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Summary of Findings – OIG Audit of Texas SHARS Program from 2010

The audit, conducted by the Office of Inspector General (OIG), centered on an evaluative study of processes at the state level within the School Health and Related Services (SHARS) Medicaid Program, focusing on the state of Texas processes. Initially addressing interim billing practices through a review of two districts, the audit subsequently honed its attention to scrutinizing the cost report, emphasizing the Random Moment Time Study (RMTS). Based on our understanding, the decisions rendered during the review, including the recommended actions, were appealed by the state and are now final.

Background:

Initiating the examination with an overview of both interim billing and cost reporting, the audit delved into the state-level processes of SHARS. The audit spotlighted concerns surrounding interim billing practices, and specific recommendations were made and implemented to address said concerns. Subsequently, the audit shifted its focus to delve into the intricacies of the cost report, homing in on the RMTS.

RMTS Primary Concerns:

The RMTS review raised significant concerns about compliance with the RMTS process. The issues primarily centered on three key aspects:

1. Inaccurate Coding of Random Moments and Recoding:

Within the scope of the audit, it was identified that a significant portion of the Random Moment Time Study (RMTS) coding exhibited inaccuracies, specifically related to the categorization of random moments as IEP-covered direct medical services. The audit scrutinized 3,161 random moments that were coded as such, revealing that 274 of these moments were inaccurately categorized.

The discrepancies were flagged due to deviations from the coding guidelines outlined in the state's Implementation Guide. Upon detailed examination of the responses obtained through the RMTS surveys, it was evident that certain activities according to the audit team did not qualify as IEP-covered direct medical services. Additionally, some responses failed to capture the specific activities performed during the sampled 1-minute moment, instead providing a broader overview of daily job duties.

The consequences of these coding inaccuracies were significant. To address this, the recalculated direct medical service percentage was adjusted to 47.58 percent, resulting in a reduction of the total cost settlement amount for FFY 2011 by the aforementioned sum. The State agency received \$18,925,853 in unallowable Federal reimbursement for the SHARS program during the audit period. The state has been directed to return the overpayment.

Now that the state has exhausted appeal opportunities, they have been directed to implement changes within the RMTS program resulting in a decrease of the RMTS percentage for the earliest open Federal Fiscal Year (FFY) period, which is the FFY 22 cost report in the final audit. As such, the state has taken a second look at moments associated with concerns as identified in the audit and subsequently recoded them, resulting in a lowered RMTS percentage from 43% to the low 20%. It is expected that the RMTS percentage is expected to remain at this lower percentage moving forward. This will directly result in a lowering of reimbursements for all districts.

Further, the audit identified issues concerning the absence of supporting documentation for RMTS submissions. While more detailed inquiries have been issued to specifically address moments related to Personal Care Services, comprehensive information regarding documentation is yet to be provided. In light of this, districts are encouraged to proactively contemplate documenting anecdotal evidence supporting RMTS submissions by their staff. This documentation might encompass Individual Education Plans (IEPs), staff schedules, or anecdotal records within the district's claiming software. The resolution of how the state will address this concern remains pending.

2. Shortcomings in the Quarterly Study Process:

A critical aspect of the RMTS involves conducting quarterly studies to ascertain the direct medical service percentage. However, the State agency did not conduct a time study for the fourth quarter (July 1 through September 30), leading to an incomplete representation of the cost period, which encompasses the entire school year. The omission of eligible moments during this quarter raised concerns about the study's statistical validity and adherence to acceptable standards. To address this issue, the state will begin implementing a fourth quarter data collection period in the current federal fiscal year (FFY).

3. Non-Compliance with Acceptable Statistical Standards:

The audit highlighted non-compliance with acceptable statistical standards in the RMTS process. The absence of a "seed" number in the random number generation process used by the Contractor rendered the sampling process irreproducible. The inability to replicate the sample raised questions about the validity of the results and compliance with federal cost principles. We understand that HHSC has addressed this issue directly with its vendor.

Conclusion:

The audit of the Medicaid School Health and Related Services (SHARS) program in Texas brought to light substantial concerns regarding interim billing and the Random Moment Time Study (RMTS) methodology and coding practices. The inaccuracies identified in the categorization of random moments as IEP-covered direct medical services underscore the significance of meticulous adherence to coding guidelines outlined in the state's Implementation Guide. With a focus on the need for precision in documenting activities during surveyed moments, the audit highlighted the potential consequences of coding errors, leading to the State agency receiving nearly \$19 million in unallowable Federal reimbursement. These findings emphasize the necessity of robust compliance measures, particularly in RMTS processes, to ensure the accuracy of claimed Medicaid expenditures and maintain program integrity. The subsequent recommendations emphasize the urgency for corrective actions and a renewed commitment to aligning practices with federal and state requirements for school-based health services. The adjustment of the RMTS percentage will have a significant impact on all reimbursements across the state beginning with FFY 2022 moving forward.

Reference: [Texas Improperly Received Medicaid Reimbursement for School-Based Health Services, A-06-14-00002 \(hhs.gov\)](https://www.hhs.gov/ohrt/reports/2014/06/06-14-00002)

Questions may be directed to HHSC SHARS staff or TASB Special Education Solutions Division Director, Dr. Karlyn Keller at karlyn.keller@tasb.org.

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