

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**CONNECTICUT DID NOT MEET FEDERAL
AND STATE REQUIREMENTS FOR
CLAIMING MEDICAID SCHOOL-BASED
CHILD HEALTH SERVICES FOR
HARTFORD PUBLIC SCHOOLS**

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Deputy Inspector General
for Audit Services**

**September 2020
A-01-19-00003**

Office of Inspector General

<https://oig.hhs.gov>

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

The designation of financial or management practices as questionable, a recommendation for the disallowance of costs incurred or claimed, and any other conclusions and recommendations in this report represent the findings and opinions of OAS. Authorized officials of the HHS operating divisions will make final determination on these matters.

Report in Brief

Date: September 2020

Report No. A-01-19-00003

U.S. DEPARTMENT OF HEALTH & HUMAN SERVICES
OFFICE OF INSPECTOR GENERAL



Why **OIG** Did This Audit

As part of our oversight activities, we are conducting audits of Medicaid school-based services claimed by States. Prior **OIG** and State audits found that Connecticut did not monitor the School Based Child Health (SBCH) program to ensure that Medicaid-eligible children received services in accordance with their Individualized Education Programs (IEPs), that written parental consent forms were obtained or maintained, or that services did not exceed those authorized in a child's Individual Education Plan. We selected Hartford Public Schools (HPS) for review because it is one of the largest school districts in the State.

Our objective was to determine whether Connecticut claimed Federal Medicaid reimbursement for school-based child health services submitted by HPS in accordance with Federal and State requirements.

How **OIG** Did This Audit

We reviewed Medicaid school-based health services that were provided by HPS and claimed by the State Department of Social Services (DSS) for Federal reimbursement. We selected a random sample of 100 student-months for which DSS claimed Medicaid services during State fiscal year 2018. We reviewed IEP documentation and provider notes to determine whether prescribed services were properly delivered, documented, and billed.

Connecticut Did Not Meet Federal and State Requirements for Claiming Medicaid School-Based Child Health Services for Hartford Public Schools

What **OIG** Found

Connecticut did not claim Federal Medicaid reimbursement for school-based health services submitted by HPS in accordance with Federal and State requirements. Of the 100 student-months selected in our sample, 32 student-months were allowable. However, 68 student-months had 1 or more school-based health services, totaling \$11,928 (\$5,964 Federal share), that were not allowable. These errors occurred because Connecticut did not adequately monitor claims for school-based health services submitted by HPS. On the basis of our sample results, we estimated that Connecticut improperly claimed at least \$1,522,359 (\$761,179 Federal share) for Medicaid payments made to HPS.

What **OIG** Recommends and Connecticut Comments

We recommend that the Connecticut Department of Social Services: (1) refund \$761,179 to the Federal Government, (2) work with the Centers for Medicare & Medicaid Services to review Medicaid payments made to HPS after our audit period and refund any overpayments, and (3) strengthen its oversight of the SBCH program by working with the Connecticut Department of Administrative Services to develop a detailed review process for claims submitted by the Local Education Agencies to ensure that all claims meet Federal and State requirements.

In written comments on our draft report, DSS agreed with our finding and recommendations. In addition, DSS identified corrective actions HPS has taken or plans to take to address the conditions identified in our draft report. These actions include: (1) exploring potential changes to its billing system with the vendor, (2) researching different options to improve processes to better capture attendance records, (3) correcting the sample items in which parental consent was not obtained by reviewing submitted parental consent forms to make sure the forms contained all necessary information and obtaining new parental consent forms as necessary, and (4) providing staff training.

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INTRODUCTION

WHY WE DID THIS AUDIT

As part of its oversight activities, the Office of Inspector General (OIG) is conducting audits of Medicaid school-based services claimed by States. OIG has not audited the Connecticut Department of Social Services' (DSS's) School Based Child Health (SBCH) program since 2002. In the prior report, we found that the agencies involved in the SBCH program did not develop formal procedures to monitor services and ensure Medicaid-eligible children received services in accordance with their Individualized Education Plans (IEPs).¹

In addition, a recent Connecticut State Auditor report² found that DSS did not monitor SBCH claims to ensure that written parental consent forms were obtained and maintained or that services did not exceed the authorized IEP. We selected Hartford Public Schools (HPS) because it is one of the largest school districts in the State.

OBJECTIVE

Our objective was to determine whether DSS claimed Federal Medicaid reimbursement for school-based child health services submitted by HPS in accordance with Federal and State requirements.

BACKGROUND

Medicaid Program

The Medicaid program provides medical assistance to certain low-income individuals and individuals with disabilities. The Federal and State Governments jointly fund and administer the Medicaid program. At the Federal level, the Centers for Medicare & Medicaid Services (CMS) administers the program. Each State administers its Medicaid program in accordance with a CMS-approved State plan. Although the State has considerable flexibility in designing and operating its Medicaid program, it must comply with applicable Federal requirements.

¹ *Review of Medicaid School Based Child Health Services Costs Claimed by Connecticut Department of Social Services October 1999 – September 2000 (A-01-01-00006)* <https://oig.hhs.gov/oas/reports/region1/10100006.pdf>.

² State of Connecticut Single Audit Report For The Fiscal Year Ended June 30, 2017 https://www.cga.ct.gov/apa/reports/statewide/STATEWIDE_20180329_FY2017.pdf.

Medicaid Coverage of School-Based Health Services

Section 1903(c) of the Social Security Act (the Act) permits Medicaid payment for health-related services provided to children under the Individuals with Disabilities Education Act (IDEA) through a child's IEP.

In August 1997, CMS issued a guide entitled *Medicaid and School Health: A Technical Assistance Guide* (technical guide). According to the technical guide, school-based health services included in a child's IEP may be covered if all relevant statutory and regulatory requirements are met. In addition, the technical guide provides that a State may cover services included in a child's IEP as long as: (1) the services are listed in section 1905(a) of the Act and are medically necessary; (2) all Federal and State regulations are followed, including those specifying provider qualifications; and (3) the services are included in the State plan or available under the Medicaid Early and Periodic Screening, Diagnostic, and Treatment benefit.

Covered services may include, but are not limited to, physical therapy, occupational therapy, speech pathology/therapy services, psychological counseling, nursing, and transportation services.

Connecticut Medicaid School-Based Health Services Program

In Connecticut, Medicaid is operated by DSS, the single State agency administering the Connecticut Medicaid Program. The SBCH program is the mechanism by which a Local Education Agency (LEA) may seek Medicaid reimbursement for Medicaid-covered health care services when those services are provided to an eligible student under the terms of the student's IEP. The SBCH program also provides a means for LEAs to seek Medicaid reimbursement for expenditures related to administrative activities that are included in the SBCH provider agreement that are related to the State's Medicaid program.

The Federal Government pays its share of Medicaid expenditures, including claims for school-based health services, according to a formula established in section 1905(b) of the Act. That share is known as the Federal medical assistance percentage (FMAP). The FMAP in Connecticut was 50 percent during our audit period.

Process for School-Based Child Health Medicaid Claim Reimbursement in Connecticut

In Connecticut, DSS processes claims for Medicaid reimbursement for SBCH services provided to Medicaid-eligible children who are covered by the State's Medicaid program. DSS has primary responsibility for informing the LEAs of program requirements and procedural and operating instructions or changes. DSS makes payments directly to the local or regional boards

of education on the basis of the claims processed through the Medicaid Management Information System.³

DSS has a Medicaid Provider and Billing Agreement with the Connecticut Department of Administrative Services (DAS), which acts as an intermediary between the LEAs and DSS and is responsible for forwarding school-based services claims submitted by the LEAs to DSS for Medicaid reimbursement.⁴

Hartford Public Schools

HPS is a school district serving the city of Hartford, Connecticut. HPS is the largest public school district in Connecticut, serving over 20,000 students in 46 magnet and nonmagnet schools.⁵ DSS claimed \$3,380,695 (\$1,690,347 Federal share) for Medicaid payments made to HPS during State fiscal year 2018 (July 1, 2017 through June 30, 2018).

HOW WE CONDUCTED THIS AUDIT

We reviewed Medicaid school-based health services that were provided by HPS and claimed by DSS for Federal reimbursement on Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program. We selected a random sample of 100 student-months for which DSS claimed Medicaid services during State fiscal year 2018. For each student-month, we reviewed IEPs and provider notes to determine whether services were prescribed and were properly delivered, documented, and billed in accordance with Federal and State requirements.

Our objective did not require an understanding or assessment of the complete internal control structures at DSS or HPS. Rather, we limited our review to those controls that were significant to the objective of our audit.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions

³ The Medicaid Management Information System is an integrated group of procedures and computer processing operations (subsystems) developed at the general design level to meet principal objectives.

⁴ DAS functions as an authorized representative of the LEA subject to all confidentiality requirements, regulations, and statutes governing the State Department of Education and the educational records of students. DAS receives, reviews, prepares, and submits LEA claims for all Medicaid-eligible special education students to whom SBCH program services are provided.

⁵ Magnet schools have a specialized theme and approach to coursework or teaching such as STEM, Montessori, performing arts, and early college experience. Non-magnet (district schools) are available to families living in their assigned school zone.

based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

Appendix A contains the details of our audit scope and methodology.

FINDING

DSS did not claim Federal Medicaid reimbursement for school-based health services submitted by HPS in accordance with Federal and State requirements. Of the 100 student-months selected in our sample, 32 student-months were allowable. However, 68 student-months had 1 or more school-based health services, totaling \$11,928 (\$5,964 Federal share), that were not allowable.

These errors occurred because DSS did not adequately monitor SBCH claims for school-based health services submitted by HPS. On the basis of our sample results, we estimated that DSS improperly claimed at least \$1,522,359 (\$761,179 Federal share) for Medicaid payments made to HPS.⁶

CONNECTICUT DID NOT ADEQUATELY SUPPORT OR DOCUMENT SCHOOL-BASED SERVICES

Medicaid reimbursement is available for SBCH services provided in accordance with a child's IEP (the Act § 1903(c); Regulations of Connecticut State Agencies § 17b-262-217).

Claims for Federal Medicaid reimbursement must be supported by adequate documentation (*CMS State Medicaid Manual* § 2497). According to section 1902(a)(27) of the Act, providers must keep such records as are necessary fully to disclose the extent of the services provided to Medicaid beneficiaries. School-based health providers must maintain records to document each SBCH service provided to each Medicaid eligible child (Regulations of Connecticut State Agencies § 17b-262-220). LEAs must obtain written parental consent to access the child's or parents' public benefits or insurance before billing for services under the Medicaid SBCH Program.⁷

⁶ To be conservative, we recommend recovery of overpayments at the lower limit of a two-sided 90-percent confidence interval. Lower limits calculated in this manner are designed to be less than the actual overpayment total 95 percent of the time.

⁷ Regulations of Connecticut State Agencies §§ 17b-262-213 through 17b-262-224 set forth payment requirements for SBCH services provided in accordance with section 10-76d of the Connecticut General Statutes. Section 10-76d of the Connecticut General Statutes requires that LEAs obtain written parental consent in accordance with 34 CFR § 300.154(d)(2)(iv) prior to billing Medicaid for SBCH services. Parental consent must specify the personally identifiable information that may be disclosed, the purpose of the disclosure, the agency to which the disclosure may be made, and that the parent understands and agrees that the public agency may access the child's or parents' public benefits or insurance to pay for services.

For 68 of the 100 student-months in our sample, DSS did not ensure that school-based health services provided by HPS were furnished in accordance with Federal and State requirements. Specifically:⁸

- For 36 of the student-months, DSS claimed Federal reimbursement for at least 1 service that was longer in duration than the service prescribed or provided. For example, DSS claimed reimbursement for 2 hours of speech therapy in a week, even though the student's IEP prescribed only 1 hour of speech therapy per week. In another example, a student was provided 1 hour and 15 minutes of social work as prescribed, but DSS received reimbursement for 2 hours and 15 minutes.
- For 31 of the student-months, DSS claimed Federal reimbursement for dates of services for which the school district did not provide the attendance data, or the data provided did not show the student in attendance on the date of service for the claim.
- For 20 of the student-months, DSS claimed Federal reimbursement for services even though HPS had not obtained parental consent before accessing the child's or parents' public benefit or insurance for the first time.
- For 18 of the student-months, DSS claimed Federal reimbursement for services for which the service provider notes indicated that the students received different types of services from those that DSS billed to Medicaid. For example, the monthly progress notes for 1 student indicated the student received counseling in an individual setting; however, DSS received reimbursement for 21 sessions of group counseling for this student during the month.

On the basis of our sample results, we estimated that DSS improperly claimed at least \$1,522,359 (\$761,179 Federal share) for Medicaid payments made to HPS.

DSS did not claim Federal Medicaid reimbursement in accordance with the requirements because it did not have a formal process in place to monitor the claims for school-based health services submitted by HPS. Furthermore, DSS did not have a formal process to ensure that claims were properly supported with the required service and billing documentation before it submitted the claims to CMS for reimbursement.

⁸ The errors in the categories below do not add to 68 because some student-months contain multiple types of errors.

RECOMMENDATIONS

We recommend that the Connecticut Department of Social Services:

- refund \$761,179 to the Federal Government,
- work with CMS to review Medicaid payments made to HPS after our audit period and refund any overpayments, and
- strengthen its oversight of the SBCH program by working with DAS to develop a detailed review process for claims submitted by the LEAs to ensure that all claims meet Federal and State requirements.

CONNECTICUT DEPARTMENT OF SOCIAL SERVICES COMMENTS

In written comments on our draft report, DSS agreed with our finding and recommendations. In addition, DSS identified corrective actions HPS has taken or plans to take to address the conditions identified in our draft report. These actions include: (1) exploring potential changes to its billing system with the vendor, (2) researching different options to improve processes to better capture attendance records, (3) correcting the sample items in which parental consent was not obtained by reviewing submitted parental consent forms to make sure the forms contained all necessary information and obtaining new parental consent forms as necessary,⁹ and (4) providing staff training.¹⁰

DSS's comments are included in their entirety as Appendix D.

⁹ The specific corrective actions taken to correct the 20 sample items without parental consent were not mentioned in DSS's response to our draft report; however, these actions were discussed in previous meetings and included here for clarification.

¹⁰ We did not verify that DSS or HPS completed any of the corrective actions identified in its response.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

We reviewed Medicaid school-based child health services that were submitted by HPS and claimed by DSS for Federal reimbursement on Form CMS-64, Quarterly Medicaid Statement of Expenditures for the Medical Assistance Program. DSS claimed \$3,380,695 (\$1,690,347 Federal share) for Medicaid payments made to HPS during State fiscal year 2018.

Our objective did not require an understanding or assessment of the complete internal control structures at DSS or HPS. Rather, we limited our review to those controls that were significant to the objective of our audit.

We performed our fieldwork at the Connecticut DSS office and HPS in Hartford, Connecticut, from February 2019 through June 2020.

METHODOLOGY

To accomplish our audit objective, we:

- reviewed applicable Federal and State laws, regulations, and guidance and the CMS-approved State plan;
- interviewed officials from CMS, DSS, and HPS;
- obtained a computer-generated file from CMS identifying all Medicaid school-based health claims submitted by DSS during State fiscal year 2018;
- identified 15,897 student-months with school-based service claims submitted by HPS, totaling \$3,380,695 (\$1,690,347 Federal share), as described in Appendix B;
- selected a random sample of 100 of the 15,897 student-months (Appendix B);
- reviewed medical records and other documentation to determine whether each of the services provided in the 100 sampled student-months was allowable and supported by accurate documentation in accordance with Federal and State requirements;
- estimated the total overpayments and the Federal share of these overpayments based on the results of our review (Appendix C);
- reviewed documentation supplied by DSS and HPS to support the school-based health services rates used to claim Federal Medicaid reimbursement; and

- discussed the results of our audit with DSS and HPS officials.

We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objectives. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objectives.

APPENDIX B: SAMPLE DESIGN AND METHODOLOGY

POPULATION

The population consisted of Medicaid paid claims for school-based services for which DSS reimbursed HPS from July 1, 2017, through June 30, 2018. DSS requested Federal reimbursement for these claims, which were recorded in the CMS Transformed Medicaid Statistical Information System.¹¹

SAMPLING FRAME

The sampling frame was 1 database table with a total of 15,897 student-month records. A student-month consists of all Medicaid school-based services rendered in a month to a student. The 15,897 student-months contained a total of 79,166 services for which DSS was paid a total of \$3,380,695 (\$1,690,347 Federal share).

SAMPLE UNIT

The sample unit was a student-month.

SAMPLE DESIGN

We used a simple random sample.

SAMPLE SIZE

We selected a sample of 100 student-months.

SOURCE OF THE RANDOM NUMBERS

We generated the random numbers using the OIG, Office of Audit Services (OAS), statistical software.

METHOD OF SELECTING SAMPLE ITEMS

We consecutively numbered the sample units in our frame. After generating 100 random numbers for our sample, we selected the corresponding frame items.

¹¹ The Transformed Medicaid Statistical Information System (T-MSIS) is a critical data and systems component of the CMS Medicaid and Children's Health Insurance Program (CHIP) Business Information Solution. The T-MSIS data set contains enhanced information about beneficiary eligibility, beneficiary and provider enrollment, service utilization, claim and managed care data, and expenditure data for Medicaid and CHIP.

ESTIMATION METHODOLOGY

We used the OAS statistical software to estimate the total amount and Federal share of the overpayments.

APPENDIX C: SAMPLE RESULTS AND ESTIMATES

Sample Results: Total Amounts

Frame Size	Value of Frame	Sample Size	Value of Sample	No. of Student-Months With Unallowable Services	Value of Unallowable Services in Sample
15,897	\$3,380,695	100	\$22,769	68	\$11,928

Sample Results: Federal Share Amounts

Frame Size	Value of Frame (Federal Share)	Sample Size	Value of Sample (Federal Share)	No. of Student-Months With Unallowable Services	Value of Unallowable Services in Sample (Federal Share)
15,897	\$1,690,347	100	\$11,384	68	\$5,964

**Estimated Value of Improperly Claimed Federal Medicaid Reimbursement
(Limits Calculated for a 90-Percent Confidence Interval)**

	<u>Total Amount</u>	<u>Federal Share</u>
Point estimate	\$1,896,194	\$948,097
Lower limit	1,522,359	761,179
Upper limit	2,270,030	1,135,015



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August 26, 2020

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RE: OIG Audit Report A-01-19-00003
 SBCH Hartford Public Schools

Dear Mr. Lamir:

We recently received a copy of a draft audit report - "Connecticut Did Not Meet Federal And State Requirements For Claiming Medicaid School-Based Child Health Service For Hartford Public Schools (A-01-19-00003).

The conditions and recommendations highlighted in the report are addressed below:

Conditions:

Condition #1: For 36 of the student-months, DSS claimed Federal reimbursement for at least 1 service that was longer in duration than the service prescribed or provided. For example, DSS claimed reimbursement for 2 hours of speech therapy in a week, even though the student's IEP prescribed only 1 hour of speech therapy per week. In another example, a student was provided 1 hour and 15 minutes of social work as prescribed, but DSS received reimbursement for 2 hours and 15 minutes.

Department's Response: The Department is in agreement that the hours of services billed were not in agreement with what was outlined in the student's IEPs. It should be noted that there are instances, such as the speech therapy example highlighted, where, due to circumstances out of control of the school, services are not always delivered in the time and frequency recommended by the IEP. When speech service time exceeds the IEP recommendation, it is often the result of compensatory time that is owed to the student for previous missed sessions. The missed time can be made up throughout the year as long as it is properly documented. When reviewing a single month's sample of data, it may be difficult to determine whether the noted time in excess of the IEP hours was the result of missed time being made up. Hartford Public Schools (HPS) will explore potential changes with their electronic billing vendor to include a field specific to compensatory service delivered.

Condition #2: For 31 of the student-months, DSS claimed Federal reimbursement for dates of services for which the school district did not provide the attendance data, or the data provided did not show the student in attendance on the date of service for the claim.

Department's Response: The Department is in agreement that the records maintained did not adequately capture the student's attendance. The attendance information for some of the students may not have been captured in the PSIS submission. In many instances, such as with Magnet and Charter schools, the attendance information is maintained by the student's school. The attendance data is sent in many different formats and may only contain monthly totals rather

than daily attendance information. HPS is researching different options to improve processes to better capture attendance records, specifically in areas where they depend on input from non-HPS school records.

Condition #3: For 20 of the student-months, DSS claimed Federal reimbursement for services even though HPS had not obtained parental consent before accessing the child's or parents' public benefit or insurance for the first time.

Department's Response: The Department concurs with the finding. This was corrected upon identification in the audit.

Condition #4: For 18 of the student-months, DSS claimed Federal reimbursement for services for which the service provider notes indicated that the students received different types of services from those that DSS billed to Medicaid. For example, the monthly progress notes for 1 student indicated the student received counseling in an individual setting; however, DSS received reimbursement for 21 sessions of group counseling for this student during the month.

Department's Response: The Department concurs with the finding. With regards to the example noted in the condition, providers have the ability to auto-fill their MSI Part 2 from a previous month and then update information accordingly for the current month. The setting is often an oversight on their part because they typically focus on the goals and progress note changes during the current month. HPS is reviewing the removal of that feature going forward but has addressed this issue through staff training.

Recommendations:

Recommendation #1: Refund \$761,179 to the Federal Government.

State's Response: The Department concurs with this recommendation.

Recommendation #2: Work with CMS to review Medicaid payments made to HPS after our audit period and refund any overpayments.

State's Response: The Department agrees to work with CMS to review and return any overpayments that are identified.

Recommendation #3: Strengthen its oversight of the SBCH program by working with DAS to develop a detailed review process for claims submitted by the LEAs to ensure that all claims meet Federal and State requirements.

State's Response: The Department agrees to review its controls related to claims submitted by LEAs to ensure that all claims meet Federal and State guidelines.

Please let me know if you need any additional information related to the response to this draft audit report.

Sincerely,



Michael J. Gilbert
Deputy Commissioner

MJG/JJ:br

cc: Deidre S. Gifford, MD, MPH, Commissioner
John F. McCormick, Director of Quality Assurance
John Jakubowski, Director of Internal Audit
Kate McEvoy, Director, Health Services
Nick Venditto, Director, Financial Services