

Bulletin Number: MSA 15-07

Distribution: School Based Services Providers and Billing Agents

Issued: May 1, 2015

Subject: School Based Services Audit and Recovery Procedures

Effective: June 1, 2015

Programs Affected: Medicaid School Based Services

The purpose of this bulletin is to provide audit policy clarification in regard to Michigan Department of Health and Human Services (MDHHS) School Based Services (SBS) audit and recoupment. The following information will replace the audit information currently found in the Audit and Quality Assurance Section of the School Based Services Random Moment Time Study Chapter of the Medicaid Provider Manual.

Administrative Outreach Program Audit Activities to be Performed by MDHHS Office of Audit Staff

MDHHS audit review of selected Intermediate School District (ISD)/Detroit Public Schools (DPS) and Michigan School for the Deaf (MSD) cost reports for the Administrative Outreach Program (AOP) may include the following activities:

- Verification that the salaries listed for employees/positions included in the Random Moment Time Study (RMTS) staff pool match the payroll records for the same period as the time study.
- A review of the salaries of employees who changed positions during the time study period.
- If a replacement was hired/transferred, the auditor will verify that only the salary earned while working in a position on the AOP staff pool list was reported, and that salaries for both the original and replacement employees were not duplicated on the report for the same time period.
- Verification that any other salaries and costs for supplies, etc., are of direct benefit to the employees on the staff pool list, and therefore, allocable to the AOP in the same percentage as the AOP-eligible employees.
- Confirmation that none of the direct costs reported were also claimed as an indirect cost, that the proper indirect cost rate was used, and the rate was applied only to costs in the base. The employees in non-standard job categories are the most likely to be considered indirect type employees; therefore, documentation will be reviewed for these individuals.
- Verification that no federal funds were claimed on AOP cost reports and that AOP costs were not accepted for cost-sharing.
- A standard review of other areas, such as confirmation that reported costs were actually paid, support documentation was maintained as required, and costs were properly charged to the correct accounts should also be expected.
- Any other area deemed necessary.

The ISD/DPS/MSD should be prepared to direct the auditor to any document used to support and identify the reported AOP costs.

Direct Service/Transportation Program Audit Activities to be Performed by MDHHS Office Of Audit Staff

MDHHS audit review of selected ISD/DPS and MSD cost reports for the Direct Service/Transportation Program may include the following activities:

- Verification that the Medicaid Allowable Expenditure Report (MAER) accurately reports the allowable costs incurred for the appropriate period.
- Verification that the salaries listed for employees/positions included in the RMTS staff pool match the payroll records for the same period as the time study.
- A review of the salaries of employees who changed positions during the time study period.
- If a replacement was hired/transferred, the auditor will verify that only the salary earned while working in a position on the MAER staff pool list was reported, and that salaries for both the original and replacement employees were not duplicated on the report for the same time period.
- Confirmation that none of the direct costs reported were also claimed as an indirect cost, that the proper indirect cost rate was used, and the rate was applied only to costs in the base. The employees in non-standard job categories are the most likely to be considered indirect type employees; therefore, documentation will be reviewed for these individuals.
- Verification that no federal funds were claimed on MAER cost reports and that MAER costs were not accepted for cost-sharing.
- A standard review of other areas, such as confirmation that reported costs were actually paid, support documentation was maintained as required, and costs were properly charged to the correct accounts should also be expected.
- Any other area deemed necessary.

The ISD/DPS/MSD should be prepared to direct the auditor to any document used to support and identify the reported MAER costs.

Student Claims Audit Activities to be Performed by MDHHS Office of Audit Staff

MDHHS audit review of selected ISD/DPS and MSD for approved SBS student claims may include the following activities:

- Verification that appropriate prescriptions/referrals/authorizations are updated annually and ordered by the appropriate individual.
- Verification that occupational, physical, and speech, language and hearing therapy address a beneficiary's medical need that affects his/her ability to learn in the classroom environment.
- Confirmation that services requiring the student to be in attendance have support documentation (i.e. attendance records) on file.
- Confirmation that the providers performing the service have the required licensure/certification.
- Verification that the providers requiring supervision both "under the direction of" and "supervision of" have the necessary support documentation on file.

- Verification that the beneficiary receiving special education transportation also received a Medicaid-covered service on the same day. In addition, the support documentation for specialized transportation includes an ongoing trip log maintained by the provider of the special education transportation.
- Confirmation that support documentation for personal care services includes a completed, signed and dated monthly activity checklist.
- Verification that group therapy or treatment was provided in groups of two to eight.
- A standard review of the Individualized Education Plan (IEP)/Individualized Family Service Program (IFSP) treatment plan areas, such as the inclusion of a description of the beneficiary's qualifying diagnosis and medical condition, time-related goals that are measurable and significant to the beneficiary's function and/or mobility, and anticipated frequency and duration of treatment required to meet the time-related goals.
- Any other area deemed necessary.

The ISD/DPS/MSD should be prepared to direct the auditor to any document used to support and identify the reported student claims.

Audit Findings and Resolution

Audit findings and resolution will include the following:

- Identified overstatement of expenditures on the MAER will require the revision of the MAER and a revised final settlement for all specifically identified overstatements.
- For claim error rates in excess of the materiality threshold percentage, as established by MDHHS, the recovery will be any excess percentage greater than materiality threshold multiplied by total Medicaid paid to the ISD during the period covered by the audit.
 - For example, if the materiality threshold rate is established at 15%, an error rate of 17% would result in a 2% recovery of funds (17% error rate – 15% materiality threshold error rate = 2% recovery amount).
 - An error rate of 13% would result in no recovery of funds (13% error rate – 15% allowable error rate < 0% recovery amount).

Recoveries and re-filings will be limited to fiscal years considered within three years from the last date of payment for that period.

Manual Maintenance

Retain this bulletin until the information is incorporated into the Medicaid Provider Manual.

Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Health and Human Services, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mail at ProviderSupport@michigan.gov. When you submit an e-mail be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

Approved



Stephen Fitton, Director
Medical Services Administration