



Office of Audit Services  
Region I  
John F. Kennedy Federal Building  
Boston, MA 02203  
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November 14, 2002

Report Number: A-01-01-00008

Mr. James A Caradonio  
Superintendent  
Worcester Public Schools  
20 Irving Street  
Worcester, Massachusetts 01609

Dear Mr. Caradonio:

Enclosed are two copies of the U.S. Department of Health and Human Services (HHS), Office of Inspector General, Office of Audit Services' (OAS) report entitled "Medicaid Payments for School Based Health Services, Worcester, Massachusetts - July 1999 through June 2000." A copy of this report will be forwarded to the action official noted below for his/her review and any action deemed necessary.

Final determination as to actions taken on all matters reported will be made by the HHS action official named below. We request that you respond to the HHS action official within 30 days from the date of this letter. Your response should present any comments or additional information that you believe may have a bearing on the final determination.

In accordance with the principles of the Freedom of Information Act (5 U.S.C.552, as amended by Public Law 104-231), OIG, OAS reports issued to the department's grantees and contractors are made available to members of the press and general public to the extent information contained therein is not subject to exemptions in the Act which the department chooses to exercise. (See 45 CFR Part 5.)

To facilitate identification, please refer to Report Number A-01-01-00008 in all correspondence relating to this report.

Sincerely yours,

A handwritten signature in cursive script that reads "Michael J. Armstrong".

Michael J. Armstrong  
Regional Inspector General  
for Audit Services

Enclosures - as stated

**Direct Reply to HHS Action Official:**

Ms. Lynda Silva

Acting Regional Administrator

Centers for Medicare & Medicaid Services

U.S. Department of Health and Human Services

John F. Kennedy Federal Building, Room 2325

Boston, Massachusetts 02203-0003

cc: Frank McNamara, Director, Internal Control and Audit, Division of Medical Assistance  
Executive Office of Health and Human Services, Commonwealth of Massachusetts  
John Robertson, Associate Vice Chancellor, Center Director, Center for health Care  
Financing University of Massachusetts

**Department of Health and Human Services**

**OFFICE OF  
INSPECTOR GENERAL**

**MEDICAID PAYMENTS FOR  
SCHOOL-BASED HEALTH SERVICES  
WORCESTER, MASSACHUSETTS  
- JULY 1999 THROUGH JUNE 2000 -**



**JANET REHNQUIST**  
Inspector General

November 2002  
A-01-01-00008

# ***Office of Inspector General***

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## **EXECUTIVE SUMMARY**

### **Background**

The Medicaid Program was established by Title XIX of the Social Security Act and is jointly funded by the Federal and State Governments to provide medical assistance to pregnant women, children, and needy individuals who are aged, blind or disabled. Within broad federal guidelines, states design and administer the program under the general oversight of the Centers for Medicare and Medicaid Services (CMS). In Massachusetts, the Division of Medical Assistance (DMA) is the state agency responsible for administering the Medicaid program. The DMA contracts with the University of Massachusetts Medical School, Center for Health Care Financing, Municipal Medicaid to administer the school-based health services portion of the Medicaid program.

School-based health services reimbursable under the Medicaid program are provided by or through the Massachusetts Department of Education or a Local Education Agency to students with special needs pursuant to an Individualized Education Plan (IEP). Services are provided in the school setting or another site in the community and include speech therapy, physical therapy, occupational therapy, audiological services, behavior management and/or counseling. Worcester Public Schools, a Local Education Agency located in Worcester, Massachusetts, operated 51 public schools and contracted with as many as 41 private schools during our audit period. Of approximately 29,574 students who attended the Worcester Public Schools during our audit period, 2,007 students received special education services for which the school system was reimbursed \$2,032,952 (federal share) under the Commonwealth of Massachusetts' Medicaid program.

### **Objective**

The objective of our audit was to determine whether costs claimed for school-based health services by the Worcester Public Schools through the Commonwealth of Massachusetts were reasonable, allowable and adequately supported in accordance with the terms of the State Medicaid Plan and applicable federal regulations. The audit period included Medicaid payments made during the period July 1, 1999 through June 30, 2000.

### **Summary of Findings**

In Massachusetts, claims for school-based health services are based on a daily per diem rate for the prototype (level-of-service) developed in each Medicaid eligible student's IEP. Each school district must have evidence that any Medicaid covered service in the IEP has been delivered by a qualified provider before the Medicaid claim is submitted for federal reimbursement, including a valid IEP for each the student, accurate attendance records, and an accurate prototype.

The Worcester Public Schools needed to improve their system of controls to ensure that school-based health records were assembled and maintained to support the dates and type of medical services provided. Our review of payments contained in randomly selected months for 100 recipients showed that the Worcester Public Schools billed the Medicaid program: (1) for several

students for which the school system did not locate any documentation to demonstrate that services prescribed in the IEP were delivered, (2) for several students who were not prescribed to receive school-based health services by a current IEP, (3) when students were absent, and (4) for the wrong prototype. Relative to our review of the randomly selected months, we estimate that the Worcester Public Schools were inappropriately overpaid at least \$67,777 (federal share).

Further, the Worcester Public Schools did not obtain an "authorization" signed by either a parent or guardian to share information with the DMA for the purpose of submitting claims for Medicaid reimbursement for school-based health services. Accordingly, we have no assurance that a number of parents of special education students attending the Worcester Public Schools were informed about or gave consent, at the time of billing, to sharing their child's confidential information with the State Medicaid Agency in order to bill the Medicaid program.

Although Worcester Public Schools has a system in place to identify billing errors submitted to UNISYS based on incorrect attendance data submitted, the school system did not submit the errors identified for periods subsequent to December 1998. Worcester Public Schools did not implement policies and procedures to submit adjustments to claims subsequently found to be in error. We are pleased to report that when we brought this to the attention of school officials in October 2001, they submitted adjustment requests to UNISYS retroactive to January 1999. The adjustments to be reduced from future claims amounted to \$5,219.

Internal controls needed to be strengthened in the Worcester Public Schools to ensure that it appropriately submits Medicaid claims for school-based health care services.

## **Recommendations**

We recommend that the Worcester Public Schools:

- Develop written policies and procedures requiring service providers to document all health services delivered to Medicaid recipients which details client specific information regarding all specific services actually provided for each individual recipient of services and retain those records for review,
- Establish procedures to ensure that Medicaid billings are based on students which have a current IEP and on accurate attendance records that support the students' presence to receive services,
- Establish controls to ensure the correct prototype is used when preparing claims for federal reimbursement,
- Develop procedures to ensure that an "authorization" to share information with the DMA to facilitate Medicaid reimbursement is requested in the appropriate language, signed by either a parent or guardian and obtained before claims are submitted to DMA,
- Implement policies and procedures to submit timely adjustments claims to UNISYS, and

- Refund through the DMA, the \$67,777 (federal share) that was inappropriately paid by the Medicaid program to the Worcester Public Schools.

### **Auditee Response**

In their response to the audit report, Worcester Public Schools officials generally agreed with the procedural recommendations related to establishing policies and procedures regarding Medicaid billing and stated that the school system has taken a number of steps to strengthen internal controls. The auditee stated it had written policies by virtue of federal and state departments of Education's regulations. However, the school system needed further guidance before taking action relative to additional written policies and procedures. Further, the auditee pointed out that while its internal control could be improved the school system was in a "...high degree of compliance....". Further, school officials "...assumed that the student attendance and quarterly progress notes aligned with the student's IEP provide sufficient documentation to support the delivery of services....". And that relative to obtaining "authorization" to share information with the DMA to facilitate Medicaid reimbursement, the school system did seek authorization in all cases and did provide documentation for 89 percent of the students in the sample. School officials also stated that they would collaborate with Massachusetts Municipal Medicaid to implement additional guidelines when clarified.

The auditee did not express agreement or disagreement and elected not to comment on actions that will be taken regarding the refund of the \$67,777 (federal share) that was inappropriately paid by the Medicaid program to the Worcester Public Schools. (See Appendix C for Worcester Public Schools' comments in their entity.)

### **Additional OAS Comments**

We are pleased that Worcester Public Schools has taken steps to further strengthen its internal controls. However, it should be noted that the regulations and guidance provided by CMS and DMA are governing for federal reimbursement of school-based health services, not those issued by another agency.

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## INTRODUCTION

### Background

The Medicaid Program was established by Title XIX of the Social Security Act and is jointly funded by the Federal and State Governments to provide medical assistance to pregnant women, children, and needy individuals who are aged, blind or disabled. Within broad federal guidelines, states design and administer the program under the general oversight of the Centers for Medicare and Medicaid Services (CMS). In Massachusetts, the Division of Medical Assistance (DMA) is the state agency responsible for administering the Medicaid program. The DMA contracts with the University of Massachusetts Medical School, Center for Health Care Financing, Municipal Medicaid to administer the school-based health services portion of the Medicaid program.

School-based health services reimbursable under the Medicaid program are provided by or through the Massachusetts Department of Education or a Local Education Agency to students with special needs pursuant to an Individualized Education Plan (IEP). Services are provided in the school setting or another site in the community and include speech therapy, physical therapy, occupational therapy, audiological services, behavior management and/or counseling. The IEP describes the special education and related services, including school-based health services, which the student requires. An IEP must be in compliance with the Individuals with Disabilities Education Act, P.L. 94-142, as amended, and in compliance with requirements of regulations implementing Chapter 766 of the Acts of 1972, M.G.L., Chapter 71B, as amended.

To seek Medicaid reimbursement of school-based health services, school districts must:

- Have a Provider Agreement with the DMA
- Determine whether the student is enrolled in the Medicaid program
- Provide services pursuant to a valid IEP that is in compliance with all Chapter 766 requirements (the Massachusetts special education law)
- Assemble and complete documentation that any Medicaid covered service in the IEP has been delivered by a qualified provider before the Medicaid claim is submitted to UNISYS (the DMA Medicaid claims agent) for federal reimbursement
- Comply with the Massachusetts Department of Education and DMA requirements concerning the authorization to share information with the DMA
- Submit a claim for reimbursement that details the student, dates of attendance, CMS Procedure Codes (level-of-service) and rates. (School districts submit claiming documents to UNISYS in order to obtain federal reimbursement.)

Massachusetts reimburses school districts for school-based health services based on the number of days in attendance times a statewide per diem rate for the Program Prototype per the student's IEP. According to the Massachusetts State Medicaid Plan, the per diem rate is based on the Medicaid fee-for-service rate for each service and a statistically representative utilization rate for those services.

Worcester Public Schools, a Local Education Agency located in Worcester, Massachusetts, operated 51 public schools and contracted with as many as 41 private schools during our audit period. Of approximately 29,574 students who attended the Worcester Public Schools during our audit period, 2,007 students received special education services for which the school system submitted reimbursement claims to the Commonwealth of Massachusetts' Medicaid program. Worcester Public Schools performed its billing functions in-house.

### **Objective, Scope and Methodology**

The objective of our audit was to determine whether costs claimed for school-based health services by the Worcester Public Schools through the Commonwealth of Massachusetts were reasonable, allowable and adequately supported in accordance with the terms of the State Medicaid Plan and applicable federal regulations. Specifically, our audit included, but was not limited to reviewing recipient and provider eligibility, payment rates and billing processes. The audit period included Medicaid payments made during the period July 1, 1999 through June 30, 2000.

To accomplish our audit objective, we:

- Reviewed federal and state laws, regulations and guidelines pertaining to the Medicaid program and special education related to school-based health services. We also reviewed the Commonwealth of Massachusetts State Plan Amendment 92-14 that describes the Department of Public Welfare's procedure for reimbursing school-based special needs services.
- Obtained an understanding of Worcester Public Schools' internal controls relative to recipient eligibility, provider qualifications, payment rates and billing processes.
- Identified all individual claims made for days when the Worcester Public Schools were not in session, including holidays (e.g., Thanksgiving, Christmas and Memorial Day), winter and spring vacations, professional in-service days, and snow and emergency days. We did not review claims for a residential placement or preschool placement.
- Selected from a population of 16,325 recipient/months (federal share totaling \$2,032,952), a simple random sample of 100 recipient/months representing claims totaling a federal share of \$12,770 in Medicaid claims paid during the period July 1, 1999 through June 30, 2000 for school-based health services in the Worcester Public Schools.
- Obtained and analyzed information from Worcester Public Schools and out-of-district schools' records which supported Worcester Public Schools' claim for Medicaid reimbursement, including student eligibility for Medicaid, parental consent to bill Medicaid, student IEPs, student attendance and provider qualifications.
- Held discussions with officials from the Worcester Public Schools.

Our audit was conducted in accordance with generally accepted government auditing standards. We performed our fieldwork at the Worcester Public Schools in Worcester, Massachusetts during the period December 2001 through July 2002. See Appendix C for Worcester Public Schools' comments in their entirety.

## **FINDINGS AND RECOMMENDATIONS**

In Massachusetts, claims for school-based health services are based on a daily per diem rate for the prototype (level-of-service) developed in each Medicaid eligible student's IEP. However, we identified internal control weaknesses that needed to be improved in the Worcester Public Schools to ensure that it appropriately submits Medicaid claims for school-based health care services. In this regard, each school district must have evidence that any Medicaid covered service in the IEP has been delivered before the Medicaid claim is submitted for federal reimbursement, a valid IEP for each the student, accurate attendance records, and an accurate prototype. Relative to our review of Medicaid claims in randomly selected months, we estimate that the Worcester Public Schools were inappropriately overpaid at least \$67,777 (federal share). The Worcester Public Schools did not design a system of controls to ensure that school-based health records were assembled and maintained to support the dates and type of Medical services provided.

Further, the Worcester Public Schools did not obtain an "authorization" signed by either a parent or guardian to share information with the DMA for the purpose of submitting claims for Medicaid reimbursement for school-based health services. Accordingly, we have no assurance that a number of parents of special education students attending the Worcester Public Schools were informed about or gave consent, at the time of billing, to sharing their child's confidential information with the State Medicaid Agency in order to bill the Medicaid program.

Although Worcester Public Schools has a system in place to identify billing errors submitted to UNISYS based on incorrect attendance data submitted, the school system did not submit the errors identified for periods subsequent to December 1998. We are pleased to report that when we brought this to the attention of school officials in October 2001, they submitted adjustment requests to UNISYS retroactive to January 1999.

## **REVIEW OF SAMPLE CLAIMS**

As part of our review of the appropriateness of payments to the Worcester Public Schools under the Medicaid program for school-based health care services, we reviewed payments totaling \$12,770 (federal share) for a random sample of months for 100 recipients paid during the period July 1, 1999 through June 30, 2000. We also reviewed all payments for days when schools were not in session.

We found that for payments contained in 19 of the 100 months reviewed, the Worcester Public Schools claimed \$913 for school-based health services when: (1) the Worcester Public Schools did not maintain sufficient documentation that services prescribed in the IEP were delivered (4 sample months), (2) the student did not have a current IEP (3 sample months), (3) the student was absent and did not receive services for at least one day (11 sample months), and (4) billed

the wrong prototype (3 sample months). The individual sample units total more than 19 because some sample units had more than one condition. While some sample units had more than one condition, we did not question more than 100 percent of the claim. (See APPENDIX A.) As a result, we estimate that the Worcester Public Schools were overpaid at least \$67,777 (federal share). (See APPENDIX B.) We also found that the Worcester Public Schools had implemented procedures that appropriately prevented claims for school-based services on days when the schools were not in session.

### **Documentation of Services Delivered**

For 4 of the 100 sample months reviewed, the Worcester Public Schools claimed the daily per diem rate for school-based health services amounting to \$527 for which the school system did not maintain any documentation that services prescribed in the IEP were delivered. Specifically, the school system could not locate case/encounter notes for dates of service or progress notes spanning the sample month.

The CMS's *Medicaid and School Health: A Technical Assistance Guide*, dated August 1997, page 40, states:

...A school, as a provider, must keep organized and confidential records that details client specific information regarding all specific services provided for each individual recipient of services and retain those records for review ... Relevant documentation includes the dates of service....

In addition, the Commonwealth of Massachusetts' *Operational Guide for School Districts* (Revised May 1995) requires that in addition to attendance records, schools assemble and complete documentation that any Medicaid covered service in the IEP has been delivered before the Medicaid claim is submitted to UNISYS federal reimbursement.

Further, in the Provider Agreement the Worcester Public Schools entered into with the DMA, the Worcester Public Schools agreed to "... keep such records as are necessary to disclose fully the extent of the services to recipients and to preserve these records for a minimum period of six years...."

Accordingly, for the students included in the four months reviewed, for which the Worcester Public Schools could neither locate case/encounter notes for dates of service nor progress notes spanning the sample month, we have no assurance that services prescribed in the IEP were delivered.

Worcester Public Schools did not have written policies or procedures in place requiring service providers to document services delivered to Medicaid recipients.

### **Individualized Education Plan**

For 3 of the 100 sample months reviewed, the Worcester Public Schools claimed the daily per diem rate for school-based health services amounting to \$195 based on an IEP, which did not

cover the sample period. Accordingly, reimbursement should not have been sought. The Worcester Public Schools did not have computer edits to ensure that Medicaid claims were submitted only for students which had a currently effective IEP which prescribed special education services. For example:

- Using the bundled rate developed for direct services, the Worcester Public Schools submitted claims for consultation services in February 1999 and March 1999 for two students, for which the IEPs did not prescribe any direct special education services in or out of the regular education classroom. The IEPs did prescribe “Indirect Services to School Personnel and Parents.” The special education teachers were to confer with the regular education teachers. Both of the IEPs listed the time as one hour monthly. The DMA has not approved a reimbursement rate for consultation for indirect services and it is inappropriate to use a bundled rate developed for direct services to seek reimbursement for indirect services.
- The IEP that school officials provided us to document services for a February 1999 claim for one student was not signed by the parent. School officials could not locate a prior IEP. But, they did locate a subsequent IEP signed by the parent on February 10, 2000 – 12 months later.

### **Student Absences**

For 11 of the 100 sample months reviewed, the Worcester Public Schools claimed the daily per diem rate for school-based health services amounting to \$143 when the students were absent and did not receive services for at least one day. Specifically, the attendance record used to bill Medicaid differed from attendance system records provided by the Worcester Public Schools. In this regard, the attendance software, SAGE, used by the Worcester Public Schools assumes that all students were in attendance 100 percent of the time unless an absence is entered in the system. However, Worcester Public Schools did not have edits in place, as part of its attendance system, to show which classrooms' attendance has or has not been entered. There was also a computer system processing error between the SAGE attendance system and the Medicaid billing system. We were unable to review original attendance records for all 100 sample months because Worcester Public Schools does not have a policy for retaining these original records and these records are no longer available.

### **Prototype**

For 3 of the 100 sample months, Worcester Public Schools claimed reimbursement for 19 days in error. Of the three months incorrectly claimed, two were over-claimed by \$119 and one was under-claimed by \$7. The school system claimed an incorrect per diem rate based on the level of service provided to the students. The Worcester Public Schools did not have controls in place to ensure the correct prototype was used when preparing claims for federal reimbursement. In this respect, Massachusetts reimburses school districts for school-based health services based on the number of days in attendance times a statewide per diem rate for the Program Prototype (level-of service) per the student's IEP. Entering the wrong Prototype from the IEP into the Medicaid billing system will result in incorrect billing.

## **Recommendations**

We recommend that the Worcester Public Schools:

- Develop written policies and procedures requiring service providers to document all health services delivered to Medicaid recipients which details client specific information regarding all specific services actually provided for each individual recipient of services and retain those records for review,
- Establish procedures to ensure that Medicaid billings are based on students which have a current IEP and on accurate attendance records that support the students' presence to receive services,
- Establish controls to ensure the correct prototype is used when preparing claims for federal reimbursement, and
- Refund through the DMA, the \$67,777 that was inappropriately paid by the Medicaid program to the Worcester Public Schools.

## **Auditee Response**

In their response to the audit report, Worcester Public Schools officials generally agreed with the procedural recommendations related to establishing policies and procedures regarding Medicaid billing and stated that the school system has taken a number of steps to strengthen internal controls. The auditee stated it had written policies by virtue of federal and state departments of Education's regulations. However, the school system needed further guidance before taking action relative to additional written policies and procedures. Further, the auditee pointed out that while its internal controls could be improved the school system was in a "...high degree of compliance...". Further, school officials "...assumed that the student attendance and quarterly progress notes aligned with the student's IEP provide sufficient documentation to support the delivery of services...". School officials also stated that they would collaborate with Massachusetts Municipal Medicaid to implement additional guidelines when clarified.

The auditee did not express agreement or disagreement and elected not to comment on actions that will be taken regarding the refund of the \$67,777 (federal share) that was inappropriately paid by the Medicaid program to the Worcester Public Schools.

## **Additional OAS Comments**

We are pleased that Worcester Public Schools has taken steps to further strengthen its internal controls. However, it should be noted that the regulations and guidance provided by CMS and DMA are governing for federal reimbursement of school-based health services, not those issued by another agency.

## **AUTHORIZATION TO BILL MEDICAID**

We found that in 11 of the 100 sample months that we reviewed, the Worcester Public Schools did not obtain an "authorization" signed by either a parent or guardian to share information with the DMA for the purpose of submitting claims for Medicaid reimbursement for school-based health services. (Subsequent to the sample month, the Worcester Public Schools did obtain the parents authorization to share information with the DMA for 7 of 11 cases.) Not obtaining written authorization to share educational information with the DMA is contrary to the Federal Family Education and Privacy Act, IDEA, Chapter 766 (the Massachusetts special education law), and DMA instructions, *Operational Guide for School Districts*, (Revised May 1995) provided to the school system. Worcester officials told us that they did attempt to obtain the authorizations either at the Team Meeting to develop the IEP and/or in a mailing to the parents or guardian explaining that parental/guardian permission is required for the schools to bill Medicaid.

We also found that an authorization form for one out of the 89 remaining sample items, where Worcester Public Schools did obtain authorizations to share information, was not in the primary language of the student's home, as recorded on the IEP. Worcester officials told us that the language of the authorization form was English, Spanish or Vietnamese depending on the primary languages spoken in the home. We found, however, that one case where Spanish was the primary language spoken in the home, per the IEP, the authorization form signed was written in English.

Accordingly, we have no assurance that a number of parents of special education students attending the Worcester Public Schools were informed about or gave consent, at the time of billing, to sharing their child's confidential information with the State Medicaid Agency in order to bill the Medicaid program.

### **Recommendations**

We recommend that the Worcester Public Schools develop procedures to ensure that the "authorization" signed by either a parent or guardian to share information with the DMA to submit claims for Medicaid reimbursement is obtained before claims are submitted to DMA. We also recommend that the "authorization" sought from the parent or guardian be in the primary language of the students' home, as recorded on school records, confirmed at the Team Meeting to develop the IEP and recorded on the IEP – whether the authorization form is given to the parent/guardian at the Team meeting or subsequently mailed.

### **Auditee Response**

In their response to the audit report, schools officials stated they did seek authorization in all cases and did provide documentation for 89 percent of the students in the sample.

## **ADJUSTMENTS**

Although Worcester Public Schools has a system in place to identify billing errors submitted to UNISYS based on incorrect attendance data submitted, the school system did not submit the errors identified for periods subsequent to December 1998. Worcester Public Schools did not implement policies and procedures to submit adjustments to claims subsequently found to be in error. We are pleased to report that when we brought this to the attention of school officials in October 2001, they submitted adjustment requests to UNISYS retroactive to January 1999. The adjustments to be reduced from future claims amounted to amounting to \$5,219.

### **Recommendation**

We recommend that Worcester Public Schools implement policies and procedures to submit timely adjustments to UNISYS.

### **Auditee Response**

In their response to the audit report, schools officials stated they have taken a number of steps to strengthen internal controls.

## **APPENDICES**





**SCHEDULE OF SAMPLE ITEMS**

Sample Number	Inaccurate Attendance			Invalid IEP			Prototype			Documentation			Totals	
	Error	Days	Dollars	Error	Days	Dollars	Error	Days	Dollars	None	Days	Dollars	Error	Dollars
99														
100														
	11	21	143.45	3	35	194.95	3	19	112.54	4	54	527.28	19	913.07

\* While some sample units had more than one condition, we did not question more than 100 percent of the claim.

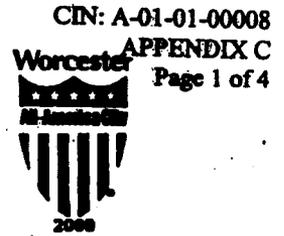


# Worcester Public Schools

Worcester, Massachusetts

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Worcester, Massachusetts 01609-2493

James A. Caradonio, Ed.D.  
Superintendent



CIN: A-01-01-00008

APPENDIX C

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Office of the Superintendent

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October 22, 2002

Michael J. Armstrong  
Regional Inspector General for Audit Services  
Department of Health & Human Services  
Office of Audit Services  
Region I  
John F. Kennedy Federal Building, Room 2425  
Boston, MA 02203

Dear Mr. Armstrong,

We have reviewed your draft report, *"Medicaid Payments for School-Based Health Services, Worcester, Massachusetts, July 1999 through June 2000"*. The Worcester Public Schools is grateful for the opportunity to provide commentary for your review, and possible revision to the report, prior to the issuance of the final document.

We will comment relative to:

- I. Validity of the facts
- II. Reasonableness of the recommendations
- III. Actions taken

## I. VALIDITY OF THE FACTS

- On pages 1 and 2, you state that the Worcester Public Schools operated 30 public schools, when in fact they operated 51 public schools. See OAS Note
- We would disagree with the statement on pages 1 and 3 that "the Worcester Public Schools did not design a system of controls to ensure that school-based health records were assembled and maintained to support the dates and type of Medical services provided". The Worcester Public Schools does indeed have a system in place. We recognize, however, that the system does need to be improved and have taken steps to do so. See OAS Note
- We would like to clarify the statement found on pages 11 and 13 that states "...the Worcester Public Schools did not obtain an 'authorization' signed by

OAS Note: In response to Worcester Public Schools comment, we have made changes to the report.

either a parent or guardian...". Worcester did seek authorization in all cases and did provide documentation for 89% of the students in the sample.

- The identification of "...internal control weaknesses that need to be corrected..." on page ii lacks specificity. It is therefore difficult to comment on its validity or to indicate what policies and procedures were considered to be inadequate. See OAS Note
- We take exception to the statement on page 4 that states that the "...Worcester Public Schools did not have written policies or procedures in place requiring service providers to document services delivered to Medicaid recipients...". In fact, the written policies are embedded in the federal and state regulations (34 CFR 300.347 (a)(7) and 603 CMR 28.07 (3) ) and procedures are in place to comply with requirements. Evaluation Team Chairpeople, principals, teachers and therapists were aware and have had ongoing training to complete, disseminate and file progress reports.
- While we do not necessarily disagree, it is not made clear what specific documentation is required to meet the obligation cited in *"The CMS Medicaid and School Health: A Technical Assistance Guide, dated August 1997"* referenced on page 4. It does not delineate the content of the required provider notes. The Worcester Public Schools assumed that student attendance and quarterly progress notes aligned with the student's IEP provide sufficient documentation to support the delivery of services.
- The draft report states on page 5 "...We were unable to review original attendance records...". The Worcester Public Schools has maintained attendance data electronically since 1988 in accordance with directives set forth by the Massachusetts D.O.E. Further, we were not aware that Medicaid regulations required keeping the "original" attendance records. See OAS Note

## II. REASONABLENESS OF THE RECOMMENDATIONS

- The first recommendation regarding the development of written policies and procedures remains unclear. While we agree that is reasonable to have written policies and procedures, the specific directives to staff will be finalized once we have received clarification as to the nature of what these would include. We will collaborate with Mass. Municipal Medicaid to implement the guidelines when clarified.
- The third recommendation regarding the ensurance of the correct prototype is reasonable. The district does recognize, however, that upon occasion there is a possibility of human error when inputting the data.
- We do not question the reasonableness of the fourth recommendation requiring original attendance. However, it is unclear as to what constitutes "original attendance" and we will await further guidance.

### III. ACTIONS TAKEN

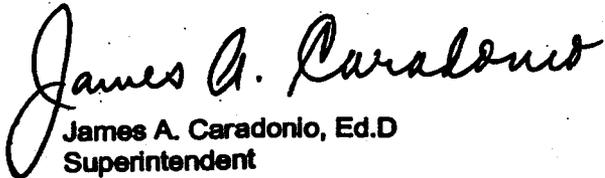
- **Parental authorizations**
  - The form has been amended to assure parental understanding.
  - An additional database has been established indicating whether a signed form is on file.
  - Status logs are maintained by Evaluation Team Chairpeople relative to obtaining a parental consent. This information is reviewed with the parent/guardian at Team meetings.
  - All original parental authorization forms have been reviewed and cross-referenced in the database.
  
- **Prototypes**
  - Additional training has been provided and will continue to be provided to Evaluation Team Chairpeople in an effort to eliminate the potential for errors in data entry.
  
- **Documentation**
  - Training has been provided and will continue to be provided to principals and Special Education liaisons regarding the completion of and submission of progress reports in a timely manner.
  - Evaluation Team Chairpeople, through their current status logs, document the completion and submission of progress reports.
  
- **Attendance**
  - A daily attendance bulletin is maintained for each secondary school.
  - For teachers/homerooms at the secondary level with perfect attendance, the teacher must review the attendance bulletin and initial it if correct.
  - It will be recommended that schools will keep a final signed copy for the year.
  - It will also be recommended that the schools will maintain this documentation for six years.
  - Procedures will be developed to implement consistent practice for maintaining attendance records at elementary schools.
  
- **Attendance & current IEP data**
  - The billing schedule has been revised to ensure that all pertinent information is accurate and updated in the database.
  - Regular consultation with the Municipal Medicaid personnel occurs for clarification on procedures and process.
  
- Relative to page ii, paragraph 3, the Worcester Public Schools appreciates the acknowledgement of the auditors of our proactive submission of adjusted claims subsequent to the determination of an error. We have taken the following steps:

- Policies and procedures are currently in place by which the adjustments and claims are submitted and are being implemented.
- We have received authorization to submit adjustments electronically.
- We have submitted for all errors of which we are aware.
- There are currently no outstanding errors, which need to be adjusted.

As discussed in the exit interview of October 15<sup>th</sup>, while we were in general agreement with the audit findings, we are concerned with statements that, in our opinion, are generalizations which could lead the reader to assume that the Worcester Public Schools did not implement appropriate policies and procedures with regard to Medicaid claiming. In fact, as noted in this letter, the findings of the audit revealed that the Worcester Public Schools had a high degree of compliance with expected practice.

We are grateful for the outstanding cooperation and support of the audit team, especially Shawn Dill who provided guidance in an extremely helpful manner.

Sincerely,

  
James A. Caradonio, Ed.D  
Superintendent

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