Medicaid Reimbursement Briefing
for Audit & Finance Committee

October 24, 2018

Medicaid Background

- Medicaid is jointly funded by the Federal and State government to provide public health insurance program for low income people, and is administered by the Centers for Medicare & Medicaid Services (CMS).

- Local education agencies (LEAs) are required to provide, **at no cost to parents**, special education and related services as delineated in the Individualized Education Program (IEP)or Individualized Family Service Plan (IFSP).

- Medicaid **offers reimbursement for:**
  - **delivery of covered medical services** provided to eligible children with IEPs, in accordance with the Individuals with Disabilities Education Act (IDEA) **(Fee for Service)**
  - **cost of specific administrative activities**, including "outreach activities" designed to ensure that students have access to Medicaid covered programs and services **(AOC)**

- Currently, **CPS receives Medicaid reimbursement for health related IEP services only.**

- **Covered related services** that can be billed to Medicaid:

Nursing	School Health Aide	Audiology	Social Work	Psychology
Occupational Therapy	Developmental Assessments	Medical Services	Hearing Screening	Vision Screening
Physical Therapy	Transportation	Speech/Language	Medical Equipment	

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CPS Medicaid Stakeholders

Program enrollment

Reimbursement

Dr. Fox, Chief Health Officer
Office of Student Health and Wellness (Within ODLSS)
- Leads CPS Student Health Policy
- Medicaid Enrollment & Outreach
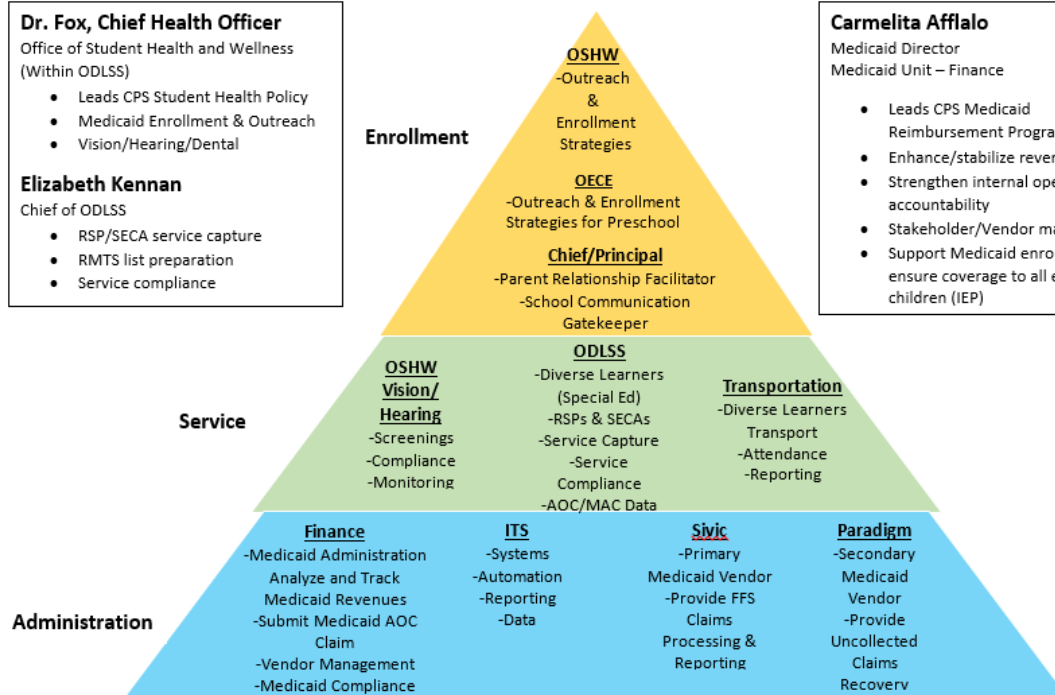- Vision/Hearing/Dental

Elizabeth Kennan
Chief of ODLSS
- RSP/SECA service capture
- RMTS list preparation
- Service compliance

Carmelita Afflalo
Medicaid Director
Medicaid Unit – Finance
- Leads CPS Medicaid Reimbursement Program
- Enhance/stabilize revenue
- Strengthen internal operations and accountability
- Stakeholder/Vendor management
- Support Medicaid enrollment to ensure coverage to all eligible children (IEP)

Enrollment

OSHW
-Outreach & Enrollment Strategies

OECE
-Outreach & Enrollment Strategies for Preschool

Chief/Principal
-Parent Relationship Facilitator
-School Communication Gatekeeper

Service

OSHW Vision/ Hearing
-Screenings
-Compliance
-Monitoring

ODLSS
-Diverse Learners (Special Ed)
-RSPs & SECAs
-Service Capture
-Service Compliance
-AOC/MAC Data

Transportation
-Diverse Learners Transport
-Attendance
-Reporting

Administration

Finance
-Medicaid Administration Analyze and Track Medicaid Revenues
-Submit Medicaid AOC Claim
-Vendor Management
-Medicaid Compliance

ITS
-Systems
-Automation
-Reporting
-Data

Sivic
-Primary Medicaid Vendor
-Provide FFS Claims Processing & Reporting

Paradigm
-Secondary Medicaid Vendor
-Provide Uncollected Claims Recovery

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Medicaid Reimbursement Unit Strategy and Objectives

Mission – to collaboratively engage all CPS Medicaid stakeholders and ensure Medicaid operations are supported by efficient processes that maximizes revenue for all reimbursable services.

- **Strategy 1 –** Enhance and stabilize revenue
- **Strategy 2 -** Strengthen internal operations and accountability
- **Strategy 3 -** Support Office of Student Health and Wellness Medicaid enrollment efforts

Progress to date:

- Developed full understanding of Medicaid policy and reimbursement process
- Re-building institutional knowledge of Medicaid program and spreading awareness across district
- Active monitoring of Medicaid policy changes and determining impact on CPS
- Stakeholder and vendor management, unified management
- Compliance reporting to detect revenue seepage, created/implemented action plans to address issues
- Engaged in various analysis to deepen understanding, make operational changes, inform financial decisions/projections
- Continuity of operations, creating procedures manual, timelines/calendars/project plans
- Provided stakeholder training to improve compliance

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CPS Medicaid Reimbursement Process

Increase Targeted Medicaid enrollment
- Ensure eligible Medicaid reimbursable students are enrolled
- Enlist district, schools, and community

Ensure service/activities are captured
- RSP & SECA Service Capture
- Vision & Hearing
- Transportation
- Outreach

Ensure billing success at the onset
- ITS technology modifications
- Service Capture training
- Collaboration with Medicaid vendors

Secure reimbursable funds
- Sustainable claims analysis process
- Resolute turnaround timelines
- Accountability metrics

Enhance resubmissions
- Timely accurate analysis
- Vendor Management
- Efficient reporting

How can we maximize payments?
- Increase Medicaid enrollment
- Ensure service/activities are captured
- Ensure billing success at the onset
- Secure reimbursable funds
- Enhance resubmissions

Interrelated processes

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Medicaid Financial Outlook

- **FY18 revenues** were $30.2M vs. $ 41.8M 'aspirational' budget (*assumed* $4.7M new revenue growth)
  - Without State adjustments of $7.4M , the prior year revenue restated would have been $37.6M.
- Revenue <u>impacts outside of CPS control</u> include:
  - **State adjustments** for prior year fee for service amount to **$7.4M.** These adjustments are made based on the true-up of actual billing rates vs. projected billing rates as verified in audited financial results.
  - **Lower rates of reimbursement** due to <u>drop in indirect cost rates</u> 11.98% → 6.51% and <u>lower fee for service rates</u> (-12%) drop since FY13.
  - **Timing lags** impact Medicaid revenues - 4 months from service delivery to revenue receipt
  - **Revenue recognition timing** - $2.4M payment received in late August, recognized in FY18.
- Revenue <u>impacts within CPS control</u>:
  - **Compliance** – underreporting service minutes and claim failures/denials = revenue seepage
- **FY19 budget** contains **new revenue retention** initiatives focused on improving time capture, maximizing the claiming/billing process, and ensuring all claimable costs are reimbursed. Expected increase in indirect cost rate to 8.03% in FY19.

Medicaid Revenue Breakdown							
Category	FY17 Actuals	FY18 Budget	FY18 Actuals	FY18 w/o PY adj	FY19 Budget	FY19 Projection	FY19 ytd variance
Fee for Service	$ 26,887,917	$ 31,569,100	$ 22,276,971	$ 29,676,971	$ 27,037,777	$ 24,616,911	$ (2,420,866)
AOC	$ 10,237,510	$ 10,237,500	$ 7,962,223	$ 7,962,223	$ 7,962,223	$ 7,962,223	$ -
Total Revenue	$ 37,125,427	$ 41,806,600	$ 30,239,194	$ 37,639,194	$ 35,000,000	$ 32,579,134	$ (2,420,866)
% change vs. PY			-19%	1%	16%	8%	

Compliance Monitoring/Analysis Strategy

Listed below are the operational strategies to retain Medicaid revenue. Revenue is directly tied to Medicaid eligible students with IEPs receiving medically-necessary services and supports, and service providers recording those services accurately and appropriately. Our goal is to maximize service capture by continually analyzing and monitoring the delivery of required services.

Related Service Providers (RSPs) exceeded District compliance targets for service delivered/service recorded of 80%, FY18 compliance averaged 81%.

Perform root cause analysis when service recording vs service delivery is <80%

Understand district-wide constraints impacting compliance

Fill vacancies w/enhanced recruiting and early offers (APNs) hired

Monitor trends monthly, continual outreach to stakeholders

Paraprofessional approvals targets for FY18 averaged 55%. The District recommended targets for FY19 - 80% to align with RSP goals.

Collaborate w/ Innovations & Incubation, Office Network Support, and Office of Diverse Learner Services & Services (ODLSS) to drive accountability

Distribute monthly performance reporting to Network Chiefs

Direct outreach to schools to understand constraints and provide solutions to maximize approvals

Support Paraprofessionals: Share Districtwide best practices to improve service capture, and provide quarterly training

$12.4M represents denied claims (over an 18 month period) of which some amounts may be recoverable upon resubmission. This revenue may be less as some claims properly fail due to timing e.g., services delivered to students regardless of healthcare status (RIN), and/or services delivered prior to an active IEP, etc.

Analyze causation of unsuccessful claims, correct internal processes (as needed), and resubmit claims

Recommend operational process refinements and enhancements

Review corrective action resolution strategy quarterly, adjust as needed

Communicate District revenue impact to stakeholders: Chief Executive Office, Department Chiefs, School Administrators, etc.

Factors Impacting Medicaid Reimbursement Revenue

- **Medicaid RFP**
  - The RFP process concluded in September, and the vendor is expected to be announced in December (pending Board approval and contract negotiations.) The award recommendation letter is currently being drafted by Procurement. The vendor was selected based on the following criteria: project mgmt. experience/ability, team knowledge/ability, ability to meet business/IT needs, references and pricing.
- **Payment Error Rate Measurement** (PERM) audit
  - CMS has provided CPS with a notice to audit paid claims. The auditing program occurs every three years. PERM audits requires the district to provide supporting documentation for randomly selected paid Medicaid claims. CPS is currently preparing the response which must be filed by 10/5. For FY18, the Medicaid Office implemented an internal audit program which ensures readiness for all audit requests.
- **Medicaid Policy Changes**
  - The Office of Finance is currently investigating the impact of Medicaid policy changes, e.g., public charge implications on Immigrants accessing Medicaid. The federal government would consider use of public benefits programs to deny entry to the US or adjustments to permanent residency. This change could impact Medicaid enrollment in the district, as it would discourage Medicaid enrollment for eligible CPS children of immigrants.
- **Billing and Claiming Requirements**
  - A new billing and claiming requirement was announced last week by the Illinois Department of Human Services (IDHFS). This new change requires CPS to have a referral/prescription on file for students requiring audiology services per their IEP. The requirement is required for audiology services on and after January 1, 2019. Claims submitted without the referral will be denied. An internal work team is being assembled to respond to and address the requirement.