

Department of Health and Human Services

**OFFICE OF
INSPECTOR GENERAL**

**NEBRASKA CLAIMED
UNALLOWABLE SCHOOL-BASED
ADMINISTRATIVE COSTS BECAUSE
OF IMPROPER CODING OF RANDOM
MOMENT TIMESTUDY RESPONSES**

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Office of Inspector General

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OFFICE OF AUDIT SERVICES FINDINGS AND OPINIONS

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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: August 2020

Report No. A-07-19-03234

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



Why OIG Did This Audit

Prior OIG audits of State Medicaid agencies that used random moment timestudies (RMTSs) to allocate costs for school-based administrative (SBA) costs determined that States did not always correctly claim Federal Medicaid reimbursement for SBA services. Nebraska, whose SBA costs we have not previously audited, uses RMTSs to allocate those costs.

Our objective was to determine whether SBA costs that Nebraska claimed for Medicaid reimbursement for the school-year quarters from September 1, 2014, through August 31, 2017 (audit period), were reasonable and adequately supported in accordance with the terms of the State Medicaid plan and applicable Federal and State requirements.

How OIG Did This Audit

Nebraska entered into contractual agreements with two contractors that managed an RMTS and determined the SBA costs for which Nebraska claimed Federal reimbursement. School district employees who performed SBA activities (participants) responded to questions by explaining the activities they were performing at a specific time (RMTS responses); the contractors coded those responses to determine how much participant time was Medicaid-reimbursable.

We reviewed RMTS responses and school district financial data to identify and calculate any unallowable Federal reimbursement.

Nebraska Claimed Unallowable School-Based Administrative Costs Because of Improper Coding of Random Moment Timestudy Responses

What OIG Found

Not all of the SBA costs that Nebraska claimed for Medicaid reimbursement for the audit period were reasonable, allowable, and adequately supported in accordance with the terms of the State Medicaid plan and applicable Federal and State requirements. Specifically, Nebraska did not correctly calculate and claim SBA costs for Medicaid reimbursement because the contractors incorrectly coded some RMTS responses. Additionally, one contractor incorrectly assigned some participants to the RMTSs. Nebraska claimed and received Federal reimbursement totaling \$25.3 million; however, we determined that the allowable SBA costs were \$12.1 million. Therefore, Nebraska claimed and received \$13.2 million in unallowable SBA costs.

Nebraska claimed these unallowable costs because it did not exercise proper oversight to ensure that contractors followed State requirements when coding RMTS responses and when assigning participants to the RMTSs.

What OIG Recommends and Nebraska Comments

We recommend that Nebraska refund the \$13.2 million to the Federal Government; review SBA costs claimed after our audit period and refund unallowable amounts; and strengthen oversight of its contractors to ensure that they follow State requirements when coding RMTS responses and when assigning participants to the RMTSs.

Nebraska did not concur with our recommendations and partially disagreed with our findings. For our first recommendation and the associated findings, Nebraska partially disagreed with our finding related to the coding of some RMTS responses and did not address our finding regarding the assignment of some participants to the RMTSs. Nebraska did not concur with our last two recommendations. After reviewing Nebraska's comments, we maintain that our findings and recommendations are valid.

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INTRODUCTION

WHY WE DID THIS AUDIT

The Office of Inspector General (OIG) performed audits of 10 State Medicaid agencies that used random moment timestudies (RMTSs) to allocate school-based administrative (SBA) and school-based health services (SBHS) costs.¹ (See Appendix B.) In those audits, we determined that States did not always claim Federal Medicaid reimbursement for SBA services in accordance with Federal and State requirements. In Nebraska, whose SBA costs we have not previously audited, the Department of Health and Human Services, Division of Medicaid and Long-Term Care (State agency), uses RMTSs to allocate those costs.

OBJECTIVE

Our objective was to determine whether SBA costs that the State agency claimed for Medicaid reimbursement for the school-year quarters from September 1, 2014, through August 31, 2017, were reasonable and adequately supported in accordance with the terms of the State Medicaid plan and applicable Federal and State requirements.

BACKGROUND

Medicaid Program

The Medicaid program provides medical assistance to 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.

Medicaid Coverage of School-Based Administrative Costs

Section 1903(c) of the Social Security Act (the Act) permits Medicaid payment for health-related services that are specified in each child's individual education program (IEP), generally without the child having to leave school. State agencies may be reimbursed for the administrative activities that support SBHS for children eligible for Medicaid; the associated administrative costs that State agencies claim for Federal reimbursement are called SBA costs.

Administrative activities include outreach, eligibility intake, information and referral, health service coordination and monitoring, and interagency coordination. The Federal reimbursement is generally 50 percent of allowable administrative expenses. For our audit

¹ For 1 of the 10 State Medicaid agencies that we audited, we performed 2 separate audits.

period, the State agency claimed administrative activities related to translation services at an enhanced 75 percent rate of Federal reimbursement.

Nebraska Medicaid Program and School-Based Administrative Costs

In Nebraska, the State agency administers the Medicaid program. The State agency entered into contractual agreements with two contractors to manage an RMTS and review the RMTS responses (explained below) to determine the SBA costs for which the State agency claimed Federal reimbursement for each quarter of our audit period.

Random Moment Sampling

To ascertain and allocate the portion of time and activities that is related to the administration of the Medicaid program, Nebraska developed a methodology that was approved by CMS. Random moment sampling, which makes use of RMTSs, is a CMS-approved allocation methodology and must reflect all of the time and activities (whether allocable or allowable under Medicaid) performed by employees participating in the SBA program (participants) (*Medicaid School-Based Administrative Claiming Guide* (CMS Claiming Guide) § IV.B.2.).

To claim Federal reimbursement, State agencies must allocate SBA costs for activities that are performed for a population of children that includes both those eligible and those non-eligible for Medicaid (CMS Claiming Guide § IV.B.7.). The timestudy mechanism therefore requires careful documentation of all work performed by certain school staff over a set period of time and is used to identify, measure, and allocate the school staff time that is devoted to activities reimbursable by Medicaid (CMS Claiming Guide § IV.B.2.).

Methodologies for allocation of Medicaid administrative costs must be approved by the U.S. Department of Health and Human Services (HHS), Division of Cost Allocation (DCA), and must be detailed in the State's public assistance cost allocation plan. Nebraska's DCA-approved public assistance cost allocation plan states that SBA costs are determined based on the State agency's CMS-approved *Nebraska Medicaid Administrative Claiming Guide* (NEBMAC Guide), effective September 1, 2013. The NEBMAC Guide contains the policies and procedures that Nebraska school districts follow to receive Medicaid reimbursement. The NEBMAC Guide also describes procedures for how the RMTS should be performed and applied.

Random Moment Timestudy Data Collection and Reporting

For each quarter during the school years in our audit period, the participating school districts submitted to the contractors a list of participants. The contractors assigned the participants to one of two cost pools: Direct Service Providers or Administrative Service Providers.² The contractors asked each participant to respond to a series of questions identifying and explaining

² States can also use RMTSs to allocate SBHS costs. In Nebraska, the State agency used Direct Service Providers in its RMTSs to claim SBA costs but did not use RMTSs to allocate SBHS costs.

the activity he or she was performing at a specific time. After the selected participants completed and submitted their RMTS responses, the contractors coded the RMTS responses to determine whether the time was Medicaid-reimbursable, Medicaid-reallocated, or Medicaid-nonreimbursable, according to the responses provided.³

Using the results of the RMTSs, the contractors determined, and reported to the State agency, the costs allocable to Medicaid administrative activities. The contractors calculated costs for the fall, winter, and spring school-year quarters using RMTS responses from the corresponding quarter. The contractors calculated costs for the summer school-year quarters using an average of the RMTS responses from the preceding fall, winter, and spring quarters.

HOW WE CONDUCTED THIS AUDIT

Our audit period comprised 12 quarters of SBA costs covering the period September 1, 2014 (fall quarter), through August 31, 2017 (summer quarter).⁴ Claimed SBA costs for this period totaled \$50,328,832, for which the State agency received \$25,268,937 in Federal reimbursement.

We reviewed nine quarters (fall, winter, spring) of RMTS responses submitted by participants and collected by the contractors, as well as three quarters (summer) that were calculated from the average of the preceding three school-year quarters of RMTS responses.

We reviewed 100 percent of the RMTS responses that the State agency (through its contractors) had identified as Medicaid-reimbursable and Medicaid-reallocated to determine whether the contractors had correctly calculated SBA costs.⁵ We used these audited RMTS responses to recalculate the SBA costs and determine the unallowable SBA costs.

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 A contains details of our audit scope and methodology.

³ Medicaid-reimbursable RMTS responses identify activities whose associated SBA costs qualify for Federal reimbursement. Conversely, SBA costs associated with Medicaid-nonreimbursable RMTS responses do not qualify for Federal reimbursement. Medicaid-reallocated RMTS responses are proportionally reallocated to Medicaid-reimbursable and Medicaid-nonreimbursable RMTS responses. An example of a Medicaid-reallocated RMTS response might be attending a staff meeting.

⁴ The audit period encompassed the most current data available at the time we initiated our review.

⁵ We did not review Medicaid-nonreimbursable responses because they do not increase Federal reimbursement.

FINDINGS

Not all of the SBA costs that the State agency claimed for Medicaid reimbursement for the school-year quarters September 1, 2014, through August 31, 2017, were reasonable, allowable, and adequately supported in accordance with the terms of the State Medicaid plan and applicable Federal and State requirements. Specifically, the State agency did not correctly calculate and claim SBA costs for Medicaid reimbursement because the contractors incorrectly coded some RMTS responses. In addition, one contractor incorrectly assigned general education teachers to the Administrative Service Providers cost pool.

The State agency claimed and received Federal reimbursement totaling \$25,268,937; however, we determined that the allowable SBA costs were \$12,111,159 (Federal share). Therefore, the State agency claimed and received \$13,157,778 in unallowable SBA costs. This amount comprised \$11,561,474 in unallowable costs resulting from the contractors' incorrect coding of some RMTS responses and \$1,596,304 in unallowable SBA costs resulting from a contractor assigning general education teachers to the school districts' Administrative Service Providers cost pools.

These errors occurred because the State agency did not exercise proper oversight to ensure that contractors followed the provisions of the NEBMAC Guide when assigning codes to the RMTS responses and when assigning participants to the RMTSs.

RANDOM MOMENT TIMESTUDY RESPONSES WERE NOT CORRECTLY CODED IN ACCORDANCE WITH FEDERAL AND STATE REQUIREMENTS

Federal and State Requirements

Federal regulations state that if a State does not claim costs under Medicaid or another public assistance program in accordance with its approved public assistance cost allocation plan, or if the State did not submit an amended public assistance cost allocation plan as required by 45 CFR section 95.509, the costs improperly claimed will be disallowed (45 CFR § 95.519).

The State agency's approved public assistance cost allocation plan states that SBA costs "are determined based on the methodology outlined in the approved *Nebraska Medicaid Administrative Claiming Guide*."

For details on these Federal and State requirements, see Appendix C.

Improper Coding of Random Moment Timestudy Responses

Of the 35,159 RMTS responses reviewed, 7,687 were coded incorrectly; most of these involved 1 of 4 types of errors: staff travel, IEP meetings and development, assessment and evaluation, and parent consultation. See Appendix D for a comparison, by contractor, of original RMTS responses to corrected coding based on our review.

Staff Travel

The NEBMAC Guide states that employee travel for an activity should be coded to the actual activity that the employee is traveling to perform. The NEBMAC Guide also states: “staff travel required to perform . . . health/mental health services contained in an IEP” is to be coded to “Direct Medical Services” (§ C, “Activity Codes: Descriptions and Examples,” Code 4).

One contractor regularly coded RMTS responses in which participants stated that they were in transit to perform an activity to “General Administrative.” For example, one participant, a speech therapist, stated that he or she was “[t]raveling from one school to the next to serve the students on my caseload” and the contractor coded this RMTS response to “General Administrative,” a Medicaid-reallocated code. This activity constituted staff travel required to perform health or mental health services. Under the provisions of the NEBMAC Guide, the contractor should have coded this RMTS response to “Direct Medical Services,” a Medicaid-nonreimbursable code.⁶

Individual Education Program Meetings and Development

The NEBMAC Guide states that “Developing, coordinating and monitoring the Individual Education Program (IEP) for a student[,] which includes” the actual IEP meetings with the parents, is to be coded to “School-Related and Educational Activities” (§ C, “Activity Codes: Descriptions and Examples,” Code 3).

Both contractors regularly coded RMTS responses in which participants stated that they were in an IEP meeting or developing an IEP to “Referral, Coordination, and Monitoring of Medicaid Services to Medicaid Enrolled Providers.” For example, one participant stated that he or she was “conducting the student’s annual IEP meeting” and the contractor coded this RMTS response to “Referral, Coordination, and Monitoring of Medicaid Services to Medicaid Enrolled Providers,” a Medicaid-reimbursable code. This activity constituted an IEP meeting. Under the provisions of the NEBMAC Guide, the contractor should have coded this RMTS response to “School-Related and Educational Activities,” a Medicaid-nonreimbursable code.

Assessment and Evaluation

The NEBMAC Guide states: “Conducting medical/health assessments/evaluations and diagnostic testing and preparing related reports” are coded to “Direct Medical Services” (§ C, “Activity Codes: Descriptions and Examples,” Code 4). The NEBMAC Guide further states: “Pre-IEP activities include ‘ChildFind’ activities designed to identify children in need of evaluation and assessment activities performed to determine if the child has a disability. . . . There are no claimable administrative expenditures under Medicaid associated with these pre-IEP activities” (Appendix A, paragraph B.4.a).

⁶ As mentioned in footnote 2, Nebraska does not use RMTSs to allocate SBHS costs. Accordingly, RMTS responses coded to “Direct Medical Services” are Medicaid-nonreimbursable.

Both contractors regularly coded RMTS responses in which participants stated that they were conducting medical or health assessments and evaluations to “Referral, Coordination, and Monitoring of Medicaid Services to Medicaid Enrolled Providers.” For example, one participant, a psychologist, stated that he or she was with a “[s]tudent being evaluated for special education . . . [c]onducting an observation,” and the contractor coded this RMTS response to “Referral, Coordination, and Monitoring of Medicaid Services to Medicaid Enrolled Providers,” a Medicaid-reimbursable code. This activity constituted conducting a medical evaluation. Under the provisions of the NEBMAC Guide, the contractor should have coded this RMTS response to “Direct Medical Services,” a Medicaid-nonreimbursable code.

Parental Consultation

The NEBMAC Guide states that parental consultations related to direct medical services, which include “developing a treatment plan,” are coded to “Direct Medical Services” (§ C, “Activity Codes: Descriptions and Examples,” Code 4).

Both contractors regularly coded RMTS responses in which participants stated that they were speaking with a parent of a student regarding direct services provided to a student to “Referral, Coordination, and Monitoring of Medicaid Services to Medicaid Enrolled Providers.” For example, one participant, a registered nurse, stated that he or she was “discussing medical issues of a student with the parent . . . regarding an anaphylaxis issue . . . to develop an action plan.” This activity constituted developing a treatment plan. The contractor coded this RMTS response to “Referral, Coordination, and Monitoring of Medicaid Services to Medicaid Enrolled Providers,” a Medicaid-reimbursable code. Under the provisions of the NEBMAC Guide, the contractor should have coded this RMTS response to “Direct Medical Services,” a Medicaid-nonreimbursable code.

Effect of Improper Coding of Random Moment Timestudy Responses

We used the results from the audited RMTS responses to recalculate the SBA costs for each of the 12 quarters we reviewed. We compared the SBA reimbursement received by the State agency to the OIG-calculated Federal share of SBA costs. We determined that the State agency received unallowable Federal reimbursement totaling \$11,561,474 in unallowable SBA costs. Table 1 on the following page shows the unallowable Federal reimbursement by quarter.

Table 1: Comparison of the School-Based Administrative Reimbursements Received by the State Agency With the Federal Share of School-Based Administrative Costs That We Recalculated

Quarter*	State Agency Reimbursement for SBA Costs	OIG-Recalculated Federal Share of SBA Costs	Difference
Fall 2014	\$2,574,936	\$1,164,858	\$1,410,078
Winter 2014	2,407,956	1,295,332	1,112,624
Spring 2015	2,376,934	1,206,454	1,170,480
Summer 2015	2,415,704	1,173,184	1,242,520
Fall 2015	2,289,779	1,108,329	1,181,450
Winter 2015	2,301,606	1,057,083	1,244,523
Spring 2016	2,482,401	1,116,527	1,365,874
Summer 2016	2,322,290	1,080,143	1,242,147
Fall 2016	2,372,337	1,324,722	1,047,615
Winter 2016	1,727,340	1,062,311	665,029
Spring 2017	1,002,622	1,197,278	(194,656)
Summer 2017	995,032	921,242	73,790
Total	\$25,268,937	\$13,707,463	\$11,561,474
* For the Spring 2017 and Summer 2017 quarters, the State agency chose not to claim one of the contractor's costs for Medicaid reimbursement. By not continuing to claim that contractor's costs, the State agency reduced the reimbursement it received and, consequently, the unallowable costs we identified.			

GENERAL EDUCATION TEACHERS' COSTS WERE NOT CLAIMED IN ACCORDANCE WITH FEDERAL AND STATE REQUIREMENTS

Federal and State Requirements

Federal regulations state that if a State does not claim costs under Medicaid or another public assistance program in accordance with its approved public assistance cost allocation plan, or if the State did not submit an amended public assistance cost allocation plan as required by 45 CFR section 95.509, the costs improperly claimed will be disallowed (45 CFR § 95.519).

The State agency's approved public assistance cost allocation plan states that SBA costs "are determined based on the methodology outlined in the approved *Nebraska Medicaid Administrative Claiming Guide*."

The NEBMAC Guide lists the participants to be assigned to each cost pool. Participants who perform SBA activities are in one of two cost pools: Direct Service Providers and Administrative

Service Providers.^{7,8} The NEBMAC Guide does not specify general education teachers as participants in either cost pool.

Incorrectly Assigned General Education Teachers

Contrary to the provisions of the NEBMAC Guide, one contractor assigned general education teachers to its Administrative Service Providers cost pool and claimed the associated costs for Federal reimbursement. The contractor stopped claiming general education teachers' costs in the cost pool beginning in the Summer 2017 quarter (June–August 2017).⁹

Effect of Improper Inclusion of General Education Teachers

We recalculated SBA costs for the contractor that assigned general education teachers to the school districts' Administrative Service Providers cost pools. To calculate the Federal share of allowable SBA costs, we: (1) removed general education teachers' RMTS responses from the RMTSs and (2) removed school district costs associated with general education teachers, such as salaries and benefits. We determined that the State agency received unallowable Federal reimbursement totaling \$1,596,304 in unallowable SBA costs. Table 2 on the following page shows the unallowable Federal reimbursement by quarter.

⁷ The participants that the NEBMAC Guide assigns to the Direct Service Providers cost pool are Audiologists, Audiologist Assistants, Master's Level Social Workers, Occupational Therapists, Certified Occupational Therapy Assistants, Physical Therapists, Physical Therapy Assistants, Physicians, Psychiatrists, Psychiatrist Interns, Psychologists, Psychologist Interns, Registered Nurses, Speech Pathologists, and Speech Pathology Assistants.

⁸ The participants that the NEBMAC Guide assigns to the Administrative Service Providers cost pool are Aides, Bachelors Level Social Workers, Bilingual Specialists, Counselors, Diagnosticians, Interpreters, Licensed Practical Nurses, Licensed Vocational Nurses, Nurse Assistants, Health Aides, Orientation & Mobility Specialists, Principals, Assistant Principals, Program Specialists, Special Education Administrators, Special Education Assistants, and Student Services Personnel.

⁹ The contractor did not remove the general education teachers' RMTS responses from the Summer 2017 quarter.

Table 2: Comparison of the Federal Share of School-Based Administrative Costs That We Recalculated With the Federal Share of School-Based Administrative Costs That We Recalculated Without General Education Teachers

Quarter	OIG-Calculated Federal Share of SBA Costs	OIG-Calculated Federal Share of SBA Costs Without General Education Teachers	Difference
Fall 2014	\$1,164,858	\$968,554	\$196,304
Winter 2014	1,295,332	1,128,186	167,146
Spring 2015	1,206,454	1,079,941	126,513
Summer 2015	1,173,184	986,238	186,946
Fall 2015	1,108,329	976,476	131,853
Winter 2015	1,057,083	965,437	91,646
Spring 2016	1,116,527	933,916	182,611
Summer 2016	1,080,143	926,235	153,908
Fall 2016	1,324,722	1,191,491	133,231
Winter 2016	1,062,311	988,365	73,946
Spring 2017	1,197,278	960,851	236,427
Summer 2017*	921,242	1,005,469	(84,227)
Total	\$13,707,463	\$12,111,159	\$1,596,304

* For the Summer 2017 quarter, the contractor excluded the general education teachers from the Administrative Service Providers cost pool but did not exclude the general education teachers' RMTS responses from the timestudy.

THE STATE AGENCY DID NOT EXERCISE PROPER OVERSIGHT OVER THE CONTRACTORS TO ENSURE THAT SCHOOL-BASED ADMINISTRATIVE COSTS WERE CLAIMED IN ACCORDANCE WITH FEDERAL AND STATE REQUIREMENTS

The State agency incorrectly paid school districts and claimed unallowable Federal Medicaid reimbursement because the State agency did not exercise proper oversight of the contractors to ensure that they followed the provisions of the NEBMAC Guide when assigning codes to the RMTS responses and when assigning participants to the RMTSs.

RECOMMENDATIONS

We recommend that the Nebraska Department of Health and Human Services, Division of Medicaid and Long-Term Care:

- refund \$13,157,778 to the Federal Government;
- review SBA costs claimed after our audit period and refund unallowable amounts; and

- strengthen oversight of its contractors to ensure that they follow the provisions of the NEBMAC Guide when assigning codes to the RMTS responses and when assigning participants to the RMTSSs.

STATE AGENCY COMMENTS AND OFFICE OF INSPECTOR GENERAL RESPONSE

In written comments on our draft report, the State agency did not concur with our recommendations and partially disagreed with our findings. For our first recommendation and the associated findings, the State agency partially disagreed with our finding related to the coding of some RMTS responses and did not address our finding regarding the inclusion of the general education teachers in the school districts' Administrative Service Providers cost pools. With respect to the coding of some RMTS responses, the State agency agreed with our finding that staff travel was not correctly coded but disagreed with our findings on the coding of IEPs, assessments and evaluations, and parental consultations. The State agency did not concur with our last two recommendations. After reviewing the State agency's comments, we maintain that our findings and recommendations are valid.

A summary of the State agency's comments and our responses follows. The State agency's comments appear in their entirety as Appendix E.

OFFICE OF INSPECTOR GENERAL RECOMMENDED REFUND TO FEDERAL GOVERNMENT

The State agency did not concur with the entirety of the dollar amount in our first recommendation. The State agency commented on the four types of errors discussed in our first finding but did not comment on our second finding (that is, the inclusion of the general education teachers in the school districts' Administrative Service Providers cost pools). The State agency agreed that staff travel was coded incorrectly but disagreed that costs in the other types of coding errors we identified were incorrect. We discuss the basis for those disagreements below.

Individual Education Program Meetings and Development

State Agency Comments

The State agency disagreed with our finding on the coding of IEP RMTS responses and stated that IEPs often contain both educational and health-related components. The State agency added that if the IEP activity "at the precise sampled moment is to coordinate or monitor the health-related component of the IEP," that RMTS response would be coded to a reimbursable code.

Office of Inspector General Response

Although the State agency is correct that IEP meetings can have both educational and health-related components, the NEBMAC Guide is clear that IEP meetings are to be coded to "School-

Related and Educational Activities,” a Medicaid-nonreimbursable code. There are no provisions in the NEBMAC Guide for coding the educational portions of the meeting to “School-Related and Educational Activities” while coding the health-related components to “Referral, Coordination, and Monitoring of Medicaid Services to Medicaid Enrolled Providers.”

Additionally, the level of detail provided in most RMTS responses would not have allowed the contractors’ coders to make a distinction as to whether, at the precise sampled moment, the component of the IEP meeting being discussed was educational or health-related. The majority of the responses describing IEP meetings that were submitted for our audit period simply stated that the participant was in an IEP meeting. Because the NEBMAC Guide does not support the State agency’s comments, and because the IEP activity described in those comments was not supported by the majority of the State agency’s documentation, we make no change to our findings or recommendations.

Assessment and Evaluation

State Agency Comments

The State agency disagreed with our finding on the coding of RMTS responses related to Assessment and Evaluation and stated that if a participant were discussing an evaluation or reevaluation “in order to monitor or evaluate the health-related services of a student,” that RMTS response would be coded to a reimbursable code. The State agency cited as an example a psychologist on the phone with a social worker to discuss how a special education student could “ ‘access a vision evaluation by an optometrist or ophthalmologist that is needed in order to conduct a school-based vision assessment.’ ”

Office of Inspector General Response

Although the State agency is correct that discussing the health-related services of a student would be coded to “Referral, Coordination, and Monitoring of Medicaid Services to Medicaid Enrolled Providers,” a reimbursable code, its own example does not support that a discussion of the health-related service of a student occurred at that moment. Instead, the example describes a referral for coordinating or monitoring the delivery of Nebraska Department of Education (NDE)-mandated child health screens. The NEBMAC Guide states: “[m]aking referrals for coordinating and/or monitoring the delivery of NDE-mandated child health screens (e.g., vision, hearing, scoliosis)” are coded to “Referrals to Non-Medicaid Enrolled Providers and Referral, Coordination, and Monitoring of Non-Medicaid Services,” a nonreimbursable code (§ C, “Activity Codes: Descriptions and Examples,” Code 8.a). The State agency’s example illustrates the difference between Medicaid and non-Medicaid referral, coordination, and monitoring, which is unrelated to our findings. Because the example RMTS response provided by the State is unrelated to how we coded Assessment and Evaluation RMTS responses, we make no change to our findings or recommendations.

Parental Consultation

State Agency Comments

The State agency disagreed with our finding on the coding of RMTS responses related to parental consultations and stated that the coder needs to be able to make a distinction as to whether, at the time of the sampled moment, the activity or discussion was “an extension of the direct service or a coordination/monitoring activity.” The State agency cited as an example a speech pathologist “participating in a meeting where they are discussing a child’s IEP speech goals and strategies a parent can utilize at home to increase the child[’s] literacy and speech fluency. . . .”

Office of Inspector General Response

The example provided by the State agency is not an RMTS response that we reviewed in our audit. If RMTS responses related to parental consultations are a coordinating/monitoring activity, the documentation needs to support that coordinating/monitoring activity. However, the RMTS responses related to parental consultations that we reviewed did not support coordinating or monitoring activities. Rather, the RMTS responses we reviewed related to direct medical services. In its section on “Direct Medical Services,” the NEBMAC Guide is explicit that a parental consultation is an extension of the direct service. Additionally, in its section on “Referral, Coordination, and Monitoring of Medicaid Services to Medicaid Enrolled Providers,” the NEBMAC Guide specifically states that “activities that are an integral part of or an extension of a medical service should be reported under . . . Direct Medical Services” (§ C, “Activity Codes: Descriptions and Examples,” Code 8.b).

Accordingly, we make no change to our findings or recommendations.

OFFICE OF INSPECTOR GENERAL RECOMMENDATIONS ON REVIEWING SUBSEQUENT COSTS AND STRENGTHENING OVERSIGHT

State Agency Comments

The State agency did not concur with our second and third recommendations. The State agency said that as of September 1, 2017 (which was immediately after our audit period), it implemented a statewide program with a single contractor, which “has strengthened [the State agency’s] oversight for SBA costs claimed.” The State agency added that RMTS coding with a single contractor “lends consistency to the coding and continues to ensure the RMTS codes are strictly adhering to the NEBMAC Guide.” The State agency described specific areas of RMTS review, including training requirements and validation testing, that have been improved.

Office of Inspector General Response

The measures that the State agency described did not fully or directly address our second and third recommendations. We agree that the transition to a single contractor would facilitate greater consistency in RMTS coding, but we do not believe that the measures and specific areas of improvement that the State agency described will fully address the issues in our findings. Specifically, the single contractor, which the State agency selected when transitioning to the statewide program, was one of the contractors that improperly coded RMTS responses during our audit period. Additionally, the measures and areas of improvement that the State agency identified in its comments did not address the three types of coding errors with which the State agency disagreed. Accordingly, we maintain that our second and third recommendations remain valid.

APPENDIX A: AUDIT SCOPE AND METHODOLOGY

SCOPE

Our audit period comprised 12 quarters of SBA costs covering the period September 1, 2014 (fall quarter), through August 31, 2017 (summer quarter). Claimed SBA costs for this period totaled \$50,328,832, for which the State agency received \$25,268,937 in Federal reimbursement.

We reviewed nine quarters (fall, winter, spring) of RMTS responses submitted by participants and collected by the contractors, as well as three quarters (summer) that were calculated from the average of the preceding three school-year quarters of RMTS responses.

We did not assess the overall internal control structure of the State agency or the Medicaid program. Rather, we limited our review of internal controls to those applicable to our audit objective.

We conducted our audit work, which included fieldwork at the State agency in Lincoln, Nebraska, from March 2017 to April 2020.

METHODOLOGY

To accomplish our objective, we:

- reviewed applicable Federal laws, Federal and State regulations, the State plan, and the State agency's DCA-approved public assistance cost allocation plan;
- held discussions with State agency officials to gain an understanding of the operation of the SBA program;
- obtained the RMTS responses and payment data for SBA services provided from September 1, 2014, through August 31, 2017;
- reconciled the payment data for SBA services provided for that period to the State agency's claims for Federal Medicaid reimbursement;
- reviewed 100 percent of the Medicaid-reimbursable and Medicaid-reallocated RMTS responses to determine whether the contractors had correctly coded the RMTS responses and associated SBA costs;
- used the results of our review of the RMTS responses to recalculate the SBA costs in accordance with Federal and State requirements and determine the unallowable SBA costs (for which we are recommending refund to the Federal Government);

- reviewed school district financial data to identify general education teachers' costs and to remove those costs from the SBA costs that the contractors had calculated;
- reviewed the RMTS responses to identify responses from general education teachers and to remove those responses from the RMTSs;
- used the results from our review of the school district financial data and our review of the RMTS responses to recalculate the SBA costs and determine the unallowable SBA costs related to the inclusion of the general education teachers' costs (for which we are recommending refund to the Federal Government); and
- discussed the results of our audit with State agency officials on October 31, 2019, and February 5, 2020.

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: PREVIOUSLY ISSUED
OFFICE OF INSPECTOR GENERAL REPORTS**

Report Title	Report Number	Date Issued
<i>New Jersey Claimed Hundreds of Millions in Unallowable or Unsupported Medicaid School-Based Reimbursement</i>	<u>A-02-15-01010</u>	11/27/2017
<i>Texas Improperly Received Medicaid Reimbursement for School-Based Health Services</i>	<u>A-06-14-00002</u>	8/14/2017
<i>Mississippi Claimed Millions in Unallowable School-Based Medicaid Administrative Costs</i>	<u>A-04-15-00103</u>	3/15/2017
<i>North Carolina Claimed Millions in Unallowable School-Based Medicaid Administrative Costs</i>	<u>A-04-15-00101</u>	10/6/2016
<i>Alabama Claimed Millions in Unallowable School-Based Medicaid Administrative Costs</i>	<u>A-04-13-00094</u>	7/13/2016
<i>Massachusetts Generally Complied with Medicaid Requirements When Claiming Reimbursement for School-Based Health Services</i>	<u>A-01-14-00003</u>	9/30/2015
<i>Kansas Improperly Received Medicaid Reimbursement for School-Based Health Services</i>	<u>A-07-13-04207</u>	8/6/2014
<i>Arizona Improperly Claimed Federal Reimbursement for Medicaid School-Based Administrative Costs</i>	<u>A-09-11-02020</u>	1/22/2013
<i>Review of Colorado Direct Medical Service and Specialized Transportation Costs for the Medicaid School Health Services Program for State Fiscal Year 2008</i>	<u>A-07-11-04185</u>	4/3/2012
<i>Review of Kansas Medicaid Payments for the School District Administrative Claiming Program During the Period April 1, 2006, Through March 31, 2009</i>	<u>A-07-10-04168</u>	10/6/2011
<i>Review of Missouri Medicaid Payments for the School District Administrative Claiming Program for Federal Fiscal Years 2004 Through 2006</i>	<u>A-07-08-03107</u>	3/18/2010

APPENDIX C: FEDERAL AND STATE REQUIREMENTS FOR SCHOOL-BASED ADMINISTRATIVE COSTS

FEDERAL REQUIREMENTS

States can claim 50-percent Federal reimbursement for the cost of certain Medicaid administrative activities that are necessary for the proper and efficient administration of the State plan (the Act § 1903(a)(7)). However, a State must claim Federal reimbursement for administrative costs associated with a program only in accordance with its public assistance cost allocation plan approved by the cognizant Federal agency (that is, HHS, DCA). If costs under a public assistance program are not claimed in accordance with the approved public assistance cost allocation plan or if the State fails to promptly submit an amendment to its public assistance cost allocation plan when required, the costs improperly claimed will be disallowed.

Federal regulations (45 CFR § 95.507(a)) state:

The State shall submit a cost allocation plan for the State agency as required below to the Director, Division of Cost Allocation (DCA), in the appropriate HHS Regional Office. The plan shall:

- (1) Describe the procedures used to identify, measure, and allocate all costs to each of the programs operated by the State agency;
- (2) Conform to the accounting principles and standards prescribed in Office of Management and Budget [OMB] Circular A-87 [2 CFR part 225], and other pertinent Department regulations and instructions;
- (3) Be compatible with the State plan for public assistance programs described in 45 CFR Chapters II, III and XIII, and 42 CFR Chapter IV Subchapter C and D; and
- (4) Contain sufficient information in such detail to permit the Director, Division of Cost Allocation, after consulting with the [HHS] Operating Divisions, to make an informed judgment on the correctness and fairness of the State's procedures for identifying, measuring, and allocating all costs to each of the programs operated by the State agency.

A “[p]ublic assistance cost allocation plan [is a] narrative description of the procedures that will be used in identifying, measuring and allocating all administrative costs to all of the programs administered or supervised by State public assistance agencies” (2 CFR part 225 (formerly OMB Circular A-87), Appendix A (B)(17)).

STATE REQUIREMENTS

The approved public assistance cost allocation plan states that SBA costs “are determined based on the methodology outlined in the approved Nebraska Medicaid Administrative Claiming Guide.”

**APPENDIX D: OFFICE OF INSPECTOR GENERAL-CORRECTED
CODING OF RANDOM MOMENT TIMESTUDY RESPONSES**

Tables 3 and 4 (one for each contractor) show the changes in the coded RMTS responses based on our audit work, which in the specified cases identified a different coding (Medicaid-reimbursable, Medicaid-reallocated, Medicaid-nonreimbursable) than the coding that the contractors had assigned based on their reviews of the same RMTS responses.

The numbers in the “Original” column reflect the numbers of random moments that the contractors assigned to each code (and on the basis of which the State agency claimed Federal reimbursement). The numbers in the “Audited” column reflect the numbers of random moments that we assigned to each code after reviewing the RMTS responses and applicable Federal and State criteria. In addition, the “Type” column identifies whether the code is a Medicaid-reimbursable or a Medicaid-nonreimbursable code.

Table 3: Comparison of Original Random Moment Timestudy Responses Coded by Contractor A With Corrected Coding Based on Our Review

CODES	DESCRIPTION	ORIGINAL	AUDITED	DIFFERENCE	TYPE
1A	Non-Medicaid Outreach	194	195	1	Nonreimbursable
1B	Medicaid Outreach	49	32	(17)	Reimbursable
2A	Facilitating Application for Non-Medicaid Programs	156	157	1	Nonreimbursable
2B	Facilitating Medicaid Eligibility Determination	36	31	(5)	Reimbursable
3	School-Related and Educational Activities	15,644	17,574	1,930	Nonreimbursable
4	Direct Medical Services	9,685	12,265	2,580	Nonreimbursable
5A	Non-Medicaid Translation	89	93	4	Nonreimbursable
5B	Translation Related to Medicaid Services	26	9	(17)	Reimbursable
6A	Program Planning, Policy Development, and Interagency Coordination Related to Non-Medical Services	748	752	4	Nonreimbursable
6B	Program Planning, Policy Development, and Interagency Coordination Related to Medical Services	340	218	(122)	Reimbursable
7A	Non-Medical/Non-Medicaid Related Training	296	376	80	Nonreimbursable
7B	Medical/Medicaid Related Training	552	490	(62)	Reimbursable
8A	Referrals to Non-Medicaid Enrolled Providers and Referral, Coordination, and Monitoring of Non-Medicaid Services	1,610	1,638	28	Nonreimbursable
8B	Referral, Coordination, and Monitoring of Medicaid Services to Medicaid Enrolled Providers	3,985	1,044	(2,941)	Reimbursable
9	General Administration	6,817	5,203	(1,614)	Reallocated
XX	Excluded	2,970	3,120	150	Excluded
TOTAL		43,197	43,197	0	

Table 4: Comparison of Original Random Moment Timestudy Responses Coded by Contractor B With Corrected Coding Based on Our Review

CODES	DESCRIPTION	ORIGINAL	AUDITED	DIFFERENCE	TYPE
1A	Non-Medicaid Outreach	43	47	4	Nonreimbursable
1B	Medicaid Outreach	37	22	(15)	Reimbursable
2A	Facilitating Application for Non-Medicaid Programs	54	55	1	Nonreimbursable
2B	Facilitating Medicaid Eligibility Determination	38	36	(2)	Reimbursable
3	School-Related and Educational Activities	16,847	18,122	1,275	Nonreimbursable
4	Direct Medical Services	13,212	14,944	1,732	Nonreimbursable
5A	Transportation for Non-Medicaid Services	44	44	0	Nonreimbursable
5B	Transportation-Related Activities in Support of Medicaid Covered Services	3	0	(3)	Reimbursable
6A	Non-Medicaid Translation	234	241	7	Nonreimbursable
6B	Translation Related to Medicaid Services	43	33	(10)	Reimbursable
7A	Program Planning, Policy Development, and Interagency Coordination Related to Non-Medical Services	781	789	8	Nonreimbursable
7B	Program Planning, Policy Development, and Interagency Coordination Related to Medical Services	355	279	(76)	Reimbursable
8A	Non-Medical/Non-Medicaid Related Training	836	840	4	Nonreimbursable
8B	Medical/Medicaid Related Training	783	614	(169)	Reimbursable
9A	Referrals to Non-Medicaid Enrolled Providers and Referral, Coordination, and Monitoring of Non-Medicaid Services	1,236	1,264	28	Nonreimbursable
9B	Referral, Coordination, and Monitoring of Medicaid Services to Medicaid Enrolled Providers	3,948	1,557	(2,391)	Reimbursable
10	General Administration	8,361	7,943	(418)	Reallocated
11	Excluded	6,816	6,841	25	Excluded
TOTAL		53,671	53,671	0	

NEBRASKA

Good Life. Great Mission.

DEPT. OF HEALTH AND HUMAN SERVICES



Pete Ricketts, Governor

June 11, 2020

Patrick J. Cogley
Regional Inspector General for Audit Services
Office of Audit Services, Region VII
Office of Inspector General
U.S. Department of Health and Human Services
601 East 12TH Street, Room 0429
Kansas City, MO 64106

RE: OIG Report Number A-07-19-03234

Dear Mr. Cogley:

The Nebraska Department of Health and Human Services (DHHS) welcomes the opportunity to comment on the recommendations contained in the draft report prepared by the Office of Inspector General (OIG) entitled "Nebraska Claimed Unallowable School-Based Administrative Costs Because of Improper Coding of Random Moment Time study Responses" (Draft Report). Nebraska DHHS has and continues to do exemplary work towards identifying and enrolling all eligible children in Medicaid. The Nebraska school-based Medicaid administrative claiming (NEBMAC) program has greatly benefited the children of Nebraska, as Congress intended.

In its Draft Report, OIG identifies two principal issues regarding the NEBMAC program that led OIG to preliminarily conclude that a portion of the federal financial participation (FFP) claimed by Nebraska DHHS during the audit period was unallowable: (1) State agency did not correctly calculate and claim SBA costs for Medicaid reimbursement because the contractors incorrectly coded some RMTS responses; and (2) One contractor incorrectly assigned general education teachers to the Administrative Service Provider cost pool. As a result of these preliminary findings, the Draft Report states that the state agency claimed and received \$13,157,778 in unallowable SBA costs. This amount comprised \$11,561,474 in unallowable costs resulting from the contractors' incorrect coding of some RMTS responses and \$1,596,304 in unallowable SBA costs resulting from a contractor assigning general education teachers to the school district's Administrative Service Provider cost pools.

Nebraska Department of Health and Human Services (DHHS) respectfully disagrees with the findings related to the RMTS coding as outlined in the Draft Report, and addresses each of the errors below. As requested in your letter dated April 13, 2020, Nebraska Department of Health and Human Services (DHHS) is providing a statement of concurrence or non-concurrence to each of the two recommendations contained in the Draft Report.

The following pages address each purported finding raised in the OIG draft report and provides a detailed response to each of those items.

Helping People Live Better Lives

Thank you again for the opportunity to respond to the recommendations contained in the Draft Report. Please let us know if we can provide you with any further information.

Sincerely,

A handwritten signature in black ink, appearing to read 'Jeremy Brunssen', followed by a long horizontal line extending to the right.

Jeremy Brunssen, Interim Director
Division of Medicaid & Long-Term Care
Department of Health and Human Services

cc: Rachel Woita
Nate Watson
Carisa Schweitzer Masek
Jennifer Irvine

OIG RECOMMENDATIONS & RESPONSES

OIG Finding:

The State agency did not correctly calculate and claim SBA costs for Medicaid reimbursement because the contractors incorrectly coded some RMTS responses. One contractor incorrectly assigned general education teachers to the Administrator Service Provider cost pool.

OIG Recommendation #1:

Refund \$13,157,778 to the Federal Government.

DHHS Response:

DHHS does not concur with the entirety of the \$11,561.474 portion of the refund, associated with the RMTS coding finding, to the Federal Government. Based on the 7,687 moments that were said to be coded incorrectly; we have the following response to the 4 types of errors: staff travel, IEP meetings and development, assessment and evaluation, and parent consultation.

Staff Travel

In response to staff travel, the auditor is correct the NEBMAC Guide is clear that travel should be coded as a pre or post activity to the activity or service the participant was driving to or from.

Individual Education Program Meetings and Development

Individual Education Plans often contain both educational and health related components, the use of the time study is effective in determining precisely what was being discussed during the sampled moment. If the participant is merely scheduling the IEP meeting, getting parental signatures, arranging the room, conducting the IEP, attending the IEP, driving to the IEP, or writing the IEP, this would be considered fulfilling the educationally mandated component and coded to code 3 – School Related and Educational Activities. Likewise, if the discussion at the time of the Random Moment Time Study was regarding coordinating educational services for a student, this would also be coded to code 3. However, if the discussion at the precise sampled moment is to coordinate or monitor the health-related component of the IEP, according to the NEBMAC Guide this would fall under the Referral, Coordination, and Monitoring of Medicaid Services to Medicaid Enrolled Providers. For example, a speech therapist in an IEP meeting stated, “I was speaking with a parent regarding his or her child's progress in speech therapy and what we will do in the future in therapy.” According to the guide this would be “Participating in a meeting/discussion to coordinate or review a student’s needs for health-related services covered by Medicaid” since at the time of the sampled moment they were not discussing the educational component of the IEP.

Assessment and Evaluation

According the NEBMAC Guide, conducting evaluations or reevaluations should not be coded to the Referral Coordination and Monitoring Code. If a service provider is performing an evaluation/assessment or reevaluation, this would fall under the direct medical service code (code 4). This would include writing and documenting the evaluation/reevaluation. However, if a participant were discussing the

evaluation/reevaluation in order to monitor or evaluate the health-related services of a student, this would be coded to Referral, Coordination, and Monitoring of Medicaid Services. For example, a Psychologist was on the phone with the social worker “trying to determine if there was a way that a special education student could access a vision evaluation by an optometrist or ophthalmologist that is needed in order to conduct a school-based vision assessment.” Since evaluations and assessments are used to determine the health related needs of children, the discussions regarding these evaluations would fall under the following example in the NEBMAC Guide “Participating in a meeting/discussion to coordinate or review a student’s needs for health-related services covered by Medicaid” as well as “Arranging for any Medicaid covered medical/dental/mental health diagnostic or treatment services that may be required as the result of a specifically identified medical/dental/mental health condition”.

Parental Consultations

When coding parental consultations, the coder needs to be able to make a distinction as to whether at the time of the sampled moment the activity or discussion was an extension of the direct service or a coordination/monitoring activity. For example, if a speech pathologist is participating in a meeting where they are discussing a child’s IEP speech goals and strategies a parent can utilize at home to increase the child literacy and speech fluency, this would not be considered part of the direct service, nor would it be billable as a direct service since the participant would not be providing the direct service. This would be coordinating speech services between school and home. The speech services being discussed with the parent were not services the participant would be providing to the child, but rather coordinating a way parents could further address student's speech needs at home. Likewise participating in meetings or discussing care plans that would be implemented by another service provider or at home, would be coordination of the service rather than a billable extension of the service.

OIG Recommendation #2 & #3:

Review SBA costs claimed after our audit period and refund unallowable amounts; and strengthen oversight of its contractors to ensure that they follow the provisions of the NEBMAC Guide when assigning codes to the RMTS responses and when assigning participants to the RMTSs.

DHHS Response:

DHHS does not concur with the recommendations as action has been taken beginning September 1, 2017 (which immediately follows this audit period of September 1, 2014, through August 31, 2017). DHHS implemented a statewide school-based Medicaid Claiming program, managed by a single vendor. By managing the program at a statewide level and with a single vendor, DHHS has strengthened its oversight for SBA costs claimed. Furthermore, RMTS coding with a single vendor lends consistency to the coding and continues to ensure the RMTS codes are strictly adhering to the NEBMAC Guide.

Some specific areas of RMTS review improvement include:

- The vendor provides training to all RMTS Coordinators at the participating districts. It provides all the necessary information to prepare the sampled participants to comply with the RMTS requirements.
- Participant training is a requirement and is focused on understanding the RMTS process and the accurate completion of the RMTS to provide sufficient information for coding.

- The vendors system does not allow a participant to access the time study survey without completing this training.
- The vendor utilizes specially trained Random Moment Coders (RMCs) that are used to determine the appropriate activity code for each random moment completed.
- The RMCs are independent of the district which helps reduce the potential for errors or bias in coding by removing the sampled staff from the selection of appropriate activity codes.
- RMCs on the vendor’s team are fully trained on the federal and state RMTS/NEBMAC program guidelines and the proper application of the activity codes to the Random Moment responses and are supervised by the Coding Team Lead and the Project Director.
- At the conclusion of each quarter DHHS staff randomly selects 5% of the sampled responses to ensure validity and appropriate coding.

The expenditure/cost data also goes through a rigorous review process. Each school district’s financial contact submits their cost data quarterly via the vendor’s web-based system. The first tier of this review process occurs as the quarterly costs are entered, the vendor’s system will automatically flag potential errors or outliers. When this occurs, the financial contact is automatically required to enter an explanation directly into the vendor’s system. The district’s financial contact is unable to proceed with the finalization of their quarterly cost reporting until any required explanations are provided. The vendor’s analysts review each explanation for reasonableness and when necessary will follow-up with the school district to obtain additional documentation as necessary.

The second tier reviews the following key data points, or ratios for each school district as compared to its peers, as well as, its own previous quarter’s results:

- Participant List Count
- Students/Participant List
- Benefits/Salary
- Gross Expenditures/Participant
- Direct Support/Gross Expenditures
- D&F and T&T/ Gross Expenditures¹⁰
- Direct Medical Supplies
- Gross Expenditures

The vendor’s project team runs trend analyses on the above matrices to determine outliers and trends by school district. These matrices are used to compare the school district’s results/trends to itself by quarter, as compared to its peers by quarter and as compared to the same quarter the prior year.

Finally, the vendor runs a report that identifies outliers for Salaries and Benefits. This uses four standard deviations above and below the average. Once identified, the vendor contacts the school districts where the deviation requires explanation. This is significant in identifying typos, reporting errors, etc.

School district personnel are contacted by the vendor if any of the above circumstances are applicable. As a result of this follow-up, the vendor maintains robust documentation of the follow-up communication, supporting source data (if requested) and resolution of the issue. The vendor maintains both our quality review testing/QA/matrices and documentation of client support in our quarterly audit files. These are maintained along with all audit documentation to support the final claim calculation and submission. Failure by the school district to respond and/or cooperate with the vendor in a reasonable time frame, may result in exclusion from the current quarter’s claim.

¹⁰ Office of Inspector General Note—These acronyms signify “Dues and Fees/Gross Expenditures” and “Travel and Training/Gross Expenditures.”