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**LANCASTER CITY SCHOOL DISTRICT
FAIRFIELD COUNTY**

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

Steve Wigton, Superintendent
Lancaster City School District
345 East Mulberry Street
Lancaster, Ohio 43130

RE: *Medicaid Provider Number 2887434*

Dear Mr. Wigton:

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, specifically speech therapy (individual and group), psychological testing, therapeutic treatment, therapeutic procedures group, and therapeutic activity direct contact during the period of July 1, 2011 through June 30, 2014. We tested service documentation to verify that there was support for the service rendered. We also examined the Individualized Education Program (IEP) to determine if there was authorization for the service and reviewed practitioner qualifications. The accompanying Compliance Examination Report identifies the specific requirements examined for compliance.

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.

Opinion on Compliance

In our opinion, 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 Ohio Medicaid for services rendered between July 1, 2011 and June 30, 2014 in the amount of \$1,537.10. This finding plus interest in the amount of \$78.83 totaling \$1,615.93 is due and payable upon ODM's 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 the 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

April 29, 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 constitutes 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)

Eligible recipients of MSP services are children between the ages of three to 21 who have an IEP which includes services that are allowable under Medicaid. See Ohio Admin. Code § 5160-35-01(A)(5) The only provider of MSP services are city, local or exempted village school districts, state schools for the blind and deaf and community schools. Ohio Admin. Code § 5160-35-02(B)(1)

The Provider is a city school district that received a total reimbursement of \$334,058.59 for the following MSP services during our examination period:

- \$6,590.83 for Evaluation of Speech (92506);
- \$51,371.42 for Treatment of Speech Individual (92507);
- \$152,880.82 for Treatment of Speech Group (92508);
- \$285.82 for Evaluation Speech and Sound Production (92522);
- \$2,162.40 for Evaluation Speech and Sound Production with Evaluation of Language Comprehension and Expression (92523);
- \$117.77 for Treatment of Swallowing Dysfunction (92526);
- \$77.96 for Therapeutic Services for Use of Speech-Generating Device (92609);
- \$27.68 for Evaluation of Swallowing Function (92610);
- \$15,151.56 for Psychological Testing per Hour (96101);
- \$95.43 for Developmental Testing with Interpretation and Report (96110);
- \$86.81 for Physical Therapy Evaluation (97001);
- \$17.97 for Physical Therapy Re-Evaluation (97002);
- \$2,309.77 for Occupational Therapy Evaluation (97003);
- \$2,519.47 for Occupational Therapy Re-Evaluation (97004);
- \$64,949.38 for Therapeutic Treatment 15 minutes each (97110);
- \$9,369.76 for Therapeutic Procedures Group (97150);
- \$22,599.38 for Therapeutic Activity Direct Contact 15 minutes each (97530);
- \$505.43 for Development of Cognitive Skills 15 minutes each (97532);
- \$2,805.51 for Sensory Integrative Techniques 15 minutes each (97533); and
- \$133.42 for Self-Care/Home Management Training 15 minutes each (97535).

The total reimbursement consisted of 14,519 services to 540 unique recipients on 13,979 recipient dates of service (RDOS). An RDOS is defined as all services for a given recipient on a specific date of service.

The Provider contracted with Fairfield Medical Center, Newark Rehabilitation Services and Licking Rehabilitation Services, Inc. for occupational and physical therapy services. All 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.

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 was limited to the following procedure codes the Provider billed to Ohio Medicaid and received payment for during the period of July 1, 2011 through June 30, 2014:

- 92507 – Treatment of Speech Individual;
- 92508 – Treatment of Speech Group;
- 96101 – Psychological testing;
- 97110 – Therapeutic Treatment 15 minutes each;
- 97150 – Therapeutic Procedures Group; and
- 97530 – Therapeutic Activity Direct patient contact 15 minutes each.

We obtained the Provider's claims history from the Medicaid Information Technology System (MITS) database of services billed to and paid by Ohio's Medicaid program. From the population of paid services, we first extracted all services rendered on a Saturday or Sunday as an exception test to test these services in their entirety.

We then extracted all services with procedure codes 92507, 92508, 96101, 97110, 97150 and 97530. From this population, 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). Specifically, we stratified the services by RODS into four strata using a modified cumulative frequency square root method (Dalenius-Hodge Rule). Estimates of each stratum overpayment standard deviation and mean were made using the standard deviation of the actual amount paid per claim and an estimated 51 percent error rate. The final calculated sample size is shown in the table below.

Universe/Strata	Population Size	Sample Size
RDOS with Amount Paid Less Than \$20	7,382	162
RDOS with Amount Paid Between \$20 - \$24.99	3,599	93
RDOS with Amount Paid Between \$25 - \$39.99	1,810	72
RDOS with Amount Paid \$40 or Over	763	125
Total:	13,554	452

We then obtained the detailed services for the 452 sampled RDOS. This resulted in a sample size of 534 services.

An engagement letter was sent to the Provider setting forth the purpose and scope of the examination. An entrance conference was held during which the Provider described its documentation practices, personnel related procedures and billing process. Our fieldwork was initiated following the entrance conference. The Provider was given two opportunities to provide additional documentation and we reviewed all documents received for compliance.

Results

We examined 10 services in our exception test of services rendered on a Saturday or Sunday and identified 10 errors resulting in an overpayment of \$243.25. The services in this exception test included speech therapy (individual and group), psychological testing, and therapeutic treatment.

We also examined 534 services in our statistical sample and identified 25 errors resulting in an overpayment of \$1,293.85.

A. Provider Qualifications

According to Ohio Admin. Code § 5101:3-35-02², a MSP provider shall employ or contract with licensed practitioners and shall require all employees and contractors who have in-person contact with recipients to undergo and successfully complete criminal records 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 tested the 28 practitioners who rendered services in our sample and exception test. We verified through the Ohio e-License Center and the Ohio Department of Education that practitioners were licensed with the exception of one practitioner who had a lapse in licensure of approximately 41 days during our examination period. We concluded this speech therapist was ineligible to render services during this lapse in licensure.

We obtained background checks through the Ohio Department of Education's website and from the Provider. One occupational therapist did not have a background check and was ineligible to render services.

Exception Test – Services Rendered on a Saturday or Sunday

We identified no errors.

Statistical Sample

We reviewed 534 services and identified three services rendered by an ineligible practitioner and are included in the finding amount of \$1,293.85.

Recommendation:

The Provider should verify that all practitioners meet licensure requirements. In addition, the Provider should verify that all practitioners complete the required criminal records checks and should review and maintain the results to ensure that individuals are eligible to provide services. The Provider should address the identified issue to ensure the safety of students in addition to compliance with Medicaid rules and avoid future findings.

² Per Section 323.10.70 of Am. Sub. H. B. 59 of the 130th General Assembly, the Legislative Services Commission renumbered the rules of the Office of Medical Assistance within the Department of Job and Family services to reflect its transfer to ODM. The renumbering became effective on October 1, 2013. This renumbering effects all rules noted in the Results section of this report.

Results (Continued)

B. 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.

Exception Test – Services Rendered on a Saturday or Sunday

We reviewed 10 services in the exception test and identified nine services in which service documentation was present, included a start and end time and a detailed note, stated that the location of service was the school, and were documented as rendered on a Saturday or Sunday when school was not in session. These nine errors resulted in finding amount of \$202.78.

We also noted one service, billed with a Sunday service date, in which the documentation indicated that this evaluation service was rendered on a weekday. We reviewed the claims data and found no other evaluation reimbursed during this time frame so we did not consider this an error. However, the units billed for this service exceeded the duration documented and we included the overpayment of \$40.47 for the excess unit in the overall finding amount.

Statistical Sample

We reviewed 534 services in our statistical sample and identified the following service documentation errors:

- 7 services in which the units billed exceeded the duration documented;
- 1 service with no duration documented;
- 7 services in which there was no service documentation; and
- 2 services in which school attend records show the student was absent on the date of service; however, the Provider had service documentation for a speech therapy group which included a start and end time and a detailed note.

The 17 errors described above are included in the finding amount of \$1,293.85.

Recommendation:

The Provider should develop and implement internal controls to ensure that only services actually rendered are billed and that services are billed with the correct date of service. The Provider should also maintain documentation for all services rendered. These issues should be addressed to ensure compliance with Medicaid rules and avoid future findings.

Results (Continued)

C. Individualized Education Programs

Services not indicated on the recipient's IEP prior to the provision of the service, with the exception of the initial assessment/evaluation, are not allowable for reimbursement. In addition, the IEP shall include specific services, including the amount, duration and frequency. Ohio Admin. Code § 5101:3-35-05(C)(11) and 5101:3-35-05(F)(3)

Exception Test – Services Rendered on a Saturday or Sunday

We identified no errors.

Detailed Statistical Sample

We reviewed 534 services in our statistical sample and identified three services which exceeded the number of units authorized on the IEP and two services in which the service was not authorized on the IEP. These five errors are included in the total finding amount of \$1,293.85.

We noted that the IEPs were not always clear in documenting the modality of the service. If the service was authorized on the IEP and the documentation generally supported the service reimbursed, we considered the service compliant; regardless of whether a group or an individual service was rendered.

Recommendation:

The Provider should develop and implement internal controls to ensure only services specified in the IEP are billed to Ohio Medicaid. The Provider should also ensure that IEPs are clear in documenting if services are to be rendered on an individual and/or group basis. The Provider should address the identified issues to ensure recipients receive the intended services and to ensure compliance with Medicaid rules and avoid future findings.

Provider Response:

A draft report was sent to the Provider on May 20, 2016, and the Provider was afforded an opportunity to respond to this examination report. The Provider declined an exit conference to discuss the draft examination report. The Provider also declined to submit an official response to the results noted above.

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LANCASTER CITY SCHOOL DISTRICT

FAIRFIELD 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
JUNE 16, 2016**