



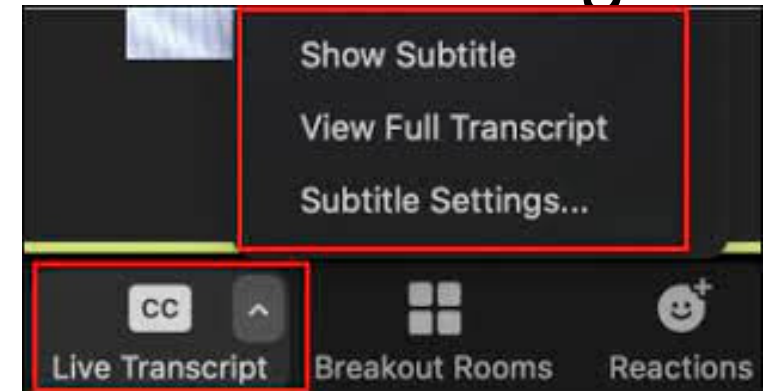
Thriving in Audits, Part 2: How to Navigate Common Challenges

Facilitated by: WestEd
January 11, 2023
1:00 p.m.—2:30 p.m.

WE WILL BEGIN THE WEBINAR SHORTLY

Live Transcription Available

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Introductions



- Regina Zerne
- Monica Velasco
- Martin Alvarez
- Michael Donohue
- Stacy Fox



- Jason Willis
- Jeremy Ford
- Lisa Eisenberg
- Liza Morris
- Colleen Meacham

Workshop Goals

- » Continue to delineate the audit process for participating local education agencies (LEAs)
- » Expand on and dive deeper into common audit challenges
- » Explore solutions to audit challenges using tools to be created with feedback from education partners

Agenda

- » LEA BOP Overview & Benefits
 - » Review the purpose of audits within LEA BOP
 - » Review benefits of program participation and new changes to the program
- » Common audit challenges
- » Q&A with Audits & Investigations (A&I)
- » Resources to address audit challenges
 - » New tools & existing resources
- » Wrap-up

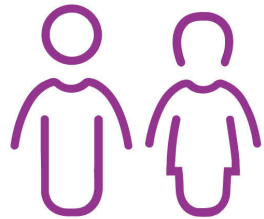
LEA BOP & Audits



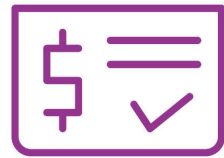
Why Audits?

- » LEA BOP is a certified public expenditure program
 - » Audits are required
 - » Audits ensure compliance with program requirements and expenses are eligible for the Medi-Cal match
 - » Costs are adequately documented

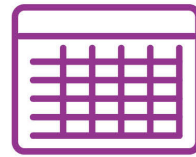
Reviewing the Payment Cycle



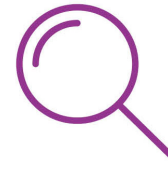
Provide covered service for students



Medi-Cal sends interim reimbursements based on claims



LEA submits CRCS to certify costs



Audit to verify cost on the CRCS



Final settlement



NEW! Interim settlement based on pre-audited CRCS

Verified Costs



Interim Reimbursements + Interim Settlement

Good News

- » Program benefits
 - » Sustainable funding for some school health services
 - » Model for interacting with the healthcare system
 - » i.e., electronic health records, documentation, coordination
- » New changes from SPA 15-021:
 - » Expands eligible services, providers, and covered students
 - » Updates CRCS to better account for actual costs of delivering health services
 - » Shortens timelines & introduces interim settlements

New Methodology for the CRCs



Past Methodology

VS.



Current Methodology

Common Audit Findings

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CRCS Follow along on the LEA BOP

https://www.dhcs.ca.gov/provgovpart/Pages/CRCS_Forms.aspx

Cost and Reimbursement Comparison Schedule

[Back to LEA Home Page](#)

CRCS Resources

- [CRCS Flow Chart](#)
- [California School Accounting Manual \(CSAM\)](#)
- [LEA Indirect Cost Rate Data](#)
- [Standardized Accounting Code Structure \(SACS\) Guidance](#)
- CRCS Questions: LEA.CRCS.Questions@DHCS.CA.GOV
- CRCS Submissions: LEA.CRCS.Submission@DHCS.CA.GOV
- Audit Report Questions: LEAAuditQuestions@DHCS.CA.GOV

CRCS Due Dates

State Fiscal Year (SFY)	CRCS Due Date*	Submission Window*
2020-21	3/01/22	2/01/22 - 3/01/22
2019-20	4/30/22	4/01/22 - 4/30/22
2015-16	6/30/22	6/01/22 - 6/30/22

CRCS Forms

Below are CRCS forms for State Fiscal Years (SFY) 2009-10 through 2019-20. Note that the link to the CRCS unavailable. Please contact the LEA BOP directly at lea@dhcs.ca.gov to request those documents.

[CRCS for Fiscal Year 2020-21](#)

[CRCS for Fiscal Year 2019-20](#)

[CRCS for Fiscal Year 2018-19](#)

[CRCS for Fiscal Year 2017-18](#)

[CRCS for Fiscal Year 2016-17](#)

[CRCS for Fiscal Year 2015-16](#)

Common Audit Findings: Allocation Statistics

The following fields use the incorrect calculation or have errors:

- » Medi-Cal Eligibility Ratio
- » Federal Medical Assistance Percentage (FMAP)
- » Medi-Cal One-Way Trip Ratio

Common Audit Findings

Medi-Cal Eligibility Ratio (MER)

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Common Audit Findings

Medi-Cal Eligibility Ratio (MER)

$$\frac{\text{Count of Medi-Cal Eligible Enrolled Students in the LEA}}{\text{Total Count of Enrolled Students in the LEA}}$$

(based on the Data Tape Match process used to check Medi-Cal student enrollment)

- » Medi-Cal Eligibility Ratio (MER)
 - » Current Policy found in PPL 22-001
 - » CRCS Reports for SFYs 2015-16 through 2018-19
 - » CRCS Report for SFY 2019-20
 - » CRCS Report for SFY 2020-21

Common Audit Findings

Federal Medicaid Assistance Percentage (FMAP)

2. Allocation Statistics		% of Claims
Unrestricted Indirect Cost Rate		(from LEA website)
Federal Medicaid Assistance Percentage (FMAP) for July 1, 2020 to June 30, 2021 - Title XIX	56.20%	
FMAP for July 1, 2020 to June 30, 2021 - Title XIX Enhanced	90.00%	
FMAP for July 1, 2020 to September 30, 2020 - Title XXI Enhanced	80.84%	
FMAP for October 1, 2020 to June 30, 2021 - Title XXI Enhanced	69.34%	

» FMAP

- » FMAP Grouping Reimbursement Percentages Report
- » Interim claiming may change

Common Audit Findings

Medi-Cal One-Way Trip Ratio

4. Medi-Cal One Way Trip Ratio:

Total Number of One-Way Trips for Medi-Cal Special Education Students with Specialized Medical Transportation Documented in the IEP/IFSP (may be obtained from paid claims data)

Total Number of One-Way Trips for All Special Education Students with Specialized Transportation Documented in the IEP/IFSP

For more information on this topic, please review the transportation billing guide at <https://www.dhcs.ca.gov/provgovpart/Pages/LEA.aspx>

Common Audit Findings: Staff & Benefits

Salary and benefit expenditures included:

- » for employees not authorized on the Time Survey Participants (TSP) lists
- » for employees with no supporting documentation

Salary and benefit expenditures that are not included for employees with interim services and on the TSP lists

Costs are not correctly allocated to the proper practitioner type.

Common Audit Findings: Contractor & Transportation Costs

Worksheet D Contractor Costs / E.2 Other Trans Costs

- » LEAs did not allocate costs to the correct object code (5800, 5100)
- » LEAs reported costs that did not have the proper source documents.

Recoupment: Disallowance vs Overpayment

Term	Definition	Plain language	Main take away
Overpayment	When the interim reimbursement received exceeds the actual costs to provide the services.	When the final settlement is less than the interim reimbursement.	<ul style="list-style-type: none">• This is a universal term describing scenarios where reimbursement received exceeds the cost.• This may or may not be the result of an audit
Audit Disallowance	An audit adjustment that reduces the final settlement.	The audit change results in less money.	<ul style="list-style-type: none">• There were errors or issues found on the CRCS• This change will often result in disallowed cost, which will result in a smaller final settlement than originally submitted

Disallowed Costs

- » Insufficient documentation
 - » Perception that documentation rules “change over time”
 - » Documenting medical necessity – ordering, referring, & prescribing
- » Non-reimbursable salaries – using federal dollars
- » Sharing financial responsibility across consortia members

Q&A with A&I

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Documentation – Question 1

Question: Can A&I provide more specific information about what documentation is necessary and examples of acceptable documentation (for example checklists)?

Answer: Providers should utilize the information available on the [LEA BOP website](#) to understand the various requirements including LEA BOP [Trainings](#), [state](#) and [federal](#) laws and regulations, [Policy and Procedure Letters](#), the [State Plans](#), LEA BOP manuals, [Medi-Cal Provider Manual](#), FAQs, participation agreement, and the CRCS instructions.

Documentation – Question 2

Question: What happens if an LEA is unable to provide the requested documentation or there is no documentation due to high staff turnover?

Answer: Adjustments can be awarded if a provider is unable to provide the requested documentation. Unfortunately, staff turnover is not an acceptable reason for the lack of documentation for CMS purposes. Extensions may be granted to allow providers additional time to submit backup documentation.

Documentation – Question 3

Question: Can LEAs provide additional documentation if the first submission is not enough?

Answer: Yes, the auditor will work with the LEA to determine what documentation is needed to verify the information reported on the CRCS. The initial documentation request is sent to the provider with the entrance letter. Additional information may be requested through the course of the audit.

Documentation – Question 4

Question: Is it better to send in a lot of documentation? Can we submit additional documentation if the first submission was not enough?

Answer: A&I cautions providers from submitting bulk amounts of documentation that do not align with the request from the auditors and stresses the importance of having organized documentation. Providers should be able to directly tie the backup documentation submitted to the information provided in the CRCS.

Extensions – Question 1

Question: May LEAs request a longer timeline to submit requested materials to auditors or locate missing documentation?

Answer: Yes, please work with the auditor to determine what length of an extension can be granted. A&I has a hard statutory deadline to issue audits, and if an extension request is made close to this deadline, the extension request may be reduced or denied. If A&I denies the LEA's extension, LEAs still have the opportunity to use the fifteen days after the exit conference and the informal appeal process to locate and provide additional documentation.

Extensions – Question 2

Question: Can LEAs be provided a longer deadline, so we don't have to request one? 1-2 weeks is not enough time to gather materials from the schools

Answer: Yes, providers may request an extension if the two-week due date is not enough time. See more details on the previous slide.

Appeals – Question 1

Question: What processes are available to LEAs to work with auditors if there are disagreements in the findings before heading to the appeals process?

Answer: We recommend the issue be elevated to the auditor's supervisor. A&I is also working on an escalation process that will be issued with the entrance letter to help guide providers through options for resolution prior to requesting an informal appeal.

Appeals – Question 2

Question: Will the auditors work with us if we do not understand why an adjustment is being made or documentation is not correct?

Answer: Yes, please talk with the auditor to be sure you understand or elevate to the auditor's supervisor, if necessary. Additionally, providers have the opportunity to discuss the adjustments with the auditor during the exit conference.

Appeals – Question 3

Question: Auditors will tell districts something is disallowed before an audit is complete with no way to appeal this. What process can be put in place for districts to appeal this before it's disallowed?

Answer: Providers can reach out to the auditor (and the auditor's supervisor, if necessary) to discuss the adjustment and try to reach a resolution. LEAs also have 15 days after the exit conference to provide additional documentation or responses. Note the forthcoming escalation process mentioned in previous answers.

Reimbursements – Question 1

Question: Can A&I respond to the increase in reimbursement generated by the backcasted CRCS reports?

Answer: Auditors are aware that the new methodology may increase reimbursement to providers. A&I's role is to look into variances by asking questions, documenting the reason for the variance, and making adjustments if necessary. The variance alone does not mean the costs are not correct or will be adjusted, it simply means the auditors must do their due diligence in ensuring the increase of costs meet all state and federal requirements for inclusion under the new methodology.

Reimbursements – Question 2

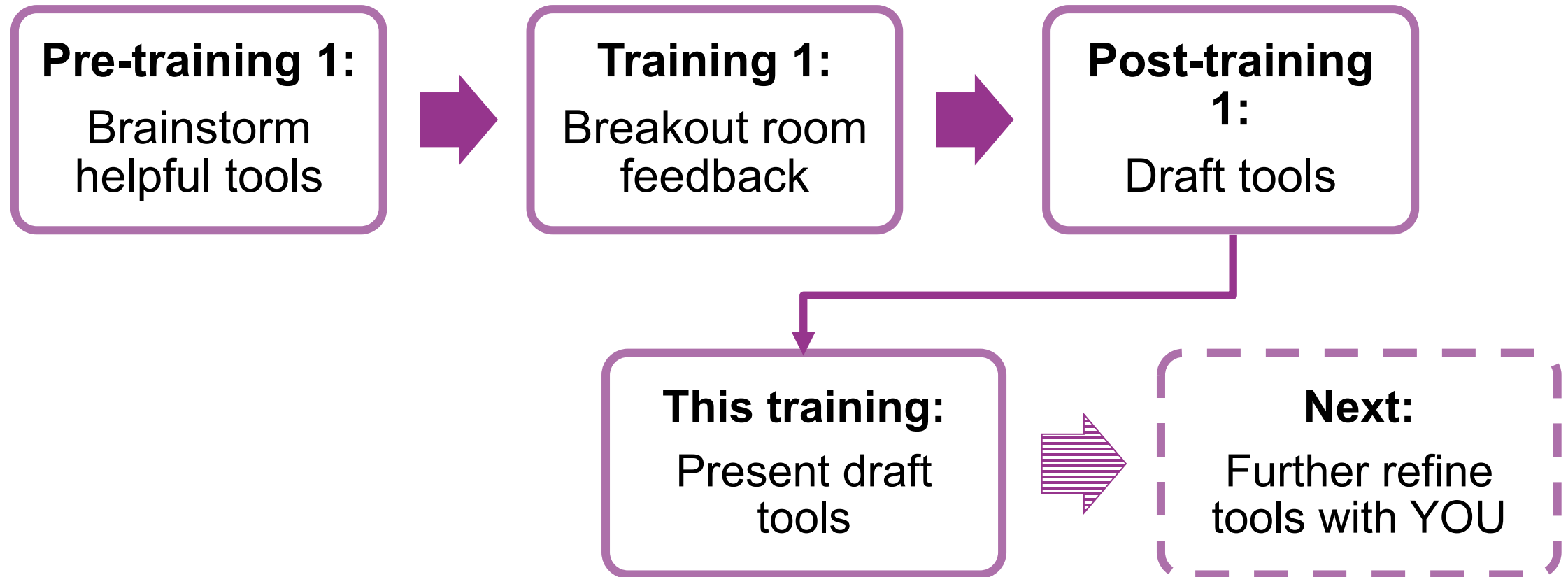
Question: How does A&I determine adjustments to salary costs when salaries are required by labor contract? How does A&I determine what is a “reasonable” cost?

Answer: Auditors will work with an LEA to explain why an adjustment to salary and benefits costs was made. The documentation provided by the LEAs is used to determine what is a reasonable cost. Auditors do review the providers’ labor contracts, job descriptions, practitioner notes, and relevant job salary ranges. The auditor only proposes adjustments at facilities where employees are working out of class providing medical services to their students. Any disagreements should be discussed with the auditor or supervisor, if necessary.

Strategies to Thrive in an Audit

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New Resources to Help

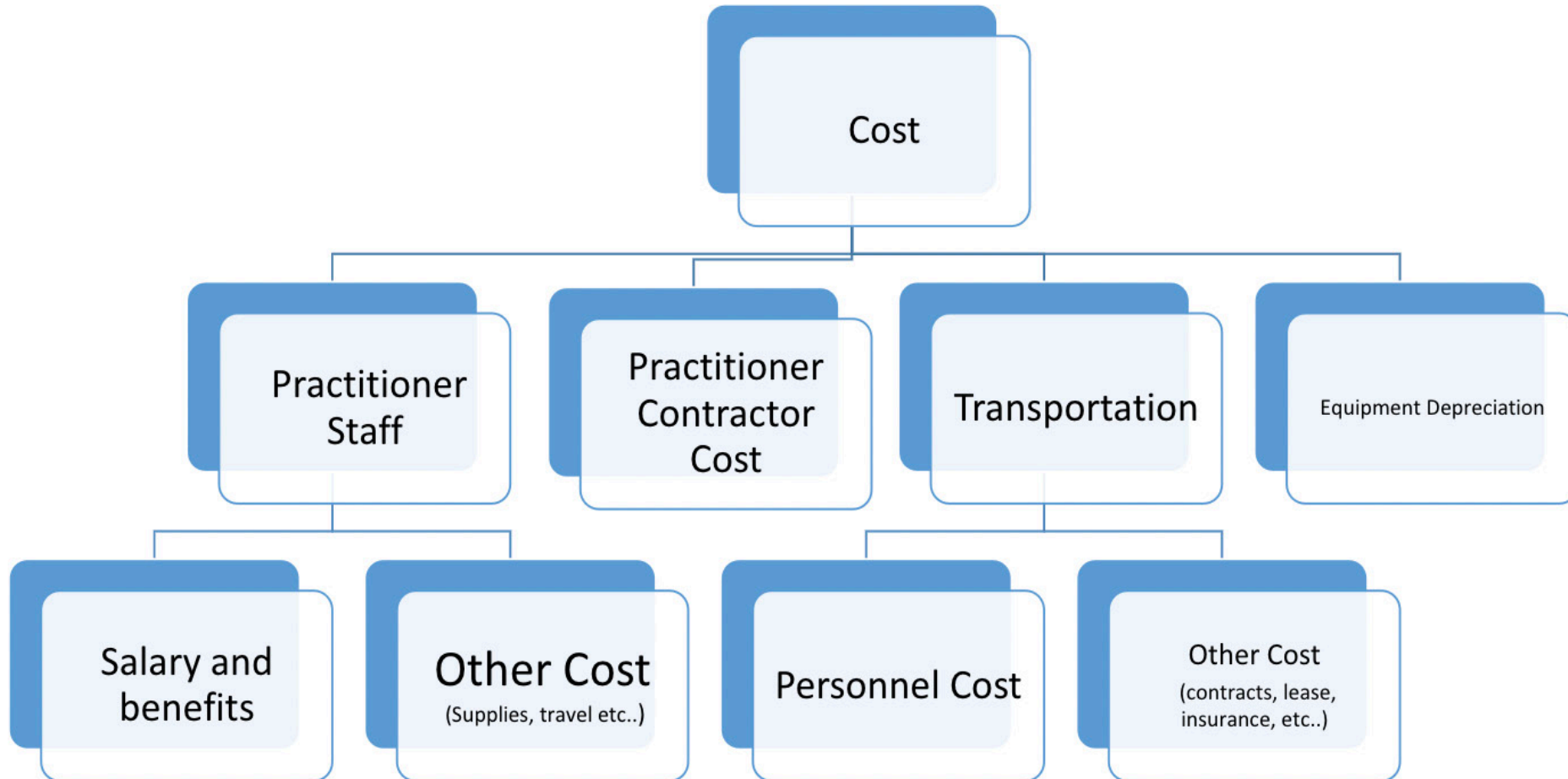


Tool 1: Allowable/Disallowable costs

- » Purpose: Provide LEAs with a process and information to build the different cost centers within the LEA BOP program
- » Feedback from LEAs:
 - » Real examples and best practices from your programs
 - » What costs are you confused about?
 - » Which LEA staff need to participate in decisions?

Tool 1: Allowable/Disallowable costs

FOR DISCUSSION PURPOSES ONLY



Tool 2: Common audit findings & best practices

Purpose:

- » Align program requirements
- » Review documentation to be audited
- » Identify best practices

Feedback from LEAs:

- » Create exemplars of audited documentation
- » Provide previous audit responses to build best practices

Tool 3: Audit Organizer & Checklist

Purpose: Assisting LEA programs in preparing for an audit by revising and overhauling the existing guides to better represent LEA's needs.

Feedback from LEAs:

- » Where can existing resources be improved?
- » Connect internally with other staff (business office, payroll, HR)

Poll #1: How can you help?

- » From the following list, select all tools that you would be interested in reviewing and providing feedback on:
1. Allowable/Disallowable costs for building a CPE program
 2. Common audit findings & best practices
 3. Audit organizer & checklist

Existing Resources

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Wrap Up

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Poll #2: Post Training Test Questions

- » 1. What is the main purpose of the Cost and Reimbursement Comparison Schedule (CRCS)?
- » 2. What is one of the most common audit findings?
- » 3. What is the main purpose of LEA BOP audits?
- » 4. Which of the following is a recent change to the LEA BOP program that should benefit LEAs?

Thank You

- » Remember to complete your workshop survey using the QR code located to the right.

