New York State

Department of Health

Draft Audit Report ███████

on

Reimbursement for Early Intervention Services

████████████████████████████████

for the Period

July 1, 2006 – June 30, 2008

Audit Scope

The New York State Department of Health (Department) contracted with ███████ to examine the claims paid by the ███████ under the Early Intervention Program for services rendered by ███████ during the period July 1, 2006 through June 30, 2008. Our examination was made pursuant to the audit authorizations in the New York State Public Health Law, Title II – A of Article 25 and Part 69 of Subchapter H of Chapter II of Title 10 of the Official Compilation of Codes, Rules and Regulations of the State of New York (10NYCRR).

We conducted our audit in accordance with generally accepted auditing standards, the standards for financial audits contained in the Government Auditing Standards issued by the Comptroller General of the United States (2007 Revision), as well as the State Finance Law.

During the audit period, ███████ was paid $28,855,074.45 for 347,688 claims provided to New York City (NYC) recipients. NYC submitted these payments for Department reimbursement under the Early Intervention Program (EIP) and Medicaid programs, as well as to third-party insurers. Table 1 summarizes the total payment amounts reimbursed by the various payers.

Table 1
Summary of Reimbursements
July 1, 2006 – June 30, 2008

Total Claims	EIP Paid	Medicaid Paid	Private Insurers Paid	New York City Paid	Total Paid
347,688	$7,799,777.28 27.0309%	$12,879,960.37 44.6367%	$185,109.85 0.6415%	$7,990,226.95 27.6909%	$28,855,074.45

The audit consisted of a random sample of 100 claims with payments of $8,328.75.

The examination included reviewing the session notes to support the service dates and payment amounts contained within the Department's Kids Integrated Data System (KIDS). We verified that services reimbursed were authorized in the child's Individual Family Service Plan (IFSP), determined whether costs claimed were allowable and adequately documented, and analyzed session times recorded on session notes to determine if the times overlapped. We believe our audit provides a reasonable basis for our opinion.

Auditor's Opinion

In our opinion, except for $2,067,005.00 paid to ███████ the claims for reimbursement for services rendered present fairly, in all material respects, the amount of reimbursement that ███████ was entitled to receive for the

period July 1, 2006 through June 30, 2008, in conformance with the above described basis of accounting. A detailed breakdown of the amounts owed to the various payers is listed in Table 3.

Summary of Total Unsupported Sampled Expenditures

The purpose of the audit was to ensure compliance with applicable laws, regulations, rules and policies of the Early Intervention Program. The provider's failure to comply resulted in a total sample overpayment of $594.50, which is summarized in Table 2.

Table 2
Summary of Sampled Unsupported Expenditures
July 1, 2006 – June 30, 2008

	# of Sessions	EIP Paid	Medicaid Paid	Private Insurers Paid	NYC Paid	Total Paid
Inadequate Session Notes	5	$0.00	$414.50	$0.00	$0.00	$414.50
Overlapping Session Times	2	$45.00	$90.00	$0.00	$45.00	$180.00
Total	7	$45.00	$504.50	$0.00	$45.00	$594.50

The total sample overpayments of $594.50 identified in Table 2 were extrapolated to the entire universe of claims (347,688), which is summarized below. This methodology is fully explained in Exhibit 1.
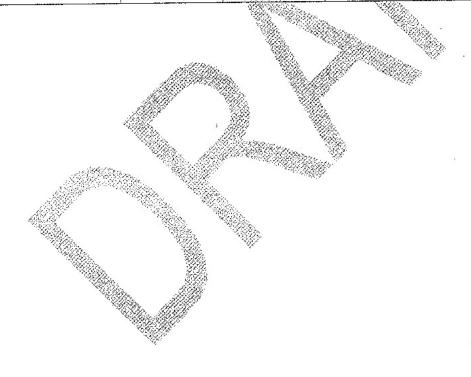
Table 3
Summary of Extrapolated Unsupported Expenditures
July 1, 2006 – June 30, 2008

Total Sample Overpayments	$594.50
Claims in Sample	100
Overpayments Per Sampled Claim	$5.945
Claims in Universe	347,688
Meanpoint Estimate	$2,067,005.00
Lower Confidence Limit (90% confidence)	$784,304.00

The Extrapolated Unsupported Expenditures (meanpoint estimate $2,067,005.00 and lower confidence limit $784,304.00) reimbursements identified in Table 3 have been allocated to the following payers based on the percentage of total claims paid identified in Table 1.

Table 4
Extrapolated Unsupported Expenditures Allocated by Payer
July 1, 2006 – June 30, 2008

	EIP Paid	Medicaid Paid	Private Insurers Paid	New York City Paid	Total Paid
Total Payments	$7,799,777.28	$12,879,960.37	$185,109.85	$7,990,226.95	$28,855,074.45
% or Universe	27.0309%	44.6367%	0.6415%	27.6909%	
Meanpoint Estimate	$558,730	$922,643	$13,260	$572,372	$2,067,005
Lower Confidence Limit	$212,005	$350,087	$5,031	$217,181	$784,304

Findings and Recommendations

1. **Inadequate Session Notes**

   Requirement:
   EIP Memorandum 2003-01 Guidance on Early Intervention Program Records states: "Session notes must be completed . . . for each service delivered and must include:
   - Recipient(s)'(child/parent/caregiver) name
   - Date of service
   - Type of service provided
   - Duration (length) of session
   - Brief description (2-3 sentences) of the recipient's progress made by receiving the service during the session as related to outcome contained in the Individualized Family Service Plan (IFSP), and
   - Name, title and signature of the person delivering the service and date the session note was created"

   The record (EIP Memorandum 2003-01) further states that: "Signature stamps do not demonstrate that the professional saw and agreed with the file."

   According to EIP Memorandum 2003-01, Guidance on Early Intervention Program Records, "Session notes must be completed by all qualified personnel...delivering the early intervention services authorized in a family's IFSP for each service delivered."

   Finding:
   In 5 instances pertaining to 5 recipients an adequate session note was missing. This resulted in a sample overpayment of $414.50 (Exhibit II).

2. **Overlapping Session Times**

   Requirement:
   PHL, Article 25, Title II-A, Section 2557.3 "Such state aid reimbursement or portion thereof may be withheld if, on post-audit and review, the commissioner finds that the early intervention services were not provided or those provided were not in substantial conformance with the rules and regulations established by the commissioner."

   Finding:
   In 2 instances pertaining to 2 recipients, session times overlapped with another service. This resulted in a sample overpayment of $180.00 (Exhibit III).

Additional reasons for disallowance exist regarding certain findings. These additional findings are identified in Exhibit VII.

EXHIBIT I

EXTRAPOLATION OF SAMPLE FINDINGS

For this audit, a sample of 100 paid claims was selected from the total paid claims for the audit period. These claims were selected randomly using random numbers which were generated using statistical sampling program (RATS-STATS). We reviewed documentation for each sample to determine whether the amount paid for each sample should be allowed or disallowed based on all relevant regulations. These sample findings of disallowances (overpayments) were then extrapolated over the entire universe of paid claims to estimate the overpayments for the entire audit period using a statistical sampling program (RATS-STATS). The lower confidence limit extrapolation of findings gives us 90% confidence that the actual amount of overpayment is greater than the extrapolated amount.

Purpose of audit sampling and extrapolation

Statistical sampling is routinely used in auditing service providers. Sampling and extrapolation are standard audit practices which reduce the cost of auditing in exchange for accepting a small amount of risk in the results.

When a sample is obtained randomly it is possible to state, with a stipulated degree of confidence, that the number of errors in the sample applies proportionately to the unsampled portion of the universe as well. The alternative to sampling is to audit the entire universe. This increases the time and costs to conduct the audit and also creates additional down time, program disruption and consumes resources on the part of the provider in order to complete the audit.

Universe and Sample Selection Processes

Statistical methods described in books such as "Sampling Techniques" by William C. Cochran, have been used to build the claims sampling program. The statistical procedures used comply with generally accepted statistical audit and governmental accounting standards and meet the requirements of the United States' Department of Health and Human Services (DHHS).

Once the provider is selected, a listing of claims for the audit period is extracted from the payment history. This history of paid claims is called the "audit claims universe." Since the focus is on paid claims for amounts paid greater than zero, claims paid at zero are excluded.

A computerized sampling program is used to randomly select the actual sample of claims from the provider's audit claims universe. For sampling purposes, a "Claim" is each item/service billed by a provider and paid. Selection of claims is conducted without bias using a random number generator. The method for drawing a sample from a population/universe is such that all samples have equal probability of being drawn.

Extrapolation of findings:

The process of projecting or estimating measures a characteristic of a universe based on the same characteristic in a sample drawn from that universe. The statistical program used employs a commonly used fair adjustment to make any uncertainty of the estimate more acceptable. This adjustment is designed to change the odds faced by the provider to a 90% probability that the true universe value is higher, versus a 10% probability that it is lower, i.e., the provider's odds are 9 to 1 that they would fare worse with a full audit. Again, a full audit would increase costs for both the provider and DOH.

The lower limit of a symmetric, two-sided 90-percent confidence interval is reported as the estimate of the total overpayment. Thus, it is possible to state as a statistically valid estimate that with 90 percent confidence, the true overpayment was as least as great as the lower limit. The mean estimate is a point estimate which falls within the lower and upper limits and is the most likely estimate of overpayment.