

Medicaid – How It Impacts Special Education Expenditures and Revenue

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PLUS:

STATE'S GUIDANCE TO INDEPENDENT AUDITORS
CHANGES TO PARENTAL CONSENT RULES

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What this presentation will / will not be

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- Will Be: Overview of DHS' guidance to independent auditors on the audit of Medicaid SBS
- Will Be: Change in parental consent rules and how districts will benefit
- Will Be: How Medicaid Revenue impacts MOE
- Wont Be: Answers, yet...

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Single Audit - Medicaid

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SECTION 3.15 SCHOOL BASED SERVICES BENEFIT (SBS)
USE FOR AUDITS FOR FISCAL YEARS ENDING
JUNE 30, 2013

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RISK ASSESSMENT

Type A Program if

- 1) LEA has a single audit
- 2) DHS pays LEA \$100,000 for SBS during the audit period (regular fiscal year)

DHS will provide a list of payments made between July 1, 2012 and June 30, 2013 on the State Single Audit Guidelines website

Auditors then determine the amount of funding paid to the LEA

Why checks received in July but dated in June are supposed to be accrued

Link to Audit Guidance:

<http://www.doa.wi.gov/docview.asp?docid=10041&locid=167>

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IN GENERAL...

Test an LEA's general compliance

- Segregation of Duties
- Allowable Costs
- Reporting
- Illegal Acts or Other Misconduct

Any problems with general compliance will call into question the accurate determination of SBS allowable costs.

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PROGRAM SPECIFIC RISK FACTORS...

SBS must be identified in student's IEP

Parental Consent to Bill Medicaid

Suggested Audit Procedures:

We're going to ask about these...

Determine whether the IEPs were updated within the last year and were approved by parent within the last year or if significant changes were made...

A signed and dated consent form is required for each new IEP and for each updated IEP and kept in the students' records.

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PROGRAM SPECIFIC RISK FACTORS...

SBS must be identified in student's IEP

Parental Consent to Bill Medicaid

Suggested Audit Procedures:

Determine whether the services billed were in the student's IEP

Determine if a current signed and dated form M-5 is in the student file

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PROGRAM SPECIFIC RISK FACTORS...

SBS reported salaries and benefits of staff providing medical services

Suggested Audit Procedures:

Trace salaries and fringe benefits on the Quarterly Financial Submissions back to payroll, and financial ledgers

Ensure that federal funds also used for the medical services have been correctly reported

Trace salary and benefit amounts for contracted staff to appropriate invoice

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PROGRAM SPECIFIC RISK FACTORS...

Medicaid Eligibility Rate for Medical Services IEP Ratio

Suggested Audit Procedures:

Review the provider's system for identifying total IEP students receiving medical services by service area

Trace the provider's records that identify the total number of IEP students receiving medical service by service area to the cost report

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PROGRAM SPECIFIC RISK FACTORS...

Purchased Medical Services and Supplies

(contracted services, supplies, travel)

Suggested Audit Procedures:

Test invoices to verify that only include costs for services, supplies, and employee travel related to IEP medical services.

Review supplies listed on invoices to ensure the tie back to the Centers for Medicare & Medicaid Services (CMS) Approved Materials and Supplies.

Compliance requirement: Districts *must* report costs in appropriate WUFAR sub-accounts...

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SPECIFIC MEDICAID OBJECTS

311	IEP Personal Purchased Medical Services
344	Contracted Service Travel – IEP Medical Services
346	Employee Travel for IEP Medical Services
390	Inter-Governmental Payments for Services – Purchased IEP Medical Services
391	Payment to Municipalities
395	Payment to County
399	Payment to WTCS
418	Medical Supplies for IEP Medical Services

Test the district's General Ledger to verify that districts are using the sub-accounts for IEP medical services listed above in reporting costs incurred during the applicable school year.

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PROGRAM SPECIFIC RISK FACTORS...

SBS Transportation Costs

Suggested Audit Procedures:

Trace transportation amount on the cost report to relevant financial data, verify transportation is not exclusively for general education transportation

Review how the provider identifies the total number of one-way trips

Ensure the district has bus logs and attendance sheets which support that the child was on the bus and received direct medical services that day

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Parental Consent

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SECTION 3.15 SCHOOL BASED SERVICES BENEFIT (SBS)

USE FOR AUDITS FOR FISCAL YEARS ENDING
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IDEA Part B – Final Regulations

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- On Feb. 14, 2013, the US Department of Education published in the Federal Register changes to 34 CFR 300.154(d) related to parental consent to access Medicaid.
- LEAs must obtain a *one-time* written consent from the parent, after providing written notification explaining protections available to parents under IDEA
 - Previously, LEAs were required to obtain parental consent every year, even for the same student with the same services

New Regs
Effective
March 18, 2013

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Written Notification to Parents

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- The new regulations specifies the content of the notice to parents
- The delivery of the notification must happen before parental consent is obtained
- Parental consent only has to be obtained once, but the written notification to the parent must be delivered annually
- Replace “annual parental consent” with “annual written notification”

Students with Existing Consent

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- No need to get new consent under this law *if*:
 - There has been no change in the type or amount of services provided to the student or the cost of services charged to Medicaid; and
 - The district has on file a parental consent that meets the old requirements (DPI Form M-5)
- Parental consents from prior years (2011-12) or current year (2012-13) meeting these standards can stand-in as the one-time consent **BUT** the written notification must be sent to the parents annually

Students with Existing Consent

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- The old consent form can be used until there is a change in the type or amount of services provided, or if the costs charged to Medicaid increase.
- If there is a change, the new process kicks in:
 - Notification to parents prior to obtaining parental consent
 - A newly signed parental consent form containing the new language regarding the parents' understanding and agreeing that the public agency is accessing the child's or parent's public benefits or insurance to pay for services.

Consent Under the New Regs

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- Any new consent forms, containing the new language regarding a parents' understanding and agreeing that the public agency is accessing their insurance, are permanent even if there is a future change in type or amount of service or an increase in the costs of these services.
- Don't forget the annual notification, though!

Switching Districts

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- The one-time consent form is not transferable. If a child relocates to a new district, the new district must follow the steps of parental notification and then obtain the parental consent.

Existing Parental Consent Form

No change in type, amount, or cost of service since the form was signed by parent

- * Send parental notification and use the existing consent form as the one-time only required form
- * Send parental notification annually

Existing Parental Consent Form

Change in type, amount, or cost of service since the form was signed by parent

- * Send parental notification and then obtain a new parental consent form with updated language
- * Send parental notification annually

No Parental Consent Form Or Student Switches Districts

- * Send parental notification and then obtain a new parental consent form with updated language
- * Send parental notification annually

Why This is A Very Beneficial Change

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- For continuing students, with the one-time consent form, billing can happen immediately with the start of each school year
 - No waiting for parental consent
 - Avoid large lump sums at the end of the year
 - Better measure for planning purposes – how many students currently have parental consent and their associated Medicaid revenue can be budgeted for the next year

In Development

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- DPI is working on a sample parental notification letter that districts can use that will contain all required language
- Form M-5 will be updated to include the language regarding the parents' understanding that the public agency will be accessing their insurance
- Questions? Contact Allison Markoski at allison.markoski@dpi.wi.gov

Maintenance of Effort

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HOW MEDICAID REVENUE IS MAKING EVERYTHING EVEN MORE DIFFICULT

How it Works

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- MOE is based on a district's local effort to support special education – demonstrating that the federal grant (IDEA) is truly only supplementing the district's responsibilities
- To get to this expenditure amount, federal revenues have to be deducted

Medicaid Revenue vs. IDEA Revenue

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- Expenditures that a district charges to the grant are given a project code of 341 or 347 –
 - None of these amount are pulled into the MOE calculation
- Expenditures that are billed to Medicaid are coded as a project 011 (staff and transportation) or 019 (supplies, contracted services)
 - All project 011 and 019 amount are pulled into the MOE calculation
 - Medicaid revenue must then be deducted from these amounts

In 2012

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- Districts under predicted Medicaid revenue by...

\$42,614,339!!!

Communication

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- Fiscal staff have to understand what is going on and program staff have to keep business staff

Trying to Figure It Out

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- **Understand that MJ Care and Accilify do monthly billing based on information submitted and parental consent on record**
 - Staff wait to enter information until parental consent is actually received
 - Considerable time necessary to record information
 - Maybe, probably, a lot of information isn't submitted until the spring, thus resulting in large payments in June??

Trying to Figure It Out

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- **Some districts received HUGE Medicaid payments in June and July of 2012 for back years**
 - If the check was received in July, but dated June, districts were to accrue the revenue to FY 2012 – totally messing up their MOE compliance and zero time to fix it.
 - We're talking to DHS about not issuing checks in June...if they have a two-year timeline for back payments, and the end date of the two-year timeline isn't June 30, could the checks be processed in July?

Weird Possible Solutions

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- **A district has 365 days following the date of service to bill...**
 - Rather than have all of the costs submitted in May when staff have time to catch up, either have the staff enter the costs in July or work with the Third Party Billing agency to not submit claims to DHS during May or June and just bill in July.
 - This gives the district 11 months to deal with the revenue for MOE purposes.