



AUG 16 2002

TO: Neil Donovan
Director, Audit Liaison Staff
Centers for Medicare & Medicaid Services

FROM: Dennis J. Duquette *Dennis J. Duquette for*
Deputy Inspector General
for Audit Services

SUBJECT: Review of Oregon's Medicaid Payments for School-Based Health Services Direct Care in State Fiscal Year 2000 (A-10-01-00006)

As part of the Office of Inspector General's self-initiated audit work, we are alerting you to the issuance within 5 business days of our final report entitled, "Review of Oregon's Medicaid Payments for School-Based Health Services Direct Care in State Fiscal Year 2000." A copy of the report is attached. We suggest you share this report with the Centers for Medicare & Medicaid Services components involved in program integrity, provider issues, and state Medicaid agency oversight, particularly the Center for Medicaid and State Operations. This report is one in a series of reports in our multi-state initiative focusing on direct costs claimed for Medicaid school-based health services.

The objective of our review was to determine whether the medical assistance costs claimed by the Oregon State Department of Human Services (Oregon) for the school-based health services direct care program (Program) were allowable and adequately supported.

We found Oregon did not adequately implement and monitor the Program to ensure medical assistance expenditures were allowable and adequately supported. As a result, we determined Oregon: (1) claimed Program expenditures of three educational providers that were unallowable for federal financial participation (FFP) and (2) established reimbursement rates for group therapies, screenings, and contracted consulting services and rate increases that were not developed in accordance with federal regulations. Based on a projection of the statistical sample, we estimated the errors for the three sampled educational providers to be at least \$277,688 (\$166,671 federal share). The effect on the claims for FFP from the unsupported rates cannot be determined until Oregon performs additional analysis to correct the reimbursement rates.

We recommended Oregon:

1. Refund to the Federal Government the federal share, totaling \$166,671, of unallowable expenditures claimed for three educational providers.

2. Develop and implement a system to monitor and review Program expenditures that adequately ensures costs used in claims for FFP are allowable and adequately supported.
3. Ensure Program reimbursement rates and yearly increases are developed in accordance with federal regulations.
4. Recalculate the Program reimbursement rates for state fiscal year 2000 and subsequent periods using historical data and refund the FFP for inappropriately claimed amounts.

In written response to our draft report, Oregon concurred with our findings and recommendations. However, Oregon expressed concern that our recommendation to implement a system to monitor and review Program expenditures disregarded Oregon's existing systems.

We agree Oregon has systems in place to provide guidance to educational providers as well as limited computer-based monitoring of claims. However, we found that adequate reviews of costs claimed by the educational providers were not performed and recommended that Oregon develop a system to monitor those costs. We summarized Oregon's comments and responded to those comments at the end of the FINDINGS AND RECOMMENDATIONS section of the report and included the comments in their entirety in Appendix C to the report.

Any questions or comments on any aspect of this memorandum are welcome. Please address them to George M. Reeb, Assistant Inspector General for Centers for Medicare and Medicaid Audits, at (410) 786-7104 or Lori Ahlstrand, Regional Inspector General for Audit Services, Region IX, at (415) 437-8360.

Attachment



AUG 21 2002

Region IX
Office of Audit Services
50 United Nations Plaza, Rm. 171
San Francisco, CA 94102
(415) 437-8360 FAX (415) 437-8372

Common Identification Number: A-10-01-00006

Mr. Bobby S. Mink
Oregon Department of Human Services
500 Summer Street NE E15
Salem, Oregon 97301-1097

Dear Mr. Mink:

Enclosed are two copies of the Department of Health and Human Services (HHS), Office of Inspector General (OIG), Office of Audit Services' (OAS) final report entitled, "Review of Oregon's Medicaid Payments for School-Based Health Services Direct Care in State Fiscal Year 2000." Your attention is invited to the audit findings and recommendations contained in the report.

Final determination as to actions taken on all matters reported will be made by the HHS action official. 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. Should you have any questions, please direct them to the HHS action official.

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 are made available to members of the public to the extent information contained therein is not subject to exemptions in the Act (See 45 CFR part 5). As such, within 10 business days after the final report is issued, it will be posted on the world wide web at <http://oig.hhs.gov>. To facilitate identification, please refer to Common Identification Number A-10-01-00006 in all correspondence relating to this report.

Sincerely,

Lori A. Ahlstrand
Regional Inspector General
for Audit Services

Enclosures – as stated

Page 2 –Mr. Bobby S. Mink

Direct Reply To Action Official:

Linda Ruiz, Regional Administrator
Centers for Medicare & Medicaid Services, Region X
Department of Health and Human Services
2201 6th Avenue, M/S RX-40
Seattle, Washington 98121

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**REVIEW OF OREGON'S MEDICAID
PAYMENTS FOR SCHOOL-BASED
HEALTH SERVICES DIRECT CARE
IN STATE FISCAL YEAR 2000**



**JANET REHNQUIST
INSPECTOR GENERAL**

**AUGUST 2002
A-10-01-00006**



AUG 21 2002

Region IX
Office of Audit Services
50 United Nations Plaza
Room 171
San Francisco, CA 94102

Common Identification Number: A-10-01-00006

Mr. Bobby S. Mink
Director, Oregon Department of Human Services
500 Summer Street NE E15
Salem, Oregon 97301-1097

Dear Mr. Mink:

This report provides you the results of our review of Oregon's Medicaid payments for school-based health services direct care (Program) for state fiscal year (SFY) 2000. The objective of our review was to determine whether the medical assistance costs claimed by the Oregon State Department of Human Services (Oregon) for the Program were allowable and adequately supported.

EXECUTIVE SUMMARY

We found Oregon did not adequately implement and monitor the Program to ensure medical assistance expenditures were allowable and adequately supported. As a result, we determined Oregon: (1) claimed Program expenditures of three educational providers¹ that were unallowable for federal financial participation (FFP) and (2) established reimbursement rates and rate increases that were not based on accurate or valid data.

Based on a statistical sample totaling \$24,853 in Program services at three educational providers, we determined that \$6,474 (\$3,883 federal share) represented unallowable expenditures for:

- (1) free screenings,
- (2) non-covered/unauthorized services,
- (3) unsupported services, and
- (4) billing errors.

¹ Educational providers include school districts, educational service districts, and local education agencies.

In projecting the sample results to the universe of \$3.2 million in services claimed, we estimated that at least \$277,688 (\$166,671 federal share) was unallowable for federal reimbursement.

In addition, we determined service reimbursement rates and rate increases were not developed in accordance with federal regulations. Reimbursement rates for group therapies, screenings, and contracted consulting services were not supported by historical data. Further, rate increases were not based on valid statistical data. The effect on the claims for federal reimbursement from the unsupported rates cannot be determined until Oregon performs additional analysis to correct the rates.

These issues were the result of inadequate or nonexistent policies and procedures to ensure medical assistance expenditures were reimbursed in compliance with applicable laws and regulations. In addition, Oregon performed limited monitoring of the Program. Oregon officials stated they were a pass-through entity because state funds used in the Program were fully recovered. As a result, Oregon had little incentive to closely monitor the Program.

We recommended that Oregon:

1. Refund to the Federal Government the federal share, totaling \$166,671, of unallowable expenditures claimed for three educational providers.
2. Develop and implement a system to monitor and review Program expenditures that adequately ensures costs used in claims for FFP are allowable and adequately supported.
3. Ensure Program reimbursement rates and yearly rate increases are developed in accordance with federal regulations.
4. Recalculate the Program reimbursement rates for SFY 2000 and subsequent periods using historical data and refund the FFP for inappropriately claimed amounts.

In written response to our draft report, Oregon concurred with our findings and recommendations. However, Oregon expressed concern that our recommendation to implement a system to monitor and review Program expenditures disregarded Oregon's existing systems.

We agree Oregon has systems in place to provide guidance to educational providers as well as limited computer-based monitoring of claims. However, we found that adequate reviews of costs claimed by the educational providers were not performed and recommended that Oregon develop a system to monitor those costs.

Oregon's comments and the Office of Inspector General's (OIG) response are summarized at the conclusion of the FINDINGS AND RECOMMENDATIONS section, and the complete text of the response is included in Appendix C to this report.

In the OTHER MATTERS section of the report, we note that attendance records were not always available to document that students were in attendance on the day the educational provider indicated a Program service was performed.

INTRODUCTION

BACKGROUND

Title XIX of the Social Security Act authorized federal grants to states for Medicaid programs to provide medical assistance to persons with limited income and resources. Each state Medicaid program is administered in accordance with a state plan approved by the Centers for Medicare & Medicaid Services (CMS). Although a state has considerable flexibility in designing its state plan and operating its Medicaid program, it must comply with broad federal requirements.

While Medicaid programs are administered by states, they are jointly financed by the federal and state governments. States incur expenditures for medical assistance payments to providers that furnish medical services to Medicaid-eligible individuals. The Federal Government pays its share of these medical assistance expenditures to each state according to a prescribed formula. The FFP amount for each state is derived by applying the applicable federal medical assistance percentage to the total medical assistance expenditures paid by that state which are in accordance with the approved state plan.

The Medicaid program, recognizing the important role school health services can play, supported school-based health care as an effective method of providing access to essential medical care to eligible children. The school-based health services program was designed to promote access to health care for eligible students in public school systems, thereby preventing costly or long-term health care problems. Services covered under the school-based health program include routine preventive health care, primary treatment and services provided within special education and early intervention programs. These services may be provided at a school-based clinic, a linked clinic, or a private clinic in collaboration with school personnel.

The Individuals with Disabilities Education Act (IDEA), formerly called the Education of the Handicapped Act, authorized federal funding to states for programs that impact Medicaid payment for services provided in schools. The IDEA program ensures that an appropriate public education is readily available for all children with disabilities. Services covered under the IDEA program emphasize special education and “related services” designed to meet the unique needs of disabled children. In order for services to be reimbursable under the IDEA program, the services must be described in the child’s individualized education plan (IEP). The IEP specifies all special education and “related services” needed by the child. Medicaid pays for some or all of

the costs of health-related services provided under IDEA when the services are: (1) provided to Medicaid-eligible children, (2) medically necessary, (3) delivered and claimed in accordance with all other federal and state regulations, and (4) included in the state plan.

The CMS has a long-standing "free-care" policy which does not allow Medicaid reimbursement for providers of services to Medicaid-eligible children if the same services are offered for free to other children. In order to bill Medicaid for services, the provider must have a fee schedule in place and bill all patients and/or any third-parties. An exception to the free-care policy exists for services provided to children with disabilities funded under the IDEA program. The Medicaid program will pay for services provided to children under an IEP, whether or not the provider also charges non-Medicaid patients for the same services.

Oregon, in implementing the Program, entered into intergovernmental agreements with 131 educational providers statewide. Oregon reimbursed educational providers, as reported by the Medicaid Management Information System, approximately \$17.5 million for Program expenditures from July 1, 1999 through June 30, 2000.

Oregon used the Program expenditures incurred by the educational providers to fulfill the federal matching requirement. The intergovernmental agreements between Oregon and participating educational providers stipulated that the educational providers reimburse Oregon for the non-federal portion of the Program payments received. In addition to claiming \$10.5 million in federal matching funds for Program expenditures, Oregon billed educational providers \$7.0 million for the non-federal share of the expenditures incurred in SFY 2000. Thus, Oregon recovered 100 percent of the funds reimbursed to the educational providers for Program expenditures.

The CMS issued "Medicaid and School Health: A Technical Assistance Guide," dated August 1997, to provide information and technical assistance regarding the specific requirements associated with the implementation of a school-based health services program and Medicaid reimbursement of school health services. In addition, Oregon developed the "School-Based Health Services Practitioner's Guide," dated October 1999, which details the responsibilities of each school district as a condition of participation in the Program.

OBJECTIVE, SCOPE, AND METHODOLOGY

We conducted our review in accordance with generally accepted government auditing standards. The objective of our review was to determine whether the medical assistance costs claimed by Oregon for the Program were allowable and adequately supported. Our review of internal controls was limited to those considered necessary to achieve our objectives and included obtaining an understanding of Oregon's medical assistance claim processing system and its involvement in the claim payment reviews.

We reviewed a sample of services provided to Medicaid beneficiaries in SFY 2000 (i.e., service dates from July 1, 1999 through June 30, 2000) regardless of when the payment was actually made. As of September 20, 2001, Oregon claimed approximately \$17.0 million for Program services provided in SFY 2000. We judgmentally selected three educational providers for review based upon Program expenditures for services provided. Expenditures for the selected providers totaled \$3.2 million, approximately 19 percent of Oregon's total Program expenditures for services provided in SFY 2000.

We used a stratified random sample design to select 120 beneficiary service months, with services totaling \$24,853, for review. Each selected educational provider represented a stratum, from which we selected 40 beneficiary service months. A beneficiary service month was comprised of all services provided to a beneficiary during a month. Appendix A to this report presents additional details of our sampling methodology.

For each beneficiary service month selected, we reviewed all the services that were paid as of September 20, 2001. For each service, we determined whether the services were properly authorized and documented. This included the determination of whether services were provided (1) by a qualified individual, (2) to a Medicaid-eligible beneficiary, and (3) on a day in which the student attended school. The OAS Statistical Software Variable Appraisal program was used to project the amount of unallowable Program expenditures found at the selected providers to the total population of 15,758 beneficiary service months included in our sample.

We conducted site reviews at the Medicaid agency and three educational providers. We interviewed Program officials to determine their roles in administering the Program. We also reviewed Oregon's policies and procedures for monitoring the Program claims received from the educational providers and submitting claims for FFP. We met with educational provider officials to discuss their claims procedures and reviewed supporting documentation for claims of Program expenditures.

The OIG is performing a separate review of transportation claims for days where documentation of a medical service was unavailable. Therefore, we have excluded from this review the portion of sampled claims with transportation services of this type.

Our fieldwork was conducted during the period August 2001 through February 2002 and included site visits to the Department of Human Services office in Salem, Oregon; the administrative offices of the Portland Public Schools and Multnomah Education Service District in Portland, Oregon; and the Medford School District in Medford, Oregon.

FINDINGS AND RECOMMENDATIONS

We found Oregon did not adequately implement and monitor the Program to ensure medical assistance expenditures were allowable and adequately supported. As a result, we determined Oregon: (1) claimed Program expenditures for three educational providers that were unallowable for FFP and (2) established reimbursement rates and rate increases that were not based on accurate or valid data.

These issues were the result of inadequate or nonexistent policies and procedures to ensure medical assistance expenditures were reimbursed in compliance with applicable laws and regulations. In addition, Oregon performed limited monitoring of the Program. In determining the allowability of Program expenditures, Oregon relied upon edits within its claims processing system and the educational providers' knowledge of Program regulations. Oregon had little incentive to closely monitor the Program because state funds used in the Program were fully recovered, either through the claim for federal match or from the educational providers' participation in the Program.

PROGRAM EXPENDITURES

Oregon claimed unallowable Program costs for FFP. From a universe of \$3.2 million of Program services claimed for three selected educational providers, we reviewed 120 randomly selected beneficiary service months with services totaling \$24,853. We determined that 60 of the 120 sample items contained errors or unallowable costs totaling \$6,474 (\$3,883 federal share). Based on our projection of the statistical sample, we are 95 percent confident that unallowable costs claimed were at least \$277,688 (\$166,671² federal share). The details of our sample projection are included in Appendix A of this report.

The overpayments identified included the following:

- **Free Screenings - \$496.** Although vision and hearing screenings were provided to all students free of charge, the Program was billed for 16 students that were Medicaid-eligible. Transportation services provided in conjunction with the screenings were also claimed. The services and corresponding transportation expenditures were not allowable for FFP because the services provided were free to the community. One student was IDEA-eligible, which could have resulted in the screening service being allowable under an exception to the free-care policy. However, the services were not provided under an IEP and, therefore, did not qualify for the exception. This type of error was found at one educational provider reviewed.

² The unallowable FFP amounts were determined by applying the applicable federal medical assistance percentage for the date of service.

- **Non-covered/Unauthorized Services - \$4,994.** Payments under the Program were made for services (1) provided to beneficiaries that were not Medicaid-eligible, (2) not prescribed, and (3) provided in excess of prescribed amounts or durations. Federal matching funds are only allowable for medically necessary services provided to eligible beneficiaries. This type of error was found at all three educational providers reviewed.
- **Unsupported Services - \$420.** Program services claimed for FFP were not adequately supported. In our sample, one student's file and another student's transportation log could not be located. Program guidance requires that relevant documentation supporting the services claimed must be retained for review for at least 5 years. This type of error was found at two of the educational providers reviewed.
- **Billing Errors - \$564.** We found Program services that were claimed for FFP using incorrect rates, incorrect codes, or reimbursed by Oregon twice. This type of error was found at all three educational providers.

Additional details of these overpayments are included in Appendix B of this report.

SERVICE REIMBURSEMENT RATES

We determined Program reimbursement rates for group therapies, screenings, and contracted consulting services and rate increases were not developed in accordance with federal regulations. These rates were not supported by historical data, and rate increases were not based on valid statistical data.

Oregon reimbursed educational providers for Program expenditures on a fee-for-service basis. During our review period, reimbursement rates for group therapy sessions were established by Oregon at 75 percent of the corresponding individual therapy rates. In addition, a new rate for screenings was created by Oregon at 75 percent of the rate for testing and evaluation.

According to the CMS guide, reimbursement rates were to be (1) justified with statistically accurate and valid data and (2) limited to no more than the actual costs of providing the service. The CMS guide suggested extensive historical cost information (e.g., time studies, interviews, and cost reports) be gathered to support the establishment of new rates. Because Oregon did not use historical cost information to establish the new rates and was unable to provide justification for the method used, we determined the group and screening rates were not based on accurate or valid data. Further, Oregon's use of a percentage of individual therapy rates as the basis for the group rate provided no assurance that rates were limited to no more than providers' actual costs.

During our review period, we also found that the reimbursement rate for contracted consulting services was more than twice the amount supported by historical data. Generally, Oregon used the average of providers' year-to-date billing amounts to establish each reimbursement rate. However, the rate for contracted consulting services was established without regard for the

average of providers' year-to-date billings. In fact, the current rate has been in effect since SFY 1994, and Oregon was not able to provide any documentation to support the rate.

We also determined rate increases were not properly supported. In 1994, Oregon established a yearly rate increase of 3.5 percent, referring to it as a cost-of-living adjustment. In each of the following years, the 3.5 percent was added to the providers' average billed amounts as a starting point for setting rates. However, Oregon was not able to provide support for the use of the 3.5 percent or any additional adjustments Oregon made to the rates.

The effect on the claims for federal reimbursement from the unsupported rates cannot be determined until Oregon performs additional analysis to correct the rates.

RECOMMENDATIONS

We recommended that Oregon:

1. Refund to the Federal Government the federal share, totaling \$166,671, of unallowable expenditures claimed for three educational providers.
2. Develop and implement a system to monitor and review Program expenditures that adequately ensures costs used in claims for FFP are allowable and adequately supported.
3. Ensure Program reimbursement rates and yearly rate increases are developed in accordance with federal regulations.
4. Recalculate the Program reimbursement rates for SFY 2000 and subsequent periods using historical data and refund the FFP for inappropriately claimed amounts.

OREGON'S COMMENTS

In written response to our draft report, Oregon concurred with our findings and recommendations. Oregon stated that some corrective actions were taken as a result of the issues identified during our review, including the institution of an annual review and monitoring process for reimbursement rate development. They also stated they will offer a provider education and training program annually.

Oregon expressed concern that our recommendation to implement a system to monitor and review Program expenditures disregarded Oregon's current involvement with the Program and existing systems. Oregon also felt the relationship between the stratified random sample and the judgmental criteria used for the selection of our three educational providers was not adequately explained.

The complete text of Oregon's comments is included in Appendix C.

OIG'S RESPONSE

We agree Oregon has systems in place to provide guidance to educational providers as well as limited computer-based monitoring of claims. However, the monitoring of the Program was not adequate because reviews of claimed costs were not performed. Therefore, we recommended that Oregon develop a system to monitor the costs claimed by the educational providers.

Educational providers were selected for review based on the amount of expenditures, as indicated in the scope section of the report. A random sample was then selected from these educational providers. The results of the random sample were projected to the total beneficiary service months for the three selected providers.

OTHER MATTERS

ATTENDANCE RECORDS

The educational providers were unable to provide student attendance records for 36 of the 120 sample items. The attendance records not provided were for students receiving services through early intervention (ages 0-2), early childhood special education (ages 3-5), or contract programs providing services to children placed in residential or day treatment facilities. Since these records were unavailable, student attendance on the day of service could not be verified. Currently, there are no requirements that school districts retain attendance records of all students for whom they bill Medicaid services. However, it would be helpful if attendance records were required as relevant supporting documentation to verify whether students were in attendance on the dates services were provided.

* * * * *

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.)

Page 10 – Mr. Bobby S. Mink

To facilitate identification, please refer to Common Identification Number A-10-01-00006 in all correspondence relating to this report.

Sincerely,

A handwritten signature in black ink, appearing to read "Lori A. Ahlstrand". The signature is written in a cursive style with a large initial "L" and "A".

Lori A. Ahlstrand
Regional Inspector General
for Audit Services

APPENDICES

Sampling Methodology

Review Objective

To determine whether the Program costs claimed by Oregon were allowable and adequately supported in accordance with the Medicaid state plan and applicable state and federal regulations.

Population

The sampling population was comprised of beneficiary service months for Medicaid beneficiaries who received Program services at three judgmentally selected Oregon school districts and educational service districts (educational providers). The population consisted of 15,758 beneficiary service months within SFY 2000 (July 1, 1999 – June 30, 2000) for which payments, totaling \$3,227,482, were recorded in the Medicaid Management Information System as of September 20, 2001. A beneficiary service month is defined as a month in which a service was provided to a Medicaid beneficiary, regardless of the number of services actually provided in that month.

Sample Unit

The sample unit was a beneficiary service month for which Program services were provided during our review period.

Sample Design

A stratified random sample design was used. We judgmentally selected three educational providers for review based upon their total Program reimbursements for services provided to Medicaid beneficiaries in SFY 2000 and the distribution of reimbursements among the procedure codes used to bill for services. Each selected educational provider represented a stratum.

Sample Size

We selected 40 sample units (beneficiary service month) from each of the 3 strata for a total of 120 sample units.

Estimation Methodology

We used the OAS Statistical Software Variable Appraisal program for stratified sampling to project the amount of unallowable service costs to the total population of 15,758 beneficiary service months in our sample.

Results of Sample

We reviewed 120 statistically selected beneficiary service months. We identified overpayments by Oregon in 60 of the 120 sample units. The total value of the overpayments in the sample is \$6,474. The federal share of the overpayments is \$3,883.

We used the results of the 120 sample items to project the value of the overpayments for the population of 15,758 beneficiary service months. The results of the projection are:

Point Estimate of Differences:	\$ 711,041
Upper Limit:	\$1,144,393
Precision Amount:	\$ 433,352
Lower Limit at the 90% Confidence Level:	\$ 277,688

During our audit period, two different FFP rates applied. Therefore, we applied the applicable matching rate to each sample error to project the federal portion of the unallowable costs. The results of the projection are:

Point Estimate of Differences:	\$426,511
Upper Limit:	\$686,350
Precision Amount:	\$259,840
Lower Limit at the 90% Confidence Level:	\$166,671

**Summary of Sample Disallowances
Stratum 1 - Portland Public Schools**

Sample Item #	Procedure Code	Total Error	Free Screenings	Non-covered Or Unauthorized	Unsupported	Billing Errors
1	RS111	\$ 42.40	\$ 0.00	\$ 12.88	\$ 0.00	\$ 29.52
2	RS111	19.68	0.00	0.00	0.00	19.68
3	RS111	7.38	0.00	0.00	0.00	7.38
7	RS112	48.45	0.00	48.45	0.00	0.00
9	RS112	64.60	0.00	64.60	0.00	0.00
10	RS111	9.84	0.00	0.00	0.00	9.84
13	RS111	12.30	0.00	0.00	0.00	12.30
17	RS110	41.82	0.00	0.00	0.00	41.82
19	RS111	9.84	0.00	0.00	0.00	9.84
21	RS111	93.48	0.00	0.00	0.00	93.48
23	RS111	35.60	0.00	25.76	0.00	9.84
24	RS111	17.22	0.00	0.00	0.00	17.22
25	RS110	15.34	0.00	15.34	0.00	0.00
27	RS111	17.22	0.00	0.00	0.00	17.22
29	RS110	15.34	0.00	15.34	0.00	0.00
31	RS112	4.65	0.00	0.00	0.00	4.65
32	RS111	34.44	0.00	0.00	0.00	34.44
33	RS111	19.68	0.00	0.00	0.00	19.68
33	RS118	73.60	0.00	0.00	73.60	0.00
34	RS111	14.76	0.00	0.00	0.00	14.76
35	RS111	7.39	0.00	0.00	0.00	7.39
36	RS110	107.38	0.00	107.38	0.00	0.00
37	RS111	4.92	0.00	0.00	0.00	4.92
38	RS111	19.68	0.00	0.00	0.00	19.68
39	RS111	35.60	0.00	25.76	0.00	9.84
40	RS111	7.38	0.00	0.00	0.00	7.38
Totals:		\$ 779.99	\$ 0.00	\$ 315.51	\$ 73.60	\$ 390.88

**Summary of Sample Disallowances
Stratum 2 – Multnomah Education Service District**

Sample Item #	Procedure Code	Total Error	Free Screenings	Non-covered Or Unauthorized	Unsupported	Billing Errors
2	RS110	\$ 20.98	\$ 0.00	\$ 20.98	\$ 0.00	\$ 0.00
5	RS110	41.96	0.00	41.96	0.00	0.00
5	RS112	41.42	0.00	41.42	0.00	0.00
10	RS116	825.18	0.00	825.18	0.00	0.00
13	RS110	0.54	0.00	0.00	0.00	0.54
19	RS110	116.52	0.00	116.52	0.00	0.00
20	RS110	188.82	0.00	188.82	0.00	0.00
23	RS116	2,524.08	0.00	2,524.08	0.00	0.00
25	RS116	169.89	0.00	169.89	0.00	0.00
26	RS110	41.96	0.00	41.96	0.00	0.00
28	RS110	41.96	0.00	41.96	0.00	0.00
30	RS116	194.16	0.00	194.16	0.00	0.00
33	RS110	20.98	0.00	20.98	0.00	0.00
34	RS110	41.96	0.00	41.96	0.00	0.00
35	RS110	41.96	0.00	41.96	0.00	0.00
36	RS110	272.74	0.00	272.74	0.00	0.00
Totals:		\$ 4,585.11	\$ 0.00	\$ 4,584.57	\$ 0.00	\$ 0.54

**Summary of Sample Disallowances
Stratum 3 – Medford School District**

Sample Item #	Procedure Code	Total Error	Free Screenings	Non-covered Or Unauthorized	Unsupported	Billing Errors
3	RS114	\$ 18.25	\$ 18.25	\$ 0.00	\$ 0.00	\$ 0.00
4	RS114	40.56	40.56	0.00	0.00	0.00
4	RS118	10.00	10.00	0.00	0.00	0.00
6	RS114	36.50	36.50	0.00	0.00	0.00
8	RS114	18.25	18.25	0.00	0.00	0.00
12	RS114	18.25	18.25	0.00	0.00	0.00
19	RS111	171.96	0.00	0.00	0.00	171.96
24	RS114	18.25	18.25	0.00	0.00	0.00
25	RS114	18.25	18.25	0.00	0.00	0.00
26	RS114	18.25	18.25	0.00	0.00	0.00
28	RS110	57.33	0.00	57.33	0.00	0.00
29	RS114	40.56	40.56	0.00	0.00	0.00
30	RS114	36.50	0.00	36.50	0.00	0.00
32	RS110	286.65	0.00	0.00	286.65	0.00
32	RS118	60.00	0.00	0.00	60.00	0.00
33	RS114	18.25	18.25	0.00	0.00	0.00
34	RS114	40.56	40.56	0.00	0.00	0.00
34	RS118	10.00	10.00	0.00	0.00	0.00
35	RS114	36.50	36.50	0.00	0.00	0.00
36	RS114	40.56	40.56	0.00	0.00	0.00
36	RS118	15.00	15.00	0.00	0.00	0.00
38	RS114	18.25	18.25	0.00	0.00	0.00
39	RS114	36.50	36.50	0.00	0.00	0.00
40	RS114	18.25	18.25	0.00	0.00	0.00
40	RS118	25.00	25.00	0.00	0.00	0.00
Totals:		\$ 1108.43	\$ 495.99	\$ 93.83	\$ 346.65	\$ 171.96

Summary of Sample Disallowances Definitions of Procedure Codes

Procedure Code	Title	Description
RS110	Basic Health Service (Individual)	Services provided are direct or indirect and relate specifically to the goals and objectives for the treatment being provided. The types of services provided under this code are: physical therapy, occupational therapy, speech pathology, audiology, psychological services, or vision services.
RS111	Basic Health Service (Group)	Basic health services provided in a group setting of two or more individuals.
RS112	Testing, Evaluation	Procedures used to determine a health-related need, diagnosis or eligibility to receive services.
RS113	Screening	Limited examination procedures to determine a child's level of functioning, such as hearing, vision or health screening.
RS114	Nursing Services	Development, assessment and/or coordination of the treatment plan, direct nursing care services, training and oversight of any health care aides performing delegated nursing services, or other services within the scope of nursing care, as defined in Oregon's Administrative Rules. Services are provided by a registered nurse (RN), licensed practical nurse, or nurse practitioner.
RS116	Delegated Health Care Aide or Transportation Attendant	Health care services delegated by an RN to a health care aide under the Standards for Delegation and Assignment of nursing care tasks. Transportation attendant services are reimbursable to accompany students/children who cannot be transported safely without an additional attendant for behavioral or physical reasons.
RS118	Medical Transportation Mileage	Transportation services to and from school for a child when: the child receives a medical service (other than the transportation) in school on that day; the child requires specialized transportation in a vehicle adapted to serve the needs of the disabled child and transportation is a prescribed service for the child; the child has a medical need and a prescription for transportation, but resides in an area that does not have regular school bus transportation; or when the child requires transportation to an evaluation service to determine eligibility.
RS120	Contracted Consult Service	Consultation services to eligible students for the purpose of evaluation or testing from licensed medical professionals other than provider staff.

Oregon's Response



Oregon

John A. Kitzhaber, M.D., Governor

Department of Human Services

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503-945-5944
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June 12, 2002

Lori A. Ahlstrand
Regional Inspector General for Audit Services
Office of Audit Services
50 United Nations Plaza, Rm. 171
San Francisco, CA 94102

RE: A-10-01-00006

Dear Ms. Ahlstrand:

This is in response to your May 15, 2002 letter and draft audit report (A-10-01-00006) of the Office of Medical Assistance Programs (OMAP) for School Based Health Services Program.

OMAP concurs with the recommendations listed in the draft audit report A-10-01-00006 and the report is factually accurate.

Oregon has made a number of changes to the School Based Health Services Program as a result of the issues we identified during the Audit process.

Oregon instituted an annual review and monitoring process for School Based Health Services reimbursement rate development. The first reassessment of the reimbursement rates will be completed by October 1, 2002.

A provider education and training program offered at multiple sites for clarification of federally reimbursable health services has begun and will be offered annually.

Oregon has concerns regarding specific section statements in the audit. In the section Objective, Scope and Methodology, pg. 4 and again under the Sampling Methodology applied, Appendix A, pg. 1, Sample Design the audit refers to 'A stratified random sample design and judgmentally selected three educational providers based on Program expenditures for services'.

- The criteria used for the judgmental selection of the three educational providers audited appear to be based on program expenditures. The relationship between the stratified random sample and the judgmental criteria

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Ltr: Lori A. Ahlstrand
RE: A-10-01-00006
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is not explained.

The section under "FINDINGS AND RECOMMENDATIONS" misrepresents the State's involvement with the School Based Health Services providers and existing systems.

The State does have in place:

- A computer based claim monitoring system, which includes computer edits; eligibility, maximum program allowable amounts, and a specialized funds management reporting system.
- Provider enrollment qualifications and standards.
- School Based Health Services Provider Guide posted to our public website.
- Specialized staff dedicated to program development.

We appreciate the professionalism demonstrated by your staff and for their attitude of partnership to improve our Medicaid program for the benefit of Oregon's at risk children. If you have any questions regarding this response, please contact Georgia Rhay at (503) 945-7002 or georgia.rhay@state.or.us.

Sincerely,



Bobby S. Mink
Director

C: Linda Ruiz, Regional Administrator, CMS

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