulations and policy. Michelle’s experience has given her a strong expertise in audit training, which she uses to develop and enhance change management and training programs associated with education services such as non-inclusive service outreach and implementation, Medicaid systems implementation, which she has led in states such as Arizona, Michigan, California, and New Jersey.

Bryan Hawkom is a manager with Public Consulting Group (PCG). He has been involved in school-based Medicaid billing for over 17 years. Bryan currently leads the Medicaid Billing and Case Management practice. He has served as project lead for the School Billing, etc. merry at the Medicaid agency. Bryan lives in the Boston area with his wife and 4 children.

Kathleen Merry is the Executive Director of Medicaid Reimbursement for Wayne RESA, the largest educational service agency in Michigan. Since the onset of her position in 1994, Kathy has been an integral part of the development of the Medicaid program at both the state and federal level. Kathy sits on the School Based Services state advisory board in Michigan, and is the LEA representative for the NAME organization.

Objectives

Understand the elements of a comprehensive school based Medicaid program
Learn about recent federal audit findings and what they could mean for your program
Learn about key compliance areas and how to optimize allowable reimbursement
Federal Audits Follow the Structure of Your State’s Program

- An Office of Inspector General (OIG) audit will be structured according to the methodology in place in your state.
- What is the structure of your state program?
  - Fee for Service?
  - Medicaid Administrative Claiming (MAC)?
  - Cost Settlement?
  - Random Moment Time Study?
- Each program component has specific requirements which are outlined in the State Plan Amendment and Centers for Medicare and Medicaid Services (CMS)-approved methodology guides.
- Documentation and ability to replicate are key for all program components.

Let’s Review Trends in the Findings

- Focus on trending issues identified in multiple audits.
- Identify findings for which providers/local education agencies (LEAs) can take steps to ensure compliance—how can you make sure that this finding does not impact you?
- Monitoring audit results should be a regular activity that all stakeholders engage in collaboratively to determine:
  - Local risk (at program or provider level)
  - Opportunities to mitigate risk

For each finding we discuss, we want your ideas on how to prevent the issue in your program!

Recent OIG Audit Results for School-Based Medicaid Programs

- 11 OIG reports issued in the past 5 years on school-based Medicaid programs (Colorado, Kansas, Massachusetts, Michigan, and Texas).
- 5 of those audits focused on cost settlement, which means that due to the complexity of the reconciliation process, almost all program components are reviewed:
  - Interim Claiming
  - Cost Reporting
  - Random Moment Time Study
  - Annual Reconciliation
Common Findings in Recent Cost Settlement Audits

- Three of the five recent cost settlement audits resulted in common issues:
  - OIG stated that there needed to be a time study that covered the days during the summer quarter when school staff are working to support cost allocation
  - OIG stated that there was inadequate documentation to support RMTS responses
    - There would have been four of the five audits with this issue, but Michigan argued against it and it was not included in the final report
  - We will discuss these more later in the presentation...

Time Study Issues

- OIG has consistently focused on key areas of the RMTS both in MAC and cost settlement audits
- As the time study is often managed centrally, many of the issues are outside the purview of the LEAs
- Additionally, time study requirements are outlined in the RMTS implementation guide approved by CMS for each state
- Issues raised include:
  - Inability to replicate sample
  - Technical documentation supporting sample generation
  - Questions on work start/end times for participants
  - Activity coding and quality assurance procedures

RMTS Activity Responses Coded Incorrectly

- Coding of activities is always scrutinized in an audit
- Documentation of coding rules as approved by state agency is critical

What can I do to ensure our program is compliant?

- Many states contract with a vendor to code all RMTS responses centrally...
- LEAs should train RMTS participants on providing detailed, specific narrative responses
- Ensure there are adequate quality assurance processes in place for coding review
Time Studies Were Inaccurate or Invalid
- Staff in incorrect cost pools
- Calendar start and end times not reflective of full universe of work time
- Trending: Questions about the need for a summer time study; Questions about required documentation to support RMTS responses

What can I do to ensure our program is compliant?
- Actively manage staff pool list
- Tailor calendar and schedules to the highest level of detail allowed
- Utilize shift schedule capabilities for part-time staff if possible

Unallowable Costs Were Included in the Claim
- Common issue: Costs included in annual cost report for staff not included in the RMTS process
- Federal funding not backed out of cost reports

What can I do to ensure our program is compliant?
- Develop clear methodology for tracking staff on staff pool list (SPL) quarter by quarter so that finance staff understand need for cost allocation based on RMTS participation

Documentation Inadequate to Support Billed Services
- Standard medical documentation requirements apply and documentation must be readily available on demand
  - Date of service
  - Start/end time of service
  - Goals addressed
  - Progress made
  - Signature of provider

What can I do to ensure our program is compliant?
- Configure service documentation system with edit checks on required data elements
- Archive service documentation on billed services to be accessed 5-7 years from now
Services Provided Were Not Required in the Individualized Education Program (IEP)

- Common issue for specialized transportation, personal care services
- Also can be an issue in terms of claimed volume versus prescribed volume

What can I do to ensure our program is compliant?
- Develop clear policy and expectations for how services are justified (medical necessity), prescribed (scope, frequency, duration) and documented in the IEP

Clinicians Did Not Have Appropriate Qualifications to Bill Medicaid

- Expired licenses for Medicaid qualified providers
- Assistants billing without supervision

What can I do to ensure our program is compliant?
- Conduct regular provider qualification audits
- Collect documentation to support qualifications locally (do not depend on state system to produce documentation during an audit)

Keys Compliance Focus Areas for Reimbursement Optimization

- Optimize Staff Pool List
- Enhance Documentation for Transportation Claiming
- Conduct Data Analysis to Better Understand YOUR Program

What tools might you have available to assist in these areas?
- Colleagues (share best practices!)
- State Agencies (publish basic program data by provider for comparison purposes)
- Vendors (develop actionable reports)
- Data Systems and Reports (know your existing capabilities)
How Can I Be More Proactive in Managing Compliance and Optimizing My Program?

- Stakeholders should use data reporting tools to:
  - **Deeply understand your program results**
  - Which staff categories result in highest reimbursement level for your LEA? Can you restructure funding streams accordingly?
  - Which staff categories have time study return or compliance issues? Do certain groups need refresher training on the process?
  - What are the denial rates for your various claim types? Are these consistent over time or have there been trends? Is there a gap in your claiming process that needs to be addressed?

**EXAMPLE:** Wayne County RESA Medical Reimbursement

<table>
<thead>
<tr>
<th></th>
<th>Case Management</th>
<th>Personal Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014-15</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Service Staff</td>
<td>31,446</td>
<td>41,966</td>
</tr>
<tr>
<td>Case Management</td>
<td>31,446</td>
<td>41,966</td>
</tr>
<tr>
<td>Personal Care</td>
<td>31,446</td>
<td>41,966</td>
</tr>
<tr>
<td>ISD Reimbursement Total</td>
<td>60.00%</td>
<td>60.00%</td>
</tr>
<tr>
<td>ISD Reimbursement</td>
<td>60.00%</td>
<td>60.00%</td>
</tr>
<tr>
<td>Net $'s to ISD</td>
<td>$0.14</td>
<td>$0.01</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>Case Management</th>
<th>Personal Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015-16</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Direct Service Staff</td>
<td>34,446</td>
<td>45,966</td>
</tr>
<tr>
<td>Case Management</td>
<td>34,446</td>
<td>45,966</td>
</tr>
<tr>
<td>Personal Care</td>
<td>34,446</td>
<td>45,966</td>
</tr>
<tr>
<td>ISD Reimbursement Total</td>
<td>60.00%</td>
<td>60.00%</td>
</tr>
<tr>
<td>ISD Reimbursement</td>
<td>60.00%</td>
<td>60.00%</td>
</tr>
<tr>
<td>Net $'s to ISD</td>
<td>$0.16</td>
<td>$0.01</td>
</tr>
</tbody>
</table>

**Issue of Interest:** Reimbursement Levels Interim Claiming v. Cost Settlement

- One recent audit cited the fact that 91% of school-based Medicaid reimbursement for the state was claimed through the cost settlement process.
- At least one state has capped the level of reimbursement that can be claimed through cost settlement.
- CMS has mentioned in dialogue that the expectation is that 85-90% of reimbursement should be claimed through interim claiming, as opposed to the cost settlement process.

What percentage of reimbursement do you receive through interim claiming? How can this be managed?
Proactive Compliance Management

- Review OIG reports on school-based Medicaid programs as they are issued to understand findings and proactively test your program for vulnerabilities.
- Review national audit findings to determine:
  - Areas of exposure
  - Current areas of focus for OIG/CMS
  - Ways in which school-based programs are being evaluated
  - Explanations/support offered by state as response to findings
  - How states addressed issues identified

Periodic Self Audits on Paid Claims

- Staff Eligibility/Qualifications
- RMTS compliance and documentation
- Supporting documentation for quarterly/annual cost reporting, including any allocation methodologies
- Documentation of Medicaid eligibility determination
- Service documentation, including bus logs
- Adequate IEP "prescription" for services billed
- Documentation and fulfillment of supervision requirements

Questions?
Contact Information

Bryan Hawkorn, PCG
bhawkon@pcgus.com

Kathleen Cummins Merry, Wayne RESA
merryk@resa.net

Michelle Simmons, Ph.D., PCG
msimmons@pcgus.com