MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT
CLERMONT COUNTY

MEDICAID COMPLIANCE EXAMINATION REPORT

FOR THE PERIOD JULY 1, 2011 THROUGH JUNE 30, 2014

Dave Yost · Auditor of State

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MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT
CLERMONT COUNTY

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INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE WITH REQUIREMENTS OF THE MEDICAID PROGRAM APPLICABLE TO MEDICAID SCHOOL PROGRAM SERVICES

Robert Farrell, Superintendent
Milford Exempted Village School District
777 Garfield Avenue
Milford, Ohio 45150-1607

RE: Medicaid Provider Number 2906725

Dear Mr. Farrell:

We examined your (the Provider's) compliance with specified Medicaid requirements for provider qualifications, service authorization and service documentation related to the provision of Medicaid School Program (MSP) services during the period of July 1, 2011 through June 30, 2014. We tested service documentation to verify that there was support for the service, the procedure code and the units billed to and paid by Ohio Medicaid. We also examined the Individualized Education Programs (IEPs) to determine if there was authorization for the service and reviewed practitioner qualifications. The accompanying Compliance Examination Report identifies the specific requirements examined.

Provider's Responsibility

The Provider entered into an agreement with the Ohio Department of Medicaid (ODM) to provide services to Medicaid recipients (the Provider Agreement). The Provider Agreement outlines the responsibility to adhere to the terms of the agreement, state statutes and rules, federal statutes and rules, and the regulations and policies set forth in the Medicaid Handbook including the duty to maintain records supporting claims for reimbursement made by Ohio Medicaid. Therefore, the Provider is responsible for complying with the requirements and laws outlined by the Medicaid program.

Auditor's Responsibility

Our responsibility is to express an opinion and report on the Provider's compliance with the specified Medicaid requirements based on our examination. Our examination was performed under our authority in Section 117.10 of the Ohio Revised Code and conducted in accordance with the American Institute of Certified Public Accountants' attestation standards and, accordingly, included examining, on a test basis, evidence supporting the Provider's compliance with those Medicaid requirements and performing such other procedures as we considered necessary in the circumstances. We believe our examination provides a reasonable basis for our opinion. However, our examination does not provide a legal determination on the Provider's compliance with the specified Medicaid requirements.

Internal Control Over Compliance

The Provider is responsible for establishing and maintaining effective internal control over compliance with the Medicaid requirements. We did not perform any test of the internal controls and we did not rely on the internal controls in determining our examination procedures. Accordingly, we do not express an opinion on the effectiveness of the Provider's internal control over compliance.

Basis for Qualified Opinion

For the services in our exception tests, our examination disclosed that in a material number of instances the Provider did not maintain necessary service documentation to support services billed to, and paid by, Ohio Medicaid.

Qualified Opinion on Compliance

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraph, the Provider has complied, in all material respects, with the aforementioned requirements pertaining to provider qualifications, service documentation, and service authorization for the period of July 1, 2011 through June 30, 2014.

Our testing was limited to the specified Medicaid requirements detailed in the Compliance Examination Report. We did not test other requirements and, accordingly, we do not express an opinion on the Provider's compliance with other requirements.

We found the Provider was overpaid by ODM for services rendered between July 1, 2011 and June 30, 2014 in the amount of $22,192.72. This finding plus interest in the amount of $677.79 totaling $22,870.51 is due and payable to ODM upon its adjudication of this examination report. When the Auditor of State identifies fraud, waste or abuse by a provider in an examination,[1] any payment amount in excess of that legitimately due to the provider will be recouped by ODM, the state auditor, or the office of the attorney general. Ohio Admin. Code § 5160-1-29(B)

This report is intended solely for the information and use of ODM, the Ohio Attorney General's Office, the U.S. Department of Health and Human Services/Office of Inspector General and other regulatory and oversight bodies, and is not intended to be and should not be used by anyone other than these specified parties. In addition, copies are available to the public on the Auditor of State website at www.ohioauditor.gov.

Dave Yost
Auditor of State

January 20, 2016

[1] "Fraud" is an intentional deception, false statement, or misrepresentation made with the knowledge that the deception, false statement, or misrepresentation could result in some unauthorized benefit to oneself or another person. "Waste and abuse" are practices that are inconsistent with professional standards of care; medical necessity; or sound fiscal, business, or medical practices; and that constitute an overutilization of Medicaid covered services and result in an unnecessary cost to the Medicaid program. Ohio Admin. Code § 5160-1-29(A)

COMPLIANCE EXAMINATION REPORT

Background

Title XIX of the Social Security Act, known as Medicaid, provides federal cost-sharing for each state's Medicaid program. The rules and regulations that providers must follow are specified in the Ohio Administrative Code and the Ohio Revised Code. The fundamental concept underlying the Medicaid program is medical necessity of services: defined as services which are necessary for the prevention, diagnosis, evaluation or treatment of an adverse health condition. *See* Ohio Admin. Code § 5160-1-01(A) and (B) Medicaid providers must "maintain all records necessary and in such form so as to fully disclose the extent of services provided and significant business transactions" for a period of six years from receipt of payment or until any audit initiated within the six year period is completed. Providers must furnish such records for audit and review purposes. Ohio Admin. Code § 5160-1-17.2(D) and (E)

The Provider is a school district in Clermont County that serves pre-school through high school students. The Provider billed for physical and occupational therapy services; speech-language pathology services; psychological testing and behavioral intervention; and nursing services during our examination period and received a total reimbursement of $389,296 for 12,706 services 299 unique recipients on 549 dates of service.

Eligible recipients of MSP services are children between the ages of three to twenty-one who have an IEP which includes services that are allowable under Medicaid. *See* Ohio Admin. Code § 5160-35-01(A)(6) The only provider of MSP services are city, local or exempted village school districts, state schools for the blind and deaf and community schools according to Ohio Admin. Code § 5160-35-02(B)(1).

Purpose, Scope, and Methodology

The purpose of this examination was to determine whether the Provider's Medicaid claims for reimbursement complied with Ohio Medicaid regulations. Please note that all rules and code sections relied upon in this report were those in effect during the examination period and may be different from those currently in effect.

The scope of the engagement included all procedure codes the Provider billed to Ohio Medicaid and received payment for during the period of July 1, 2011 through June 30, 2014. These procedure codes included:

- 92506 – Speech evaluation;
- 92507 and 92508 – Speech therapy (individual and group);
- 92522 – Pure tone audiometry (threshold);
- 96101 – Psychological testing;
- 96152 – Health and behavior intervention, face to face (individual);
- 97001 and 97002 –Physical therapy evaluation and re-evaluation;
- 97003 and 97004 – Occupational therapy evaluation and re-evaluation;
- 97110 and 97150 – Occupational or physical therapy therapeutic procedure (individual and group);
- 97112 – Neuromuscular re-education (one-on-one);
- 97113 – Aquatic therapy (one-on-one);
- 97116 – Gait training;
- 97140 – Manual therapy;
- 97530 – Occupational or physical therapy therapeutic activity;
- 97532 – Cognitive skills development;

Purpose, Scope, and Methodology (Continued)

- 97533 – Sensory integrative techniques;
- 97535 – Self-care/home management training;
- 97760 – Orthotic management and training;
- T1002 – RN services; and
- T1003 – LPN/LVN services.

We received the Provider's claims history from the Medicaid Management Information System (MMIS) and the Medicaid Information Technology System (MITS) database of services billed to and paid by Ohio's Medicaid program for MSP. We removed any voids and services paid at zero. From this population we extracted speech, physical therapy and occupational therapy evaluation and re-evaluation services (procedure codes 92506, 92522, 97001, 97002, 97003, 97004) where a recipient received more than one evaluation or re-evaluation for a particular procedure code to review as an exception test. This resulted in exception test of 22 services. We also extracted the six services performed on a Saturday or Sunday as a second exception test.

After removing the services in the two exception tests, we used a statistical sampling approach to facilitate a timely and efficient examination of the Provider's services as permitted by Ohio Admin. Code § 5160-1-27(B)(1). We stratified the remaining population by recipient date of service (RDOS). A recipient date of service (RDOS) is defined as all services for a given recipient on a specific date of service. We stratified the services into three strata using a modified cumulative frequency square root method (Dalenius-Hodge Rule). Estimates of the population overpayment standard deviation were made for each stratum using the standard deviation of the actual amount paid per claim and a 51 percent error rate. The estimated error standard deviations and means were then used to calculate a stratified sample size by stratum and overall. The final calculated sample size is shown in the table below.

Universe/Strata	Population Size	Sample Size
Stratum 1 – RDOS with Amount Paid Less Than $25	8,351	155
Stratum 2 – RDOS with Amount Paid Between $25 and $74.99	2,814	113
Stratum 3 – RDOS with Amount Paid of $75 and Over	619	106
Total:	**11,784**	**374**

We then obtained the detailed services for the 374 sampled RDOS. This resulted in a sample size of 441 services

An engagement letter was sent to the Provider on October 16, 2015 setting forth the purpose and scope of the examination. An entrance conference was held on October 26, 2015. During the entrance conference, the Provider described its MSP program, which included Milford Exempted Village School District employees providing speech and psychology services. The Provider also contracted with several companies/organizations to provide other MSP services including occupational therapy, physical therapy, nursing, and additional speech services. MSP services were recorded and signed electronically by the rendering practitioner in an electronic health record (EHR) and were billed to Ohio Medicaid by a contracted billing company directly from this EHR system. The Provider stated that all MSP services were provided on-site at one of its school buildings.

Results

We examined services 22 services in our exception test when recipient received more than one evaluation service (procedure codes 92506, 97003, and 97004) and identified 15 errors. As a result, we identified $544.19 as an overpayment.

We examined six services in our exception test of services provided on a Saturday or Sunday and found six errors. As a result we identified $283.61 as an overpayment.

We also examined 441 services in our statistical sample and identified 27 errors. We identified overpayments for 23 of 441 statistically sampled recipient services (22 of 374 RDOS) from a stratified random sample of the Provider's population of paid services (which excluded services extracted in the exception tests.) Based on this error rate, we calculated the Provider's correct payment amount for this population, which was $366,755, with a 95 percent certainty that the actual correct payment amount fell within the range of $355,691 to $377,819 (+/- 3.2 percent.) We then calculated findings by subtracting the correct population amount ($366,755) from the amount paid to the Provider for this population ($388,119.92), which resulted in a finding of $21,364.92. A detailed summary of our statistical sample and projection results is presented in **Appendix I**.

While certain services had more than one error, only one finding was made per service. The non-compliance found during our examination and the basis for our findings is described below in more detail.

A. Provider Qualifications

According to Ohio Admin. Code § 5101:3-35-02(C), a MSP provider must employ or contract practitioners and shall ensure all employees and contractors who have in-person contact with recipients undergo and successfully complete criminal record checks pursuant to Ohio Rev. Code § 5111.032. In addition, Ohio Admin. Code § 5101:3-35-05(B) states qualified practitioners who can deliver services through the MSP must be a licensed occupational therapist, occupational therapy assistant, physical therapist, physical therapy assistant, speech-language pathologist, speech-language pathology aide, audiologist, audiology aide, registered nurse, practical nurse, clinical counselor, counselor, independent social worker, social worker, psychologist or school psychologist.

We verified through the Ohio e-License Center and the Ohio Department of Education (ODE) that the 40 rendering practitioners held a valid and current license during the period they rendered services in our sample and exception tests.

Ohio Rev. Code § 5111.032 (renumbered to 5164.34 by the 130th General Assembly File No. 25, HB 59, §101.01, effective September 29, 2013) states that no Medicaid provider shall employ a person if the person is subject to the criminal records check requirement and the person is found by the criminal records check to have been convicted of or have pleaded guilty to a disqualifying offense, regardless of the date of the conviction or the date of entry of the guilty plea.

We verified all background checks for 40 rendering providers were obtained to meet criminal records check requirement.

B. Individualized Education Programs

According to Ohio Admin. Code § 5101:3-35-04(D)(5) services for which reimbursement is sought shall be clearly identified in the IEP of an eligible child, with the exception of the initial assessment/evaluation. The eligible child's IEP shall include specific services to be used and the amount, duration and frequency of each service. *See* Ohio Admin. Code § 5101:3-35-05 (F)(3)

B. Individualized Education Programs (Continued)

Statistical Sample

We reviewed 441 services in our statistical sample and identified six services in which there were no IEP to support the service and one service which was not authorized on the IEP. The overpayments associated with these seven errors were included in the finding amount of $21,364.92.

We found no additional errors related to IEPs in either of our exception tests.

Recommendation:

The Provider should develop and implement internal controls to ensure every recipient has an IEP that authorizes the amount, frequency and duration of services and clearly indicates the modality for the services. In addition, the Provider should establish a process ensure only services specified in the IEP are billed to Ohio Medicaid. The Provider should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

C. Service Documentation

Ohio Admin. Code § 5101:3-35-05(G) states that documentation for the provision of each service must be maintained and include the date the activity was provided, a description of the service, procedure and method provided, group size, duration in minutes or time in/time out and signature or initials of the person delivering the service. In addition, Ohio Admin. Code § 5101:3-35-05(C)(13) states that services provided on days or at times when the recipient is not in attendance are not allowable for reimbursement.

We limited our examination to ensuring documentation was present for services rendered, that the definition of the procedural code billed was consistent with the service documented (including limitations), the units billed matched the minutes documented, the date of the service on the documentation matched the service date billed and the recipient was in attendance on the date of service.

Statistical Sample

We reviewed 441 services in our statistical sample and identified the following errors:

- 6 services in which there was no documentation;
- 6 services in which the recipient was absent on the date of service; and
- 5 services in which the activity documented was not consistent with the procedure code billed.

The overpayments associated with these 17 errors were included in the finding amount of $21,364.92.

In addition we found three services in which the date of service reported on the claim did not match the date of service on the supporting documentation. We reviewed all paid services to ensure that the service was not billed twice. We identified no overpayment as a result of these three errors.

C. Service Documentation (Continued)

Exception Test – Greater Than One Evaluation Service

We reviewed 22 services in this exception test and found 12 services with no documentation and one service in which activity was not consistent with procedure code billed.

The overpayments associated with these 13 errors are included in the finding amount of $544.19. In addition, we found two services in which date of service reported on the claim did not match the date of service on the supporting documentation. We reviewed all paid services to ensure that the services were not billed twice. We identified no overpayment as a result of these two errors.

Exception Test – Services on Saturday or Sunday

We reviewed six services in this exception test and found the following errors:

- 2 services with no documentation;
- 2 service with supporting documentation but there was no school on that date; and
- 1 service in which activity was not consistent with procedure code billed.

The overpayments associated with these five errors are included in the finding amount of $283.61. In addition, we found one service in which date of service reported on the claim did not match the date of service on the supporting documentation. We reviewed all paid services to ensure that the service was not billed twice. We identified no overpayment as a result of this error.

Recommendation:

The Provider should develop and implement internal controls to ensure that all service documentation fully complies with requirements contained in Ohio Admin. Code § 5160-35-05. In addition, the Provider should implement a quality review process to ensure that documentation is complete and accurate prior to submitting claims for reimbursement. The Provider should address the identified issues to ensure compliance with Medicaid rules and avoid future findings.

APPENDIX I
Summary of Statistical Sample Analysis
Examination Period: July 1, 2011 – June 30, 2014

POPULATION
The population is all paid Medicaid School Program services, less those services examined in the two exception tests, net of any adjustments, where the service was performed and payment was made by ODM.

SAMPLING FRAME
The sampling frame was paid and processed claims from MMIS and MITS. These systems contain all Medicaid payments and all adjustments made to Medicaid payments by the State of Ohio.

SAMPLE UNIT
The primary sampling unit is Recipient Date of Service (RDOS).

SAMPLE DESIGN
We used a stratified random sampling approach.

Description	Results
Type of Examination	Stratified Random Sample of RDOS
Number of Population Recipient Dates of Service (RDOS)	11,784
Number of Population RDOS Sampled	374
Number of RDOS Sampled with Errors	22
Number of Population Services Provided	12,678
Number of Population Services Sampled	441
Number of Services Sampled with Errors	23
Total Medicaid Amount Paid for Population	$388,119.92
Actual Amount Paid for Population Services Sampled	$26,021.97
Projected Correct Population Payment Amount	$366,755
Upper Limit Correct Population Payment Estimate at 95% Confidence Level	$377,819
Lower Limit Correct Population Payment Estimate at 95% Confidence Level	$355,691
Projected Overpayment Amount = Actual Amount Paid for Population Services – Projected Correct Population Payment Amount	$21,364.92
Precision of Estimated Correct population Payment Amount as the 95% Confidence Level	$11,064 (+/- 3.2%)

Source: Analysis of MMIS and MITS information and the Provider's medical records.

Dave Yost • Auditor of State

MILFORD EXEMPTED VILLAGE SCHOOL DISTRICT

CLERMONT COUNTY

CLERK'S CERTIFICATION
This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

CERTIFIED
MARCH 17, 2016

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