

INTERNAL AUDITOR'S REPORT

Babylon Union Free District

Medicaid Reimbursement Analysis *January 2014*

Purpose/Objectives:

Medicaid provides reimbursement for medically necessary services that are provided by school districts, counties, and 4201 schools for Medicaid eligible students with an Individualized Education Program (IEP). In order to receive Medicaid reimbursement, school districts must adhere to billing requirements. Medicaid reimbursements consist of reimbursable services to the District that are provided to students at the expense of the District. Documented, knowledgeable oversight of the expenditures related to Medicaid reimbursement can increase the District's control over its resources.

The objective of the analysis was to:

- Determine the cost benefit of filing for Medicaid reimbursement

Scope:

We have prepared a cost benefit analysis regarding filing for Medicaid reimbursement for the two school years 2012-2013 and 2013-2014. Based on our analysis, we have provided two (2) methodologies to calculate the cost benefit of Medicaid reimbursement.

Analysis

Pursuant to the District's request, we have analyzed the current Medicaid reimbursement procedures. We interviewed various individuals within the District who would potentially participate in the Medicaid reimbursement process.

Our analysis consisted of projected aid and expenses incurred regarding filing for Medicaid reimbursement. We have projected the anticipated aid by utilizing each student's IEP with eligible Medicaid reimbursable expenses and calculated this amount utilizing the "Preschool/School Supportive Health Services Program: Provider Policy and Billing Handbook (Update 7)". This Medicaid aid will change year to year based on current students enrolled receiving services.

We have estimated current expenses regarding Medicaid reimbursement based on interviews conducted of relevant personnel. The Pupil Personnel Services Senior Clerk Typist and Deputy Treasurers' salaries were the basis of estimated expenses. Each individual's salary was multiplied by 13.82% based on our calculation of time needed to perform the Medicaid reimbursement process.

We have also estimated additional expenses that would be incurred in order to perform the Medicaid reimbursement on a monthly basis. The estimated Speech Pathologist's salary is based on the Bureau of Labor Statistics and the estimated Clerk salary is based on the New York State Department of Labor.

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Based on our interviews and analysis, we have determined that Medicaid reimbursement filing process would be time consuming to the District. This process also requires a significant amount of documentation to be maintained and filed throughout the school year. Without the proper documentation, certified employees and filing, there is a low likelihood of receiving the anticipated aid.

Reimbursement time frame: 2012-2013

Option I: 2012-2013	Time	Amount
Revenue		
Anticipated Aid		90,700.78
Expenses		
PPS Senior Clerk Typist (217 days a year)	30 days (includes training)	7,606.87
Deputy Treasurers Salary (217 days a year)	30 days (includes training)	7,972.81
Additional Expenses Required		
Pupil Personnel Services Clerk	Part time Clerical (.5)	15,660.00
Licensed Speech Pathologist	Full time	78,360.00
Net Profit		\$ (18,898.90)

** To hire a Licensed Speech Pathologist, the District would have to consider excessing other current employees.*

Option II: 2012-2013	Time	Amount
Revenue		
Anticipated Aid		90,700.78
Expenses		
PPS Senior Clerk Typist (217 days a year)	30 days (includes training)	7,606.87
Deputy Treasurers Salary (217 days a year)	30 days (includes training)	7,972.81
Additional Expenses Required		
Pupil Personnel Services Clerk	Part time Clerical (.5)	15,660.00
Teacher (Licensed Speech Pathologist)	Stipend *	10,000.00
Teacher (Licensed Speech Pathologist)	Stipend *	10,000.00
Net Profit		\$ 39,461.10

** Stipends are subject to contract negotiations with the respective bargaining unit. The figures provided are only estimates.*

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Reimbursement time frame: 2013-2014

Option I: 2013-2014	Time	Amount
Revenue		
Anticipated Aid		83,126.83
Current Expenses		
PPS Senior Clerk Typist (217 days a year)	30 days (includes training)	7,606.87
Deputy Treasurers Salary (217 days a year)	30 days (includes training)	7,972.81
Additional Expenses Required		
Pupil Personnel Services Clerk	Part time Clerical (.5)	15,660.00
Licensed Speech Pathologist	Full time	78,360.00
Net Profit		\$ (26,472.85)

** To hire a Licensed Speech Pathologist, the District would have to consider excessing other current employees.*

Option II: 2013-2014	Time	Amount
Revenue		
Anticipated Aid		83,126.83
Expenses		
PPS Senior Clerk Typist (217 days a year)	30 days (includes training)	7,606.87
Deputy Treasurers Salary (217 days a year)	30 days (includes training)	7,972.81
Additional Expenses Required		
Pupil Personnel Services Clerk	Part time Clerical (.5)	15,660.00
Teacher (Licensed Speech Pathologist)	Stipend	10,000.00
Teacher (Licensed Speech Pathologist)	Stipend	10,000.00
Net Profit		\$ 31,887.15

** Stipends are subject to contract negotiations with the respective bargaining unit. The figures provided are only estimates.*

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Observations

Based on our analysis we have determined the following:

- In order to result in positive Medicaid reimbursement aid, the District would need to hire a Part-time Clerical employee and negotiate a stipend amount with the either one or two (2) current teachers whom are Licensed Speech Pathologists. Current employees would need to be willing to accept this additional responsibility. Stipends would be subject to contractual negotiations with the respective bargaining unit(s). If existing staff are not willing to accept this added responsibility and related stipend, the District would need to hire a consultant or a full time licensed Speech Pathologist which would result in a net loss for Medicaid Reimbursement.
- It should be noted that while the District could potentially have a net profit under Option #1 utilizing the "Stipend", the amount is subject to change year to year based upon the amount of students who are receiving services and qualify for Medicaid reimbursement.