Transforming Program Compliance Into a Day at the Beach
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Objectives
- Overall requirements for direct services billing
  - LEA & State Agency obligations for program compliance
  - Tools for LEAs & State Agencies to ensure compliance
- Overall requirements for administrative claims
  - LEA & State Agency obligations for program compliance
  - Tools for LEAs & State Agencies to ensure compliance
**Historical Background**

- State developed the *NM Medicaid Guide for School-Based Services* that has been published since 2005
- NM had a CMS review of the Medicaid School-Based Services (MSBS) program in 2006
  - Findings included insufficient oversight of Medicaid Administrative Claiming (MAC) cost reports
- State implemented a Monitoring and Technical Assistance Plan that included reviews of MAC and direct service claims

**School Participation in NM**

- Currently 86 of 89 local education agencies (LEAs) participate in the MSBS program
  - Approximately 48 small LEAs and 30+ charter schools participate through one of 9 Regional Education Cooperatives (RECs)
  - 2 other state funded education agencies (SFEAs): NM School for the Blind & Visually Impaired and NM School for the Deaf
  - Approximately 25,498 students served
  - 55 – 60% of all students and 65 – 70% of SPED students receiving services are Medicaid enrolled

**Recent Changes**

- Prior to FY16 many of the small districts only billed for direct services and did not participate in MAC
  - Transition to cost settlement in FY16 mandated participation in the Random Moment Time Study (RMTS)
  - Remaining districts encouraged to also participate in MAC
- FY16 payments of $42.75 M
  - $12.27 M interim payment for direct services
  - $21.4M direct services cost settlement payments
  - $9 M MAC payments
**Monitoring and Technical Assistance Plan**

- Created a 4-year cycle for reviewing all participating LEAs, RECs and SFEAs
  - On-site visits to review direct services claims
  - Desk audits of MAC reports
  - 3rd round of visits concluded in Spring 2017
- Compliance issues addressed through Corrective Action Plans (CAPs)
- Referrals to the Office of Inspector General, Program Integrity Unit

**Guidance Documents**

- Quality Assurance Checklist for MSBS Providers
  - Documentation requirements for direct services
  - Provider qualifications
  - Documentation requirements for MAC
- MSBS Site Review Tools
  - Overall Program, Direct Services, MAC and Cost Settlement

**Direct Services Documentation**

- Copy of Individualized Education Plan (IEP) authorizing related services
- Present Level of Performance and/or evaluation/re-evaluation: Health Plan for Nursing Services
- Primary Care Provider (PCP) Notification of Services or documented Good Faith Effort
- Student attendance record
- Name of the LEA, REC or SFEA
- Student’s name, DOB and Medicaid/unique identification number
- Date, time, duration and location of service
- Description of service provided, including HCPCS and ICD-10 codes
- Individual service provider’s progress notes signed and dated by the provider with credentials: indicating activity, progress and outcome
- Documentation of the provision of supervision, as applicable
- Documentation showing that transportation services were billed on a day when a MSBS-covered direct health service was also provided
LEA Medicaid Coordinator Responsibilities

- Maintain tracking systems to ensure that all related service providers have NPI and state Medicaid provider numbers, as applicable
  - Ensure that state regulation and education department licenses are renewed and sent to Medicaid agency
- Maintain a system for obtaining physician referrals/signatures per state requirements
- Conduct periodic reviews of IEPs and provider documentation to ensure thoroughness and accuracy

Know your individual state and federal requirements and communicate them with all parties involved
- Regularly monitor “reports section” of billing system/program to see if related service providers are entering data
- Review remittance advices to identify potential billing issues and make corrections

Program Reports from 3rd Party Biller

- Report that provides all service details to meet program review requirements
- Reports that provide an easy way to track entries being made by related service providers
- Reports that provide detail on student data i.e., expired IEPs, missing parental consent, PCP signature, related services on IEP, etc.
- Report that provides related service provider data i.e., expired licensure, credentials, Medicaid/NPI numbers, etc.
Tracking Supervision of Providers

- Ensure that you have a procedure in place to ensure that supervision of providers is being conducted in accordance with state policies
  - List of supervisees and supervisors
  - Written procedures for supervision
  - Copies of supervision logs
- Review of billing system reports to ensure regular approval of services
  - Supervisor approval should be clearly documented in the system and any reports with appropriate credentials

Conducting On-Site Reviews

- Review sample of direct service claims from past two (2) fiscal years.
- The sample size is percentage based on the average number of paid claims for the past two fiscal years.
  
<table>
<thead>
<tr>
<th>Number of Paid Claims</th>
<th>Sample Size</th>
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<tbody>
<tr>
<td>0 - 299</td>
<td>10%</td>
</tr>
<tr>
<td>300 - 999</td>
<td>5%</td>
</tr>
<tr>
<td>1,000 - 4,999</td>
<td>3%</td>
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<tr>
<td>10,000 - 19,999</td>
<td>1%</td>
</tr>
<tr>
<td>20,000 - 29,999</td>
<td>0.5%</td>
</tr>
<tr>
<td>30,000+</td>
<td>0.25%</td>
</tr>
</tbody>
</table>

- Small LEAs will at least have 1 claim from each provider type reviewed
Reviewing the IEP

- The IEP is the cornerstone of all services provided to special education students
- Provides the basis for justifying the need for Medicaid-eligible related services
  - Initial evaluation determines need for services
  - Present Levels of Academic Achievement and Functional Performance provides statement of current status
  - 3-year re-evaluations define ongoing need for services
- Annual Goals and Objectives provide pathway for meeting needs listed in the Present Levels
- Schedule of Services defines the frequency and duration of services to be provided

Present Level of Performance

- IDEA’s Exact Words – Each child’s IEP must contain...
  - A statement of the child’s present levels of academic achievement and functional performance, including—
    - (i) How the child’s disability affects the child’s involvement and progress in the general education curriculum (i.e., the same curriculum as for nondisabled children); or
    - (ii) For preschool children, as appropriate, how the disability affects the child’s participation in appropriate activities...

PED Guidance on PLPs

- NM PED’s Developing Quality IEPs Technical Assistance Manual states that Present Levels should be:
  - Current – based on recent data, observations and evaluation (within the last year)
  - Relevant – related to how the student’s disability affects his or her education
  - Specific – described as precisely as possible; explain the data and describe what therapy will therefore be provided
  - Objective – unbiased and from a variety of sources, such as formal observations, work samples, input from teachers, parents, service providers, formal and informal assessments and tests
  - Measurable – conclusions from assessments, test scores and other quantifiable data
PLP Examples

- Megan exhibits articulation errors and expressive/receptive language deficiencies. See evaluation dated 9/1/2015.
- Articulation: Megan uses fluent speech, complete sentences, relevant questions, appropriate grammar, and age-level vocabulary in his conversational speech. She has appropriate volume, voice pitch, and nasal quality in her day-to-day speech. She can produce the following age-appropriate sounds: /m, n, b, t, d, k, g, l, f, v, h, w, x, j, and th/ sounds and /l/ blends in words, sentences, and in conversational speech with 90% accuracy. Megan has sound errors present on the /s, z, sh, ch, j, and r/ sounds, and /r, and s/ blends in words. Her articulation errors noted above cause her speech to be difficult to understand when reading aloud and when talking to peers. She is asked to repeat what she said and sometimes she seems embarrassed to say the sentence again. Megan shies away from talking when around strangers because she is afraid of not being understood.
- Expressive/Receptive Language: Megan uses verbal speech but is frequently difficult to understand. She inconsistently responds to the “wh” questions. Megan averages 68% accuracy. She is able to maintain conversation without prompts with 64% accuracy. Same age peers in general education would be able to initiate and maintain conversations in academic and social settings. Megan’s expressive language impedes her ability to fluently and accurately communicate in a general education setting. The data reveals that Megan needs to maintain conversations expressing 3–4 social exchanges without cues. She also needs to respond appropriately to “wh” questions.

Provider Documentation

- In the medical world, if the service is not documented, it did not take place.
- When documenting the service, providers should ensure that these 5 questions are addressed in the documentation:
  - Why did the student present for service/treatment?
  - What kind of treatment did student receive?
  - What was observed during the service/treatment?
  - What was the outcome of the service/treatment?
  - Is Follow-up needed?
- Relate documentation to goals and objectives in the IEP.

Format for Documentation

- SOAP Format
  - Subjective, Objective, Assessment, Plan
- DAR Format
  - Data, Action, Response
- Notes can be written in a narrative paragraph
- It is the provider’s professional responsibility to make sure that the note has sufficient, specific detail and is well-written
Examples of Bad Documentation

- OT – “FM/HW initials traced & copied”
- PT – “balance and reaching for toy”
- SLP – “instructions with prepositions”
- SW/PSY – “anger management”
- Nursing – “post seizure care”

Examples of Good Documentation

- OT – “Fine motor/handwriting exercise. Traced initials 12X with 90% accuracy. Copied initials 18X, T legible, C is not. Will continue to work with student.”
- PT – “Worked on standing balance by taking steps to the R & L to reach for a toy with min assistance. Able to ambulate 200’ by holding hands.”
- SLP – “2-step instructions with prepositions: with in front of, behind, between, under, on top of, next to, with 80% accuracy.”
- SW/PSY – “Anger management group. Focused on de-escalation techniques. Very agitated and unable to focus and participate.”
- Nursing – “Emergency skilled nursing services required for post grand mal seizure observation. Teacher reported … Moved to nurses office for observation. (Assessment). Home with mom at 13:10.”

Cost Settlement for Direct Services

- Focus shifts to ensuring costs have been correctly reported, however, program and documentation requirements remain the same
  - PCP Notifications must be completed
  - IEPs must be completed and accurate
- Documentation must still exist to support billing/settlement for direct medical services
**Medicaid Administrative Claims**

- Quarterly review of time–study coding completed by the state’s 3rd party vendor
- Ongoing review of outliers during claim submission
- During the 4-year review, two (2) quarters of MAC are also reviewed (typically one from each of the two previous FY)

**MAC Documentation**

- Annual 40–day student rosters sent to state and the matched list utilized to calculate the Medicaid Eligibility Rate (MER)
- Job description of each employee included in time study
- Access to verify attendance of staff who participated in the time study
- Payroll records for all LEA staff reported on the participant list
- Records showing payment of purchased services for contracted employees (Detailed invoices and PO Reports indicating the account used for payment)
- Report showing account codes utilized to calculate allowable allocated costs
- The quarterly claim approved for payment
- Any other information used to substantiate the claim
MAC Direct Costs

- Salary & Benefits for district staff
- Total costs for contracted staff
- Only reported for the Medicaid-related jobs of those staff on the Participant List
  - Staff paid out of Operational Funds or MSBS funds
  - Any other federal funds (IDEA, Pre-K, Carl Perkins) must be “backed out” from the reported costs; Staff paid 100% federal funds should not be included on Participant List

Calculating Direct Costs

Salary and Benefit Calculator
In addition to the PO Pay History Report, copies of the invoices with the breakdown for each contracted employee must be provided so that the individual contractor costs can be calculated.

- Calculate costs PAID during the quarter, not costs accrued.

CMS has specified which costs are allowable.

- Vendor and state review the NM Public Education Dept. Chart of Accounts for object codes to be reported:
  - Audit Costs - 53411
  - Bonding Costs - 53412
  - Communication Costs - 54416
  - Legal Costs - 53413
  - Maintenance, Operations, and Repair Costs - 54311, 54312, 54411, 54412, 54413, 54414, 54415, and 55200
  - Material and Supplies Costs - 56113*, 56114, 56115, 56116, 56117 and 56118*
  - Membership, Subscriptions, and Professional Activity Costs - 53330 and 53711
  - Professional Service Costs - 53414
  - Rental Costs (Building and Equipment) - 54610*, 54620*, 54630* and 54640*
  - Tax Costs - 58211
  - Travel and Training Costs - 55811, 55812, 55813*, 55815*, 55816*, 55817, 55818* and 55819

* Certain costs from the 2300 and 2500 functions must be excluded as they are calculated in the indirect cost rate.
In order to appropriately allocate costs, the district must also report TOTAL Salaries, Benefits, and Contracted Costs paid out of Operational and MSBS Funds.

- Total Salaries = total of all salary object codes (including over-time and additional compensation)
- Total Benefits = total of all district-paid benefit object codes
- Total Contracted Costs = total of all contracted object codes (not just contracted therapist codes)
  - Including certain allocated costs that were previously reported in the Allocated Costs section (Auditing, Legal, Professional Development, etc.).
Cost Reporting Errors

- Incorrect reporting of costs is **BAD**.
  - Over-reporting leads to a larger claim than you are entitled to.
    - If you over-report, we will recoup the difference.
  - Under-reporting leads to a smaller claim that you are entitled to.
    - If you under-report and don't discover it until years later, we will **not** pay you the difference.
- Make sure you have the correct information.
- Check your work!
- Have someone else check your work!!

Cost Settlement Review

- Initial reporting of costs for direct services is pulled from quarterly MAC reporting
- LEAs should compare to end-of-year (EOY) documentation and make any adjustments
  - Salaries reported incorrectly due to federal funds, non-Medicaid duties or missed reporting if a participant was added mid-year
  - Potential moves of contractor expenses at EOY to expend federal funds

Cost Settlement Documentation

- EOY Payroll Journal for all district employed therapists
- EOY PO Report for all contracted therapists
  - Individual invoices also available for agencies with multiple staff
- PO reports and invoices for direct medical supplies
- Financial reports for claimed transportation costs
  - Proof of need for individual students requiring Medicaid-eligible specialized transportation
Salary calculations are identical to those for MAC
- Exclude federal funds or non-Medicaid activities
- If MAC was done correctly, aggregation of all 4 quarters should match EOY reports
  - If there are errors, do not leave them in the cost report
  - Only changes/additions would be for those staff who were not reported during one of the MAC quarters (e.g. SLP hired in September, added to RMTS for October – December quarter)

Direct medical supply costs are reviewed item-by-item to ensure compliance with CMS approved list
- Requires detailed copies of invoices and POs
- Transportation costs are validated by reviewing IEPs for those students that the LEA claimed as receiving specialized transportation
State Validation of MER Data

- State compares district reported numbers for total students receiving related services with data reported to the NM Public Education Department to validate MER
  - Cost reports adjusted if original MER was incorrect
  - Huge potential changes to cost settlement amount

Communicating for Success

- Know your state Medicaid & Education staff and don’t be afraid to ask questions
- Communicate regularly with staff from your 3rd party biller
- Build rapport with related service providers
  - Knowledge about the tools/billing system your providers use is power!
  - Be flexible, supportive and understanding
  - Happy therapists do good Medicaid billing!

Questions???