

SOUTH ORANGETOWN CENTRAL SCHOOL DISTRICT

*Internal Audit Report
on
System to Track and Account for Children
and
Medicaid Procedures*

South Orangetown Central School District
Internal Audit Report on STAC and Medicaid Procedures

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Board of Education
South Orangetown Central School District
160 Van Wyck Road
Blauvelt, NY 10913

We have been engaged by the Board of Education (the “Board”) of the South Orangetown Central School District (the “District”) to provide internal audit services with respect to the District’s internal controls related to System to Track and Account for Children (“STAC”) and Medicaid procedures for the period July 1, 2021 through June 30, 2022.

The objectives of the engagement were to evaluate and report on the District’s internal controls pertaining to the STAC and Medicaid procedures and to test for compliance with laws, regulations, and the District’s Board policies and procedures.

In connection with the following procedures, we have provided findings and recommendations for the internal controls related to the STAC and Medicaid procedures. Our procedures were as follows:

- Reviewed the District’s policies, procedures, forms and practices with regards to STAC and Medicaid processing;
- Tested a sample of in-District and out of District summer placements to determine if the applicable STAC form is filed and agrees to the *Individualized Education Program* (“IEP”), costs are calculated accurately, the student is listed on the summer school invoice and transportation costs have appropriate supporting documentation;
- Tested a sample of ten month public and private placements to determine if the applicable STAC form is filed and agrees to the IEP, costs are calculated accurately and traced to the student’s supporting documentation;
- Tested a sample of Board of Cooperative Educational Services (“BOCES”) placements to determine if the applicable STAC form is filed and agrees to the IEP, costs are calculated accurately and traced to the student’s supporting documentation;
- Reviewed the District’s summer school handicap receivables to determine if the receivables are still collectible, if the District is monitoring the summer school receivables and that the receipt of payment is properly recorded;
- Reviewed the District’s policies, procedures, and practices and relevant guidance that the District utilizes with regard to the District’s Medicaid billing practices and the steps the District takes to ensure that they are billing and receiving the maximum reimbursement possible;

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- Interviewed appropriate personnel involved with the District's Medicaid billing procedures to gain an understanding of the processes in place at the District, including relevant information systems utilized in billing Medicaid;
- Tested, on a sample basis, students receiving Medicaid eligible services by obtaining the student's IEP to determine the services and that the District has properly billed Medicaid, required documentation is on file for the related services and/or evaluations and that the District received the proper payments depending on the type of service or evaluation administered.

The results of our procedures are presented on the following pages.

Our procedures were not designed to express an opinion on the internal controls related to STAC and Medicaid procedures, and we do not express such an opinion. As you know, because of inherent limitations of any internal control, errors or fraud may occur and not be prevented or detected by internal controls. Also, projections of any evaluation of the accounting system and controls to future periods are subject to the risk that procedures may become inadequate because of changed conditions.

We would like to acknowledge the courtesy and assistance extended to us by personnel of the District. We are available to discuss this report with the Board or others within the District at your convenience.

This report is intended solely for the information and use of the Board, the Audit Committee and the management of the District and is not intended to be and should not be used by anyone other than those specified parties.

Very truly yours,



R.S. Abrams & Co., LLP
April 10, 2023

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STAC OVERVIEW

Federal and State laws and regulations require that school districts provide special education programs for students with disabilities. Special education refers to special individualized or group instruction or special services or programs to meet the unique needs of students with disabilities. A student can be referred to a school district's Committee on Special Education ("CSE") for special education services. The CSE arranges for an evaluation of the student's abilities and needs, and determines if the student should receive special education services and programs. Once the CSE has evaluated and determined that the student needs special education services, an appropriate *Individualized Education Program* ("IEP") is developed which identifies the services to be provided in the least restrictive environment. Pursuant to Education Law, school districts may also request reimbursement of approved costs for providing special needs programs to school age special education students who attend the District or a Board of Cooperative Educational Services ("BOCES") program.

The System to Track and Account for Children ("STAC") and Special Aids Unit within the New York State Education Department ("SED") is charged with the administration and processing of requests for the Commissioner of Education's approval for reimbursement. This includes reimbursement approval for the costs of providing services to preschool and school-age students placed in special education programs at public and SED-approved private schools, special-act school districts, BOCES, and at state-supported and state-operated schools for the deaf and blind. It also includes reimbursement approval for students who have been determined to be homeless or runaway youth and for education services provided to incarcerated youth.

The Office of Pupil Personnel Services is responsible for providing programs and services to students with disabilities such as special classes, counseling, speech and language therapy, occupational therapy, physical therapy, itinerant hearing and vision services. A student may be recommended to the CSE to determine if the student is eligible for special education services. The CSE arranges for an evaluation of the student's abilities and needs and determines the student's eligibility. An IEP is then developed which identifies the program and/or related services to be provided in the least restrictive environment for the student. The CSE prepares the STAC forms and forwards them to the Office of Pupil Personnel Services. The Assistant Superintendent for Pupil Personnel Services will review and approve the STAC forms. The account clerk in Pupil Personnel Services forwards the approved STAC forms to Questar III BOCES, who is contracted by the District to STAC students. The Office of Pupil Personnel Services determines which students should have a STAC form and monitors the associated tuition and transportation costs. Aid payments are monitored by the Office of Pupil Personnel Services and the business office.

The STAC and Special Aids Unit ("the Unit") also maintain a database of demographic, enrollment, and cost data for students with disabilities, preschool special education students, and incarcerated, homeless and runaway youth. Various forms are submitted annually for each of the eligible categories. Utilizing the information reported on the STAC forms, a STAC approval listing is forwarded to Questar III BOCES to review the submitted STAC forms. Questar III BOCES will then have an opportunity to make any necessary revisions on the STAC online system. Once the information on the STAC forms have been verified online by Questar III

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BOCES, the Unit then reviews and submits approved payment reports to Questar III BOCES and the District of entitled aid reimbursements.

SUMMER PLACEMENTS

Based upon our interviews and observations, we noted the procedures for the summer placements to be as follows:

Under *Section 4408* of New York State Education Law, a school district may file for reimbursement for school-age special education students with extended school year programs who are placed in SED approved school district or BOCES programs, or in SED approved private day or residential programs. School districts will be reimbursed 80% of the approved total costs for education and, if applicable, maintenance and transportation.

There is no minimum expense required to generate state aid which is based on current year enrollment and costs. State aid payments are processed in two separate checks up to 56% payable prior to April 1st for current year enrollment and costs and the remaining aid up to 80% payable in subsequent payments. A school district has up to three years to claim state aid for a particular year.

The STAC and Special Aids Unit will place a stop payment flag on transportation amounts submitted on a STAC form for amounts over \$6,500. A school district will then need to submit transportation invoices or calculations to justify a student cost exceeding the \$6,500 threshold. After the STAC and Special Aids Unit has verified the transportation calculations, the stop payment flag will be removed. No summer transportation aid will be paid for a student until the stop payment flag is removed.

Once the summer program is over, the Office of Pupil Personnel Services will receive a monthly services billing report from BOCES or invoices from the private schools which are utilized to determine the number of days the students attended the summer program. This information is forwarded to Questar III BOCES to properly STAC the student.

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10 MONTH HIGH COST PUBLIC PLACEMENTS

Based upon our interviews and observations, we noted the procedures for the 10 month high cost public placements to be as follows:

Under *Section 3602* of the New York State Education Law, a school district may file for reimbursement for school-age special education students who attend a school district or BOCES program and who have an annualized special education cost that meets or exceeds the school district's threshold dollar amount as determined by the SED. Public excess cost aid is generated to the school district for direct special education services. Current year aid is based on prior year enrollment and education costs. A school district's high excess cost threshold can be located on line 5 of the *Public Excess Cost Aid Output Report*. Payment is made up to 25% in December, an additional 45% in March, and then another 15% in June and with any remaining balance paid in August. Aid for the current year is based on the prior year's enrollment and cost.

A school district should file full time equivalent and cost data with the SED to claim state aid. For high cost students over their State determined threshold, the District should file a completed *High Cost Student Data Report* to the STAC and Special Aids Unit. A claim for reimbursement includes the 10-month (September 1- June 30) annualized actual cost for an in-district high cost student, which only includes the cost of direct special education services provided to the student according to his/her IEP. Additionally, a school district has up to two years to claim reimbursement for a particular year.

Pursuant to a NYS Division of the Budget directive, costs for student-specific aides, nurses, and interpreters are not eligible for excess cost aid for periods where the student was not provided either in-person or remote services consistent with the student's IEP.

Once the CSE has made a formal recommendation of a 10-month BOCES placement, paperwork such as a *Request for Placement School Age (5-21)* and a letter with instructions are sent to BOCES. The *Request for Placement School Age (5-21)* indicates the student information, the parent contact information and placement information. Additional information includes the disability information, specifications on the BOCES program requesting alternate placements and services requested for itinerant services such as hearing, vision, orientation, and mobility services. Once the *Request for Placement School Age (5-21)* is approved by the Assistant Superintendent for Pupil Personnel Services, the form is forwarded to BOCES for approval. Once the approved *Request for Placement School Age (5-21)* has been received by the Office of Pupil Personnel Services, a placement meeting to establish the IEP is scheduled.

Based on the outcome of the CSE review meetings, Questar III BOCES compiles a list of students who may be deemed as a high-cost student such as a student with a 1:1 aide, (one aide per one student) or a special class setting. Questar III BOCES then calculates the teacher's pro-rata share of the teacher's salary and benefits and prepares a worksheet of the student's special education services and costs as indicated on the IEP. The salary and benefit information are confirmed with the District before the actual calculation is performed. The District's high excess cost aid threshold as established by the SED is then deducted to arrive at the costs eligible for aid. This information is then utilized in the preparation of the STAC form for the student.

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10 MONTH HIGH COST PRIVATE PLACEMENTS

Based upon our interviews and observations, we noted the procedures for the 10-month high-cost private placements to be as follows:

Under Section 4405 of New York State Education Law, a school district may file a claim for reimbursement for school-age special education students placed in day or residential programs at SED approved private schools. Current year aid is based on prior year enrollment and education costs. Aside from the initial private placement documentation, pre-approval also needs to be done when the following placement changes occur:

- School district;
- Day to residential placement;
- Residential to a day placement;
- From preschool to school age;
- In-state to out-of-state; and
- Out-of-state to in-state.

A school district must file a *Private Excess Cost (4405)* STAC 1 form for all in state and out of state private placements and both out-of-state and Emergency Interim Placements (“EIP”). The STAC and Special Aids Unit requires the submission of an out-of-state packet each year. The District of Residence pays the tuition, Dormitory Authority fees (if applicable), and the aide/nurse/interpreter cost (if applicable) in the first instance. All three costs are calculated based on rates are set by the New York State Education Department's Rate Setting Unit. Additionally, a school district has up to two years to claim reimbursement for a particular year.

A parent has the right to place their child in a private/parochial school setting; however, the special education services will be the responsibility of the District of Location (the district where the private or parochial school is located). The District of Location will then bill the District of Residence (the District where the student resides) for special education services and related administrative fees.

CSE initiates the recommendation for a student to attend a private school if the program is not offered by BOCES or for a residential placement. The Office of Pupil Personnel Services submits a letter to the private school introducing the student and forwards the necessary documents.

The Office of Pupil Personnel Services sends the documents requested by the private schools. A cover letter on the District's letterhead is completed and enclosed in a package that is sent to the private school responsible for screening the student. The letter indicates an enrollment packet for the student has been enclosed which includes the student's IEP, updated social history, most recent psychological report and educational placement evaluation. Other documents include the student's most recent applied behavioral analysis (“ABA”) and parent training progress report, and reports each covering physical, speech, counseling, and occupational therapy.

Once the private school has approved the student for the applicable special education program, an acceptance letter is forwarded to the Office of Pupil Personnel Services. The CSE then creates

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an IEP and the special education services will begin. The District will ensure a contract is in place for the private school and that a purchase order has been created. The rates for private schools are set by New York State Education Department. The private school then submits an invoice to the Office of Pupil Personnel Services who reviews the invoice and signs approving it for payment. Invoices are also reviewed by the Claims Auditor. All documentation is maintained in the Office of Pupil Personnel Services.

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STATE SUPPORTED AND STATE OPERATED SCHOOLS

Based upon our interviews and observations, we noted the procedures for the state supported and state operated schools to be as follows:

State-operated and State-supported schools were established and are governed by *Articles 85, 87, 88 and 89 of the Education Law*. The State-operated schools are directly operated by the State Education Department while the State-supported schools are privately operated but publicly funded by the State Education Department. State Supported and State Operated Schools (“§4201 Schools”) are schools designated for children with deafness, visual impairment, emotional disturbance or multiple disabilities. State-supported schools are privately operated programs. Application for State appointment to a State Supported school may be initiated by the student’s parent or guardian or by the CSE for the school district responsible for the student. The District of residence is fiscally responsible for §4201 program placements at State-supported schools for students ages 3 through 21.

The initial CSE *PHC- 10* application along with the STAC I are submitted directly to the Vocational and Education Services for Individuals with Disabilities (“VESID”) Unit within SED for approval. The *PHC-10* application to the Commissioner of Education must be supported by adequate written evidence of the specific student’s disability.

The school district at the time of placement remains the district of origin for the student unless there is a change in placement. Each §4201 School has a Multidisciplinary Team (“MDT”) which functions as a Committee on Special Education/Committee on Preschool Education (“CSE/CPSE”) and conducts a comprehensive evaluation of a student referred to the §4201 School. Other information considered are the appropriateness of acceptance into the school and an IEP is then developed. Appointment to a §4201 School is made by the Commissioner of Education based on the recommendation of the school’s MDT.

A student’s parent/guardian and/or the home school district CSE/CPSE may request placement at a §4201 School by submitting a *PHC-10* application directly to the Office of Pupil Personnel Services. The Assistant Superintendent for Pupil Personnel Services examines the supporting documentation submitted with the *PHC-10* application and determines whether the student meets eligibility criteria. If the student does not meet the criteria for referral to a §4201 School, the reviewer submits a letter to the parent/guardian with a copy to the home school district CSE/CPSE.

If the student meets eligibility criteria, the reviewer forwards a letter to the parent/guardian indicating that the application has been reviewed and that a referral is being made to the school closest to the student’s home for an evaluation, with a copy to the §4201 School and to the home school district CSE/CPSE. The District’s copy of the letter to the parent/guardian serves as a referral to the district CSE/CPSE.

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The STAC Unit processes reimbursement for certain transportation costs based on the type of education program being provided.

- For 10-month transportation costs, reimbursement is not available through the STAC Unit. The responsible school district claims reimbursement for transportation costs through the Transportation Aid process, along with transportation costs for other 10-month students.
- For 2-month (summer) session transportation costs, the responsible school district may be reimbursed through the STAC summer school claim process (§4408) for special education students.

For students with 10-month placements at a §4201 School, districts are entitled to receive 100% reimbursement for the costs of tuition, less their basic contribution. Reimbursement is only available for students whose STAC approvals are verified online prior to the annual December 1st verification deadline.

Questar III BOCES will be notified of the §4201 School placement and identifies the eligible services on the student's IEP and files the CSE 4201 application. Questar III BOCES also enters the *State Operated/State Supported Summer (4201)* STAC form or the *10 Month State/Operated/State Supported (4201)* form where applicable to the Unit for payment processing.

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CHAPTER PLACEMENTS

Based upon our interviews and observations, we noted the guidelines for the chapter placements to be as follows:

The Office for People with Developmental Disabilities (“OPWDD”) placing children pursuant to Chapters 47, 66, and 721 should notify the SED of such placements to provide appropriate state aid for educational services for such children pursuant to *Sections 3202.5* of the New York State Education Law. Eligible reimbursable costs for Chapters 47 placements in a public group home and Chapters 66 placements include the annualized cost of the ten month rate for education services after any year-end refunds for students placed at BOCES and any associated related services. Reimbursable costs for Chapter 721 Private ICF/IRA include transportation costs and Chapter 721 Public ICF/IRA include annualized costs, related costs and transportation costs.

The following are the types of and procedures for OPWDD chapter placements:

- Chapter 47 (Group Homes)
 - For students admitted to a family care home from a Developmental Center, a properly completed reimbursement application (STAC-1) is to be submitted to the SED by the local public school district where the Chapter 47 Group Home is located after notification of the Chapter 47 placement by OPWDD via the STAC-200 form, *Notice of Other State Agency Placements*.
- Chapter 66 (Developmental Centers)
 - A properly completed reimbursement application (STAC-1) should be submitted to the SED by the school district where the Chapter 66 Developmental Center is located after notification of the Chapter 66 placement by OPWDD via the STAC-200 form, *Notice of Other State Agency Placements*.
- Chapter 721 (Intermediate Care Facilities – “ICF”) or (Individual Residential Alternative-“IRA”)
 - A properly completed reimbursement application (STAC-1) is to be submitted to the SED by the local public school district where the Chapter 721 ICF or IRA is located after notification of the Chapter 721 placement by OPWDD via the STAC-200 form, *Notice of Other State Agency Placements*.

The STAC-200 form is a five-part form that is to be completed by the OPWDD facility. Once completed, the copies are to be distributed as follows:

- The first copy (white) should be returned to the SED who will enter the appropriate information in the STAC system. In order for public school districts to claim reimbursement for educational expenses for such children, the appropriate STAC-200 data must be on file with the SED covering the period during which reimbursement is requested.
- The second copy (pink) is a placement termination copy, which should be retained by the agency completing the STAC-200 until the child’s placement is terminated. This copy is

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to be provided to the SED once it has been signed and the appropriate termination dates have been entered.

The next three copies are included by the SED as a convenience to the other state agency who is responsible for notifying school districts or other interested agencies.

- The third copy (green) is the school district certifying disability. This copy is to be provided to the school district where the child is living which is the school district that will be claiming reimbursement for education expenses.
- The fourth copy (blue) is the school district where the parents or legal guardian resided at the time of admission to OPWDD's care. Since there is a chargeback to this school district, it is very important the District be informed of this child.
- The fifth copy (yellow) is the OPWDD facility copy.

Questar III BOCES files the STAC form for a chapter placement student. The District is responsible for the costs if the student resides within the District. Once the District has received the invoice from the residential facility, the Assistant Superintendent of Pupil Personnel Services will review and approve the invoice. The invoice and the related transportation costs are then utilized by Questar III BOCES to identify the eligible services on the student's IEP and to file a *School Age 10 Month Chapter Placement* STAC form. All documentation is then maintained on file.

The District did not have any chapter placement students to STAC for the 2021-2022 school year.

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INCARCERATED STUDENTS

Based upon our interviews and observations, we noted the procedures for incarcerated students to be as follows:

Under *Section 3202.7* of the New York State Education Law, an incarcerated youth under the age of twenty-one years that has not received a high school diploma is eligible to receive educational services. Incarcerated students receiving a *General Equivalency Diploma* are still eligible to attend school if working towards a general diploma. The school district in which the correctional facility is located is responsible for providing the educational services. This school district can apply to the STAC and Special Aids Unit for reimbursement in educating these students. Once the correctional facility has determined that educational services are needed for a child, they will notify the school district in which the facility is located. The school district completes an *Incarcerated Youth Reimbursement Request*, STAC-201/STAC-1 form online with the STAC and Special Aids unit for reimbursement. Transportation is not provided since the educational services are provided within the correctional facility which may be contracted out by the school district.

Receipt of a high school equivalency diploma does not terminate the entitlement to a free and public education leading to a high school diploma. If an incarcerated youth is receiving course work leading to a diploma, reimbursement is allowed. There is no minimum expense required to generate state aid. Additionally, the provider of the educational services to an incarcerated youth can also claim \$15,000 administrative costs and facility cost. State aid is payable only on current year enrollment and is equal to the lesser of the following except that in no case will a district with verified enrollment receive less than \$15,000 per year:

- The District's approved operating expenditure per pupil in the year prior to the base year multiplied by 1.25 multiplied by aggregate, verified full-time equivalent enrollment of all incarcerated youths in 10-month programs, or such approved operating expenditure per pupil multiplied by 1.50 multiplied by aggregate verified full-time equivalent enrollment of all incarcerated youth in 12-month programs; and
- Actual total instructional cost of providing the incarcerated youth program plus approved administrative costs. Approved administrative costs may not exceed five percent of total instructional costs.

Lastly, the school district of residence of the youth on the date of incarceration reimburses the State a defined amount of local contribution during the following school year.

The District did not have any incarcerated students to STAC for the 2021-2022 school year.

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HOMELESS STUDENTS

Based upon our interviews and observations, we noted the procedures surrounding homeless students to be as follows:

Subtitle B of Title VII of the McKinney-Vento Homeless Assistance Act (Title X, Part C, of the No Child Left Behind Act) defines "homeless" students as follows:

- Individuals who lack a fixed, regular, and adequate nighttime residence;
- An individual or family with a primary nighttime residence that is a public or private place not designed for or ordinarily used as a regular sleeping accommodation for human beings;
- An individual or family living in a supervised publicly or privately operated shelter designated to provide temporary living arrangements;
- An individual who resided in a shelter or place not meant for human habitation and who is exiting an institution where he or she temporarily resided;
- An individual or family who:
 - Will imminently lose their housing, including housing they own, rent, or live in without paying rent, are sharing with others, and rooms in hotels or motels not paid for by Federal, State, or local government programs for low-income individuals or by charitable organizations;
 - Has no subsequent residence identified; and
 - Lacks the resources or support networks needed to obtain other permanent housing.
- Unaccompanied youth and homeless families with children and youth defined as homeless under other Federal statutes who:
 - Have experienced a long-term period without living independently in permanent housing; and
 - Have experienced persistent instability as measured by frequent moves over such period and can be expected to continue in such status for an extended period of time because of chronic disabilities, chronic physical health or mental health conditions, substance addiction, histories of domestic violence or childhood abuse, the presence of a child or youth with a disability, or multiple barriers to employment.

The STAC and Special Aids Unit within the SED is responsible for processing requests for the Commissioner of Education's approval for reimbursement for students who have been designated as homeless. Students from out of state or another county are not eligible for reimbursement. If the student who is homeless attends the school district of origin, the district of origin is not eligible for tuition reimbursement. The only homeless student eligible for reimbursement is a non-resident homeless student who moves into the school district from another school district within New York State.

There is no minimum expense required and state aid is paid at 100% approved tuition costs. Reimbursement is paid at the SED approved rate for the 10-month program and is based on

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current year enrollment and costs. New York State guidelines states a school district must complete a *Designation of School District of Attendance for a Homeless Child* STAC 202 form that school districts must utilize to identify students who are homeless and indicate in which district the students will be attending school. The *Designation of School District of Attendance for a Homeless Child* STAC 202 form must be submitted annually.

After a school district enters the *Designation of School District of Attendance for a Homeless Child* STAC 202 forms, the eligibility list on the STAC unit online screen must be verified for accuracy. Subsequently, a school district will then enter their Reimbursement Approvals online with the STAC unit. Approvals are required for each year the student is eligible and can only be entered by the District of current attendance and reimbursement approvals must also be verified before the STAC Unit can accept payment.

State Aid reimbursement is paid at 100% of verified tuition cost and listed on a school district's *Approved Payment Report*. A student is entitled to transportation even if not offered to permanently housed students and must be provided for students temporarily residing within miles one way of the school district. Additionally, a parent may also be entitled to transportation if a student cannot travel alone.

The Assistant Superintendent for Pupil Personnel Services is the Board appointed Homeless Student Liaison. After the Assistant Superintendent for Pupil Personnel Services completes the STAC form with the parents of the student, it is forwarded to Questar III BOCES to STAC the student.

The District did not have any homeless students to STAC for the 2021-2022 school year.

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MEDICAID COMPLIANCE OVERVIEW

Based upon our interviews and observations, we have provided a Medicaid compliance overview as follows:

The School Supportive Health Services Program (the “SSHSP”) and the Preschool Supportive Health Services Program (the “PSHSP”) were developed jointly by the SED and the New York State Department of Health (“DOH”). The SED is responsible for administration of the SSHSP and the DOH, as the single State agency, responsible for administering New York’s Medicaid program, is responsible for setting Medicaid policy and reimbursement rates for the SSHSP. The Office of the Medicaid Inspector General (“OMIG”) is responsible for auditing claims submitted for services under the SSHSP to ensure compliance with all applicable Medicaid requirements.

In 1988, an amendment to the Social Security Act provided statutory authority for the SSHSP, also known as Medicaid in Education, by allowing Medicaid coverage of medical services included in the Individualized Education Program (“IEP”) of students with disabilities. The purpose of SSHSP is to provide Medicaid reimbursement to school districts, §4201 schools and counties for certain diagnostic and health support services provided to Medicaid-eligible students with disabilities. The SSHSP applies to students from age three years up to their twenty-first birthday.

A school district or county in the State or New York City must be enrolled as a Medicaid provider in order to bill Medicaid. Medicaid-reimbursable services under New York’s SSHSP, for children with disabilities who are eligible for Medicaid, include:

- Physical therapy services;
- Occupational therapy services;
- Speech therapy services;
- Psychological evaluations;
- Psychological counseling;
- Skilled nursing services;
- Medical evaluations;
- Medical specialist evaluations;
- Audiological evaluations; and
- Special transportation services.

In order to be reimbursable under the Medicaid program, school supportive health services must be:

- Medically necessary and included in a Medicaid covered category in accordance with §1905(a), §1905(r)(5), and/or §1903(c) of the Social Security Act;
- Ordered or prescribed by a NYS Medicaid enrolled physician or other licensed practitioner acting within his or her scope of practice under New York State Law;
- Included in the student’s Individualized Education Program (IEP);
- Provided by qualified professionals under contract with or employed by a school district or a county in the State or the City of New York;

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- Furnished in accordance with all requirements of the State Medicaid Program and other pertinent federal and State laws and regulations including those for provider qualifications, comparability of services, and the amount, duration, and scope provisions; and
- Included in the State's Medicaid plan in the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) services section.

Sources of information governing Medicaid can be derived from the SSHSP *Medicaid Handbook Update #9* and Medicaid alerts published by the SED, which contain information regarding the provision of special education related services eligible for Medicaid reimbursement. Additionally, a Medicaid update, which is a monthly publication of the DOH, is available which contains information regarding Medicaid programs, policy and billing.

Medicaid-in-Education Claiming/Billing Handbook Update #9 – This handbook is published by the New York State School Supportive Health Services Program (SSHSP) and the Preschool Supportive Health Services Program (PSHSP) and is distributed to school districts by the Medicaid unit of the SED.

The handbook's purpose is to provide Districts with clear step-by-step instructions of the procedures that are required to be followed when billing Medicaid and covers the Medicaid claiming process as well as the specific services and evaluations that are eligible for Medicaid reimbursement, as well as the rates for each covered service.

The District has contracted with Kinney Management Services, LLC to review the student's IEP to determine the eligible services for filing the Medicaid reimbursement claims. Currently, the District does not perform Medicaid billings in excess of \$500,000 therefore the District is not required to implement a written compliance program. The total Medicaid billings for the 2021-2022 fiscal year were \$144,476.

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MEDICAID GOVERNANCE

During our review of the Board policy manual, we noted that the District has adopted the following policies that relate to Medicaid compliance:

Medicaid Compliance

The District's *Medicaid Compliance* policy No. 6685 and *Medicaid Compliance* regulation No. 6685-R, states that the Board is committed to ensuring compliance with laws, regulations and standards of conduct related to Medicaid. The policy further states that any disclosures made by employees with respect to improper or fraudulent Medicaid billings will be promptly and thoroughly investigation for a remedial course of action. The District's *Confidential Medicaid Disclosure* regulation provides guidelines on where to report information deemed inappropriate related to Medicaid practices. Such guidelines include submitting written information on inappropriate Medicaid practices to the New York State compliance officer and also referring to the District for investigation. Other guidelines include procedures for investigation of the allegations and that within ninety days of receipt of the compliance officer's notice, the District will develop and provide a written remedial plan of action to the compliance officer.

Computer Systems

The District utilizes a special education student management system, called *IEP Direct*, which is a web-based application that facilitates the tracking of student IEPs, evaluations, meetings, and assists with the preparation of New York State required reports. Additionally, *IEP Direct* facilitates the recovery of Medicaid funds. The system also has a "*Medicaid Direct*" add-on that automates the Medicaid tracking and billing process for maximizing revenue recovery, which improves data accuracy and accelerates collections.

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MEDICAID COVERED SERVICES

Based upon our interviews and observations, we noted the following information is required to be Medicaid reimbursable:

- Physical Therapy
 - A signed, dated written order or referral from a physician, physician assistant, or nurse practitioner who is currently licensed, registered and/or certified as required;
 - A written order is included in the student's record;
 - Services are included in the student's IEP;
 - Services are administered by a licensed and registered physical therapist or a certified physical therapy assistant ("PTA") operating under the direction of a licensed and registered physical therapist;
 - An evaluation report signed and dated is available; and
 - Contemporaneous session notes for each encounter for ongoing therapy are maintained.

- Occupational Therapy
 - A signed, dated written order or referral from a physician, physician assistant, or nurse practitioner who is currently licensed, registered and/or certified as required;
 - A written order is included in the student's record;
 - Services are included in the student's IEP;
 - Services are administered by a licensed and registered occupational therapist or a certified occupational therapy assistant ("OTA") operating under the direction of a licensed and registered occupational therapist;
 - An evaluation report signed and dated is available; and
 - Contemporaneous session notes for each encounter for ongoing therapy are maintained.

- Speech Therapy
 - A signed, dated written order or referral from a physician, physician assistant, nurse practitioner or speech language pathologist ("SLP") who is currently licensed, registered and/or certified as required;
 - A written order is included in the student's record;
 - Services are included in the student's IEP;
 - Services are administered by a licensed and registered SLP or a certified teacher of the speech and hearing handicapped ("TSHH") or a certified teacher of students with speech and language disabilities ("TSSLD") operating under the direction of a licensed and registered SLP;
 - An evaluation report signed and dated is available; and
 - Contemporaneous session notes for each encounter for ongoing therapy are maintained.

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- Psychological Evaluations
 - A referral by an appropriate school official, other official or other licensed practitioner acting within his/her scope of practice;
 - Referral is included in the student's record;
 - Services are administered by a licensed and registered psychiatrist or psychologist;
 - A signed and dated psychological evaluation report is available; and
 - The psychological evaluation must be reflected in the student's IEP.

- Psychological Counseling
 - Referral by an appropriate school official, such as a school administrator or the chairperson of the CSE/CPSE or other licensed practitioner acting within his/her scope of practice;
 - A referral is included in the student's record;
 - Services are included in the student's IEP;
 - Services are administered by a licensed and registered psychiatrist, psychologist, licensed clinical social worker ("LCSW") or licensed master social worker ("LMSW") operating under the supervision of a licensed and registered psychiatrist, psychologist or LCSW; and
 - Contemporaneous session notes for each encounter for ongoing therapy are maintained.

- Skilled Nursing
 - A signed, dated written order or referral from a physician, physician assistant, or nurse practitioner who is currently certified;
 - A written order is included in the student's record;
 - Services are administered by a licensed and registered professional nurse ("RN") or currently licensed and registered practical nurse ("LPN") supervised by an RN, a physician, or other licensed and registered health care provider in accordance with the Nurse Practice Act;
 - The encounter must be documented for Medication administration- need a Medication Administration Record ("MAR");
 - Contemporaneous session notes for each encounter for other services are maintained;
 - If services are provided by an LPN, the MAR or session note does not need to be co-signed by an RN; and
 - The service is included in the student's IEP.

- Medical Evaluations
 - Referral by the Committee on Special Education/Committee on Preschool Special Education ("CSE/CPSE") documented as part of the IEP process;
 - Services are administered by a physician, physician assistant or a nurse practitioner who is licensed, registered and/or certified as required;
 - A signed and dated medical evaluation or examination report is available; and
 - The medical evaluation is reflected in the student's IEP.

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- Medical Specialist Evaluation
 - Signed and dated written order from a physician, a physician assistant or nurse practitioner licensed, registered, and/or certified as required;
 - Written order is included in student's record;
 - Services are administered by a physician, physician assistant or a nurse practitioner who is licensed, registered and/or certified as required;
 - A signed and dated medical specialist evaluation or examination report is available; and
 - The medical specialist evaluation is reflected in the IEP.

- Audiological Evaluations
 - Signed and dated written order from a certified assistant or nurse practitioner;
 - A written order is included in the student's record;
 - A signed and dated audiological evaluation report is available; and
 - The audiological evaluation is reflected in the student's IEP.

- Special Transportation
 - CSE or CPSE must identify special transportation needs;
 - Must be indicated on the IEP; and billed only on a day that a Medicaid reimbursable service (other than transportation) was delivered;
 - The IEP must include specific transportation and it is not appropriate for the IEP to simply indicate, "Special transportation needed," without including the nature (reason/need) of the special transportation;
 - Special transportation services must be provided by a vendor who is legally authorized to provide transportation services on the service date ; and
 - Transportation logs or a bus schedule are to be maintained for each one-way trip and include:
 - The student's name
 - The origination and time of pick up for each trip;
 - The destination and time of drop off for each trip, the bus number or vehicle license plate number; and the full printed name of the driver providing the transportation.

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STUDENT CONFIDENTIALITY

Based upon our interviews and observations, we noted the Acts governing student confidentiality with respect to Medicaid to be as follows:

Health Insurance Portability and Accountability Act (“HIPAA”)

The Health Insurance Portability and Accountability Act of 1996 HIPAA requires standards to be adopted in areas such as electronic health-care transactions and confidentiality of all health-related services provided. This involves protection of health information for anyone in receipt of such services. Because the Central New York Regional Information Center (“CNYRIC”) submits all Medicaid claim data to the electronic Medicaid system in New York State (*eMedNY*) for processing on behalf of school districts, counties, and §4201 Schools, it is a covered entity under this act.

The Family Educational Rights and Privacy Act (“FERPA”)

The Family Educational Rights and Privacy Act (“FERPA”) (20 U.S.C. §1232g; 34 CFR Part 99) is a federal law that protects the privacy of student education records. The law applies to all schools that receive funds under an applicable program of the U.S. Department of Education. FERPA gives parents certain rights with respect to their children's education records. These rights transfer to the student when he or she reaches the age of eighteen or attends a school beyond the high school level. FERPA, also known as the Buckley Amendment, is more restrictive than HIPAA with respect to the protection of privacy and security of all health-related services. Because all school districts, counties, and §4201 Schools are required to follow FERPA, they are also in compliance with HIPAA. In order to assure compliance with FERPA and HIPAA, certain procedures must be in place such as all student data files, and information must be protected and any student information/files transmitted to other appropriate recipients must be protected. Information files must be encrypted and password protected and student information/files may be faxed to appropriate personnel, but only to secure sites. Additionally, parental consent is required for the release of any personally identifiable information other than those specifically excluded in 34 CFR §99.31.

Based upon our interviews and observations, we noted the Medicaid Eligibility Disclosure Policies to be as follows:

New York State Education Department Policy

Confidentiality requirements mandate parental consent is given to school districts, counties, and §4201 Schools before the identity of a special education student can be released.

New York State Department of Health Policy

School districts and preschools may disclose Medicaid eligibility information to their health-related services professional staff and providers with whom they contract when such information is necessary to administer the Medicaid State Plan for SSHSP and to claim Medicaid reimbursement.

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OTHER REIMBURSEMENTS

Based upon our observations, we noted the guidelines for other reimbursements to be as follows:

Use of Public Insurance Funds for Students with Disabilities

Certain students with disabilities in New York State have access to public insurance. Federal regulations establish that a public agency may use a student's Medicaid or other public insurance benefit programs in which a student participates to provide or pay for school supportive health services with the following limitations:

School districts, counties, and §4201 Schools cannot:

- Require parents to sign up for or enroll in public insurance programs in order for their child to receive a free appropriate public education under Part B of the Individuals with Disabilities Education Act ("IDEA");
- Require parents to incur an out-of-pocket expense such as the payment of a deductible or co-pay amount incurred in filing a claim for services, but may pay the cost that the parent otherwise would be required to pay; and
- Use a child's benefits under a public insurance program if that use would:
 - Decrease available lifetime coverage or any other insured benefit;
 - Result in the family paying for services that would otherwise be covered by the public insurance program and that are required for the child outside of the time the child is in school;
 - Increase premiums or lead to the discontinuation of insurance; or
 - Risk loss of eligibility for home and community-based waivers, based on aggregate health-related expenditures.

The use of Medicaid funds to provide or pay for school supportive health services through New York State's Preschool/SSHSP will not:

- Require parents to incur an out-of-pocket expense;
- Decrease a child's Medicaid benefits or available lifetime coverage; or
- Increase premiums or lead to the discontinuation of insurance or a student's eligibility for home and community-based waivers.

Additionally, parents must be informed that refusal to permit the school district, county, or §4201 School to access public benefits or insurance does not relieve the school district, county, or §4201 School of its responsibility to ensure that all required services are provided to students at no cost to parents.

Third Party Health Insurance ("TPHI")

SSHSP providers do not have to bill a student's third-party health insurance before Medicaid can be billed for SSHSP services. The New York State Office of the Medicaid Inspector General ("OMIG") can identify students that have third party insurance coverage and pursue recovery of SSHSP Medicaid costs from the insurance carrier. SSHPS are billed to regular fee-for-service Medicaid for students enrolled in Medicaid Managed Care.

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DOCUMENTATION REQUIREMENTS

Based upon our interviews and observations, we noted the documentation requirements with respect to Medicaid to be as follows:

Guidelines

In order to submit claims to the Medicaid program for SSHSP services, certain documentation requirements must be met. Effective September 1, 2009, billing for SSHSP is encounter-based and a session note is required to document each service session delivered to a Medicaid eligible student. Documentation that must be on file for every student receiving school supportive health services to bill Medicaid includes:

- Referral to the CSE and/or the CPSE
§200.4 (a) Referral. A student suspected of having a disability shall be referred in writing to the chairperson of the district's committee on special education or to the building administrator of the school which the student attends or is eligible to attend for an individual evaluation and determination of eligibility for special education programs and services. The school district must initiate a referral and promptly request parental consent to evaluate the student to determine if the student needs special education services and programs if a student has not made adequate progress after an appropriate period of time when provided instruction as described in section 100.2(ii) of this Title.
- Student's IEP
The IEP is the cornerstone of the special education process for each individual student with a disability. It is designed to enable a student with a disability to receive a free appropriate public education or to benefit from special education. It is the tool used to document how one student's special needs related to his/her disability will be met within the context of an educational environment. For Medicaid claiming purposes, all school supportive health services, including evaluations, must be documented in the student's IEP. Each student with a disability must have an IEP in effect by the beginning of each school year. Federal and State laws and regulations specify the information that must be documented in each student's IEP. In NYS, IEPs developed for the 2011-12 school year, and thereafter, must be on a form prescribed by the Commissioner of Education. An IEP identifies a student's unique needs and how the school will strategically address those needs. IEPs identify how specially designed instruction will be provided in the context of supporting students in the general education curriculum and in reaching the same learning standards as students without disabilities. IEPs guide how the special education resources of a school will be configured to meet the needs of the students with disabilities in that school. IEPs identify how students will be incrementally prepared for adult living. IEPs also provide an important accountability tool for school personnel, students and parents. By measuring students' progress toward goals and objectives, schools should use IEPs to determine if they have appropriately configured how they use their resources to reach the desired outcomes for students with disabilities.
- Verification of current certification, licensure, and/or registration.
Providers of SSHSP services are required to meet certain qualifications as defined in the New York State Plan Amendment #09-61 and Federal and State laws and regulations. It

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is the responsibility of the Medicaid billing providers (school districts, counties, and §4201 schools) to verify qualifications prior to submitting claims for Medicaid reimbursement. Verification of practitioner qualifications must be maintained on file or be available if requested for audit purposes.

Services rendered by certified teachers are not Medicaid reimbursable, with the exception of speech therapy rendered by certified teachers of TSHH and certified teachers of TSSLD under the direction of a licensed and currently registered Speech Language Pathologist.

- Parental Consent for Release of Information
Medicaid may not be billed for school supportive health services furnished to a student without a separate signed parental consent that meets the IDEA and FERPA requirements.

- Written Orders/Referrals
The written order/written referral (prescription) is the documentation that establishes medical necessity for the related service to be furnished and constitutes medical direction of the ordering professional. In order to bill Medicaid, a written order/written referral is required. Written orders/written referrals must be prospective and must be kept on file. Faxed copies of the written order/referral are acceptable. The following elements are to be included on a written order:
 - The name of the child for whom the order is written;
 - The complete date the order was written and signed;
 - The service(s) being ordered. The frequency and duration of the ordered service must be either specified on the order itself or the order can explicitly adopt the frequency and duration of the service in the IEP by reference;
 - Ordering provider's contact information (office stamp or preprinted address and telephone number);
 - Signature of a NYS licensed, registered, and/or certified, as relevant, physician, physician assistant, or licensed nurse practitioner acting within his or her scope of practice (for psychological counseling services, this also includes an appropriate school official and for speech therapy services, a NYS licensed and registered speech-language pathologist);
 - The time period for which services are being ordered;
 - The ordering practitioner's National Provider Identifier ("NPI") or license number; and
 - Patient diagnosis and/or reason/need for ordered service(s).

- "Under the Direction of" or "Under the Supervision of" Documentation
For school districts and counties to claim Medicaid reimbursement for services, they must have all private agencies, or service providers with whom they contract (other than a BOCES), sign a Provider Agreement and a Statement of Reassignment. Specifically, if a school district or county contracts directly for a service such as transportation or speech therapy with an agency or person who is not an employee of the school district, county, or BOCES, that provider must have signed the Provider Agreement and the Statement of

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Reassignment. An independent agency may be an individual person or a corporation. The Provider Agreement requires the contractor to keep any record necessary to disclose the extent of services the Provider furnishes to recipients receiving assistance under the New York State Plan for Medical Assistance. The Statement of Reassignment requires the contractor to reassign all Medicaid reimbursements to the school district or county that they contracted with for providing medical services billed under the School Supportive Health Services Program. A Provider Agreement and Statement of Reassignment are needed from each contracted agency, but not from each individual service provider within the contracted agency. It is recommended that school districts and counties review these forms at the time of contract renewal. Occupational therapy assistants and physical therapist assistants must have direction from a licensed practitioner in their discipline, while teachers of the speech and hearing handicapped (“TSHH”) and teachers of students with speech and language disabilities (“TSSLD”) must receive direction from a licensed speech-language pathologist. Licensed master social workers (“LMSWs”) must receive supervision from a licensed and registered psychiatrist, psychologist, or licensed clinical social worker (“LCSW”).

Documentation Retention Policy

Section 517.3(b) of Title 18 New York Code, Rules and Regulations (“NYCRR”) regulates audit and record retention for the NYS Medicaid program. As this section indicates, providers must retain records for a period of six years from the date the care, services or supplies were furnished or billed, whichever is later. In addition, student cumulative health records, which include treatment records, are to be maintained until the student reaches the age of twenty-seven.

At the beginning of the school year, once the standard prescription form has been received, Kinney Management Services, LLC reviews the prescription form for necessary information such as the student’s name, the date the order was written, and the service being provided. Other pertinent information includes the doctor’s contact information such as the address and telephone number, the doctor’s signature, the period in which the service is to be received, the NPI number of the doctor and the student’s diagnosis.

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APPROVED SPECIAL EDUCATION PROVIDERS

Based upon our interviews and observations, we noted the procedures for the approved special education providers (“ASEP”) to be as follows:

Medicaid claims may include any of the following providers:

- Ordering provider – the NYS Medicaid enrolled, licensed and registered professional who has ordered or recommended services. Medicaid enrollable ordering/referring providers include state licensed and currently registered physicians, physician assistants, nurse practitioners, speech-language pathologists, psychiatrists, and psychologists. Beginning with dates of service on and after May 1, 2013 the ordering/referring provider’s NPI must be identified on Medicaid claims submitted for reimbursement.
- Attending provider – the clinician who has the overall responsibility for the student’s medical care and treatment. In cases where the servicing provider (i.e., the clinician who provides services to the student on a regular basis) works “under the direction of” or “under the supervision of” a licensed clinician, the directing/supervising clinician is considered the “attending” clinician. Beginning with dates of service on and after January 1, 2012 the attending provider’s NPI must be identified on Medicaid claims submitted for reimbursement. The attending provider’s NPI must be identified on the electronic Medicaid claim when the attending provider and the servicing provider are not the same individual.
- Billing provider – the school district or county. This provider’s NPI must be identified on Medicaid claims.

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MEDICAID BILLINGS

Based upon our interviews and observations, we noted the procedures for Medicaid billings to be as follows:

Guidelines

School districts and counties are authorized to submit claims directly to the State Department of Health's Medicaid Management Information System ("MMIS"). School districts and counties may direct bill by:

- Using the Electronic Provider Assisted Claim Entry System ("ePACES") or eMedNY eXchange.
- Contracting with a Medicaid Service Bureau (MSB) for claims submission.

Direct claiming enables LEAs to submit for reimbursement in real time. Processing of the claim will begin immediately upon submission to eMedNY. Direct submission of claims allows any necessary action on the part of the school district or county to take place in a timely manner when or if the claim requires an adjustment. Timely claims processing will result in fewer claims being time barred.

It should be noted that, while school districts/counties may utilize the services of a vendor to assist in submitting to Medicaid school supportive health services claims, it is the responsibility of the school district/county:

- To ensure the vendor is approved as a Medicaid Service Bureau ("MSB");
- To be aware of the services provided by the MSB;
- To be aware of the cost of using vendor services;
- To be aware of the vendor's billing documentation retention policies;
- To know when the vendor will commence providing services; and
- To keep current on NYS policies regarding direct billing and transitioning to direct billing.
-

School districts and counties must identify a student's Medicaid client identification number ("CIN") and verify eligibility exists for the date(s) of service being billed to Medicaid.

Medicaid Billing Provider Requirements

In order to bill for Medicaid eligible services and evaluations, the following conditions must be met:

- The school district/county must be an approved and enrolled Medicaid provider;
- The school district/county must have a National Provider Identifier ("NPI");
- The attending provider must have a NPI;
- The student must be eligible for Medicaid (have an eligible CIN);
- The school district/county must obtain parental consent to bill Medicaid (in accordance with IDEA) prior to billing Medicaid;
- The school district/county must incur a cost for the service and/or evaluation (i.e., the school district/county must not bill Medicaid for a service and/or evaluation that is paid partially or in full by federal funds);

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- Provider Agreements and Statement of Reassignments must be completed by outside contractors other than BOCES; and
- Medicaid billing providers must ensure that each service or evaluation is:
 - Medically necessary (ordered/referred by a Medicaid qualified provider);
 - Documented (evaluation report, session note, Medication Administration Record (“MAR”), or transportation log);
 - Provided by a Medicaid-qualified provider; and
 - Included in the IEP

A school district may claim Medicaid reimbursement for any eligible SSHSP service included in a student’s IEP provided by the school district to any student with a disability with the following exceptions:

- **Intermediate Care Facilities**
If the New York State Office for People with Developmental Disabilities (“OPWDD”) places a child in an Intermediate Care Facility (“ICF”) within a school district, the school district may not claim Medicaid reimbursement for any related services provided to these students since the SED reimburses 100% of the costs to educate these children including transportation. The SED claims Medicaid reimbursement for these services. If a child resides in an Individual Residential Alternatives (“IRA”), the school district is entitled to claim Medicaid reimbursement for all eligible services provided to that child.
- **Article 28 Facilities**
Article 28 facilities refer to "hospitals" which are established, operated, and regulated under Public Health Law (“PHL”) Article 28 and implementing regulations. The term "hospital" is defined broadly and includes acute care or general hospitals, nursing homes, diagnostic and treatment centers, and free-standing ambulatory surgery centers. Article 28 facilities must be approved by the Public Health Council and the Commissioner of Health. When a student is not placed in an Article 28 facility full time but receives only related services from the staff at that facility, the school district may claim Medicaid reimbursement for these services. The Article 28 facility may not. Certain Article 28 facilities may claim Medicaid reimbursement for students placed full time in the facility.

Billing Methodology

Except for special transportation, fees have been set at 75% of the 2010 Medicare fee schedule for the Mid-Hudson Region. Payment for special transportation services was set based on a statistically valid cost study that was conducted in 1999 to establish round trip transportation rates. These rates were trended forward based on changes in the Consumer Price Index. The round-trip rates were then converted to one-way rates. All SSHSP providers will now bill on an encounter-based claiming methodology, using the select list of Current Procedural Terminology (CPT) codes that begins on page 62. CPT codes are numbers assigned to services practitioners may provide to a patient including medical, surgical, and diagnostic services. CPT codes are then used by insurers to identify the service provided and ultimately the reimbursement rates. Since CPT codes are used nationally, they ensure uniformity, while adding a level of precision.

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Documentation necessary to bill Medicaid

- Provider Information;
- Acceptable Medicaid Enrollment status for Ordering/Referring Practitioner;
- Certification/Licensure of all servicing/attending providers ;
- “Under the Direction of” (UDO) documentation, if applicable;
- Provider Agreement and Statement of Reassignment (completed by outside contractors);
and
- Student Information:
 - Medicaid-eligible student
 - Referral to the CSE/CPSE
 - Individualized Education Program (IEP)
 - Parental consent to bill Medicaid
 - Referrals or written orders for services as required
 - Special Transportation (medical need must be documented in IEP)

Initial Evaluation

An initial evaluation is the evaluation that is done prior to the development of a student’s first IEP. The initial evaluation for psychological counseling, physical therapy, occupational therapy, and speech therapy are not Medicaid reimbursable unless an IEP is developed which includes a recommendation for ongoing services in the same therapy type for which the student was evaluated. In addition, all other Medicaid requirements must be met:

- The written order/referral (dated prior to the evaluation) must be on file,
- The evaluation must be provided by a Medicaid qualified provider,
- The evaluation must be documented, and
- The evaluation must be included in the IEP.

A written report must be completed at the end of each evaluation. The State’s IEP form includes an *Evaluation Results* section as a place to document the results of evaluations that were conducted and considered in the development of the student’s IEP. Alternatively, the CSE/ CPSE could document its consideration of the evaluation and assessment results under the four need areas (academic achievement, functional performance and learning characteristics; social development; physical development; and management needs).

Re-Evaluations

A CSE is responsible for arranging an appropriate re-evaluation of a student with a disability. A re-evaluation must occur at least once every 36 months unless the parent and school district agree in writing that the re-evaluation is not necessary to provide current assessment information for a student in special education. In addition, the CSE/CPSE must arrange for a re-evaluation more frequently if the needs of the student warrant a re-evaluation or if requested by the student’s teacher or parent. A re-evaluation cannot be conducted more frequently than once a year unless the parent and school district representative on the CSE agree otherwise.

Discipline specific re-evaluations (e.g., physical therapy, occupational therapy, etc.) are also eligible for Medicaid reimbursement when the recommendation for the re-evaluation is included in the student’s IEP prior to the re-evaluation being conducted and all other Medicaid requirements are met (written order/referral, qualified provider, and documented) regardless of

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whether or not ongoing services of that same therapy type will continue to be included in the student's IEP.

Documentation Needed to Support Medicaid Claims

- The IEP serves as documentation that all necessary coordination, including contacts with parents, educators and health care professionals, committee meetings and follow-up, was completed.
- Letter inviting parents to the CSE meeting or documentation of parents' presence at the CSE meeting.
- Letter informing parents of due process rights.
- TCM need not be written on the IEP for school districts to bill Medicaid.
- When the CSE meeting does not result in the development of an IEP (e.g., when a student is not classified or has been declassified) the following will be required:
 - Notifications to parents (meeting notice, prior written notice) as required by Part 200 of the Regulations of the Commissioner of Education.
 - CSE Meeting minutes, if available.
 - Other documentation indicating which review took place.

Billing Procedures

The District utilizes Kinney Management Services, LLC to facilitate their Medicaid billings. They identify the Medicaid eligible students for the District and submit a file to EMedNY on a monthly basis of all students with a parental consent date and receive a return file of the Medicaid ID numbers that may match. Only students with a parental consent form may be submitted for reimbursement. Kinney has access to *IEP Direct* to view IEP's with Medicaid eligible services. Documented services are matched against 40+ edits within their system. These edits include the parental consent, prescription, provider credentials, and provider supervision (if applicable). The services that pass the edits are submitted on a claim file. The claim file identifies the student by their Medicaid ID number, date of service, rate, CPT code, diagnosis code, and NPI number of both the ordering and attending provider. All supporting documentation is saved within Kinney's computer system.

On a monthly basis, Kinney emails the Assistant Superintendent for Pupil Personnel Services requesting approval of services from the service providers. The Assistant Superintendent for Pupil Personnel Services keeps track of all Medicaid billing and performs an annual analysis of costs submitted for reimbursement to ensure all service providers are updating *IEP Direct*.

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FINDINGS AND RECOMMENDATIONS

Based on our interviews, observations and detailed testing, we provide our findings and recommendations to further strengthen the District's internal controls as they pertain to the STAC and Medicaid procedures outlined above.

It should be noted that these recommendations are provided to assist management in improving the accounting and internal controls and procedures as they relate to the District's STAC and Medicaid procedures. It is important to note that our findings and recommendations are directed toward improvement of the system of internal controls and should not be considered a criticism of, or reflection on, any employee of the District.

In-District Summer Placements

Procedure Performed: Tested a sample of six out of twenty-six in-District summer placements to verify the following:

- *School Age Summer Placement (4408)* STAC form was filed.
- Student information on the STAC form agrees to IEP.
- Costs are calculated accurately.
- The student is listed on the attending school's summer school invoice.
- Transportation costs in excess of \$6,500 have appropriate supporting documentation such as the *Explanation/Correction of Student Transportation Costs of \$6,500+* form as required by the STAC and Special Aids Unit.

Finding: No exceptions were found as a result of applying these procedures.

Out of District Summer Placements

Procedure Performed: Tested a sample of six out of twenty-seven out of District summer placements to verify the following:

- *School Age Summer Placement (4408)* STAC form was filed.
- Student information on the STAC form agrees to IEP.
- Costs are calculated accurately.
- The student is listed on the attending school's summer school invoice.
- Transportation costs in excess of \$6,500 have appropriate supporting documentation such as the *Explanation/Correction of Student Transportation Costs of \$5,500+* form as required by the STAC and Special Aids Unit.

Finding: No exceptions were found as a result of applying these procedures.

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10 Month High-Cost Public Placements

Procedure Performed: Reviewed a sample of two out of six students classified as high-cost public students attending the District to verify the following:

- *High Cost- Public (3602.19)* STAC 1 form was filed for the eligible student.
- Student information on STAC 1 form agrees to IEP.
- The student is listed on the attending school's summer school invoice.
- The costs on STAC 1 form agrees to the costs listed on the attending school's invoice.
- Costs on STAC 1 form did indeed exceed District establish threshold.

Finding: No exceptions were found as a result of applying these procedures.

10 Month High-Cost Private Placements

Procedure Performed: Tested a sample of ten out of fifty-nine students classified as private students to verify the following:

- *Private Excess Cost (4405)* STAC 1 form was filed for the eligible student.
- Student information on STAC 1 form agrees to IEP.
- The student is listed on the attending school's invoice.

Finding: No exceptions were found as a result of applying these procedures.

BOCES Placements

Procedure Performed: Tested a sample of six out of fifty-two students attending BOCES classified as high-cost public students to verify the following:

- *High Cost- Public (3602.19)* STAC 1 form was filed for the eligible student.
- Student information on STAC 1 form agrees to IEP.
- The student is listed on the attending school's summer school invoice.
- The costs on STAC 1 form agree to the costs listed on the attending school's invoice.
- Costs on STAC 1 form did indeed exceed District establish threshold.

Finding: No exceptions were found as a result of applying these procedures.

South Orangetown Central School District
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Analytical Review

Procedure Performed: Performed a review of the District summer school handicap receivables as of June 30, 2022 to verify the following:

- Old summer school receivables are still collectible.
- The District has a procedure in place to properly monitor the summer school receivables.
- Receipt of payment is properly recorded.

Finding: No exceptions were found as a result of applying these procedures.

Medicaid Eligibility

Procedure Performed: Selected twenty out of seventy-three students receiving Medicaid eligible services by obtaining the student's IEP to determine the services and that the District has properly billed Medicaid, required documentation is on file for the related services and/or evaluations and that the District received the proper payments depending on the type of service or evaluation administered.

Finding: No exceptions were found as a result of applying these procedures.

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CORRECTIVE ACTION PLAN

The District is required to prepare a corrective action plan in response to any findings contained in the internal audit reports. As per Commissioner's Regulations §170.12, a corrective action plan, which has been approved by the Board, should be submitted to the State Education Department within 90 days of the receipt of a final internal audit report.

The approved corrective action plan and a copy of the respective internal audit report should be submitted using the NYSED Business Portal.