

# FY24 Medicaid School Program Agreed Upon Procedures

## For Reporting Period July 1, 2023-June 30, 2024

Once a Medicaid School Provider (or representative) gives the Certified Public Accountant (CPA) firm the initial cost report to complete the attestation engagement, the district and CPAs may not make changes or updates to the initial cost report. The CPA firms should denote **all** changes to the initial cost report (whether increases or decreases) in the Agreed Upon Procedure (AUP) report to arrive at a Post-AUP Cost Report.

### Payroll

1. Obtain from the provider a schedule or Uniform School Accounting System (USAS) report that identifies the total payroll and fringe benefit costs related to employees working on the MSP. Using the information collected, complete the following:
  - a. Inspect Exhibit 7 of the cost report. If there are no individuals included on the Exhibit, document that no payroll costs were included. If no payroll costs exist, the steps enumerated below will not be applicable.
  - b. Reconcile the names included on Exhibit 7 “Participants (Last Name, First Name, MI)” to those included on quarterly RMTS participant lists.
  - c. Reconcile expenditures included on the schedule or USAS report to the salary amounts reflected on Exhibit 7 “Total Salary and Fringe” column.

Notwithstanding variances due to rounding, if payroll and fringe benefit expenditures included on the schedule or USAS report do not agree to the amounts identified on the corresponding exhibits or if participants included on the corresponding exhibit are not included on the Random Moment in Time Study (RMTS) participant list, prepare a proposed cost adjustment to remove the variance(s) using Schedule C.

2. Using Exhibit 7 of the cost report, select 20 employees or 30% of the total number of employees whose salary was charged to the MSP, whichever is less. Using the employees selected, determine the following:

Employee payroll and fringe benefit amounts are reported in accordance with the cost report instructions (for example, the appropriate exhibit, column, and line item).

If employee payroll and fringe benefit amounts are not reported in accordance with the cost report instructions, prepare a proposed cost adjustment to reclassify the amounts to the appropriate exhibit, column, or line item. Any proposed cost adjustments should be documented on Schedule C.

- a. Employee payroll amounts included on the exhibits are calculated accurately based on the period(s) worked and pay rate identified within the employee personnel file or annual salary amount identified within the employee contract. Fringe benefit amounts agree to employer paid amounts obtained from District payroll records or calculate from employee payroll amounts (for example, pension percent).

If employee payroll and fringe benefit amounts are not calculated accurately prepare a proposed cost adjustment to remove the variance using Schedule C.

The proposed cost adjustment should result in an increase or decrease to the “Net Payroll Costs” column on Exhibit 7.

- b. Determine the amounts and types of expenditures included within the payroll and fringe benefit amounts under the “Total Gross Salary” and the “Total Fringe Benefits” columns are allowable under [Ohio law, 45 CFR 75](#), and the cost report instructions.

If costs included within payroll and fringe benefit amounts are not allowable, prepare a proposed cost adjustment using Schedule C to remove the unallowable costs from the “Total Gross Salary” and the “Total Fringe Benefits” columns.

3. Obtain from the provider (or the RMTS contractor), the three (3) quarterly Random Moment Time Study (RMTS) participant lists that were submitted to the RMTS contractor during the cost reporting period. Using the employees selected in conjunction with step 2 from above, perform the following for each employee:
  - a. Using the 3 quarterly RMTS lists, identify the number of quarters each employee selected participated in the RMTS.
  - b. Determine whether the employee payroll and fringe benefit amounts included on the exhibits are accurate based on the number of quarters the employee participated in the RMTS. Accuracy is defined as follows:
    - i. If an employee is identified on all three (3) quarterly RMTS participant lists, then 100% of the employee’s payroll and fringe benefit costs may be included on the exhibit within the columns “Total Gross Salary” and “Total Fringe Benefits.”
    - ii. If an employee is identified on only two (2) quarterly RMTS participant lists, then only two quarters plus 2/3 of the summer quarter of the employee’s payroll and fringe benefit costs may be included on the exhibit within the

columns “Total Gross Salary” and “Total Fringe Benefits.”

- iii. If an employee is identified on only one (1) quarterly RMTS participant list, then only one-quarter plus one-third of the summer quarter of the employee’s payroll and fringe benefit costs may be included on the exhibit within the columns “Total Gross Salary” and “Total Fringe Benefits.”
  - iv. If an employee’s salary and fringe benefits costs included within the “Total Gross Salary” and the “Total Fringe Benefits” columns are not accurate based on the number of quarterly RMTS they participated, prepare a proposed cost adjustment using Schedule C to accurately reflect the number of quarters the employee participated in RMTS.
4. Using the individuals selected in conjunction with step 2, determine whether the employees’ job activities are allocable or provide a direct benefit to the MSP through the delivery of services. For the purpose of this procedure “allocable” has the same meaning as identified in [45 CFR 75.405](#). Prepare a work paper that identifies the employee’s name, job title or position and perform the following:
- a. Request written documentation from the provider, such as a job description, to identify whether the job tasks/activities performed benefit the MSP.
  - b. For employees that provided MSP services during the cost reporting period, perform the following:
    - i. Agree at least one of the service types performed to those identified within [Ohio law](#) is being allowable to the MSP.
    - ii. If the service is determined to be allowable, request documentation from the provider that supports the employee delivering the service to a student with an IEP. For purposes of substantiating service delivery, documentation is defined in [Ohio law](#).
    - iii. If the services were not identified within [Ohio law](#) as allowable or documentation was not provided to evidence the delivery of a service to a student with an IEP, prepare a proposed cost adjustment. The cost adjustment should equal the employee’s gross salary and fringe amount and be documented on Schedule C.

Note: AUP step 4c is not applicable for the **SFY24** MSP cost reporting period as no Medicaid administrative functions are currently included on the cost report.

- c. For employees that performed a Medicaid administrative function allocable to

the MSP (personnel reported on Exhibit 5C during the cost reporting period, perform the following:

- i. Agree at least one of the employee's job tasks/activities to those identified within Attachment D of the Guide to Time Studies for the Ohio Medicaid School Program under one of the following acceptable activity codes: 6, 8, 10, 12, 14, 16.
  - ii. If an employee's job task was identified within an acceptable activity code, request documentation from the provider that documents the employee performing the Medicaid administrative job task or activity. For purposes of this procedure, documentation is defined as any notes, written descriptions, completed forms, ledgers, books, records, case notes, progress notes, payroll records, or similar supporting documentation completed by the employee that demonstrates the Medicaid administrative activity was performed.
  - iii. If a job task/activity is not identified within one of the acceptable activity codes or no documentation was provided to evidence the employee had performed the task or activity during the cost reporting period, prepare a proposed cost adjustment using Schedule C.
5. For each employee selected in conjunction with step 2 that worked on federal program activities in addition to the MSP, obtain support detailing the fund allocation for the cost reporting period. For these employees perform the following steps:
- a. Inspect the payroll allocation support and recalculate the percentage funded with federal grants and agree to percentage presented on Exhibit 7.
  - b. Document any direct costs related to employee time spent on federal programs. For purposes of this step, direct costs have the same meaning as defined within [45 CFR 75.413](#) and [45 CFR 75.414](#).

Proposed cost adjustment amounts should be documented using Schedule C.

6. Agree the "Unrestricted Indirect Cost Rate" reported on Exhibit 2 of the cost report with the Indirect Cost Rate Schedule provided by the Ohio Department of Education and Workforce. If the Indirect Cost Rate does not agree with the Ohio Department of Education and Workforce's Indirect Cost Rate, prepare a proposed cost adjustment using Schedule C.

### **Paid Claims Procedures**

1. Using the list of paid claims obtained from the provider, select 40 individual claims or 10%

of the total population, whichever is less. To the extent practical, the selection must include different claimed services for different students.

2. Record the following information from the records onto a work paper:
  - a. Student Identification number, if identified
  - b. Medicaid identification number
  - c. Date of birth
  - d. Current Procedural Terminology (CPT) Code
  - e. Service type as identified in the Ohio Medicaid School Program CPT Code Assignment Appendix (for example, MH, SLP)
  - f. Service Date
  - g. Units billed
  - h. Units paid
  - i. Date paid
  - j. Transaction Control Number (TCN)
  - k. If applicable to the service type, identify the minutes necessary to meet a unit of service using the Ohio Medicaid School Program CPT Code Assignment Appendix.
  
3. Using the claims selected in step 1, obtain from the provider the students' attendance records, multi-factored evaluation, documentation of service provided, Individualized Education Program (IEP) which includes a plan of care, and parental consent form. Evaluation Team Reports (ETRs) for pre-authorized IEP services are allowable once a year as per [Ohio law](#). Using the information obtained, perform the following for each claim selected:
  - a. Compare the service identified on the paid claim to those identified within the student's plan of care as required by [Ohio law](#). If the service identified on the paid claim is not identified in the plan of care, prepare a proposed cost adjustment for the total amount of the claim using Schedule P.
  - b. Inspect the plan of care to determine it contains a component that was signed by a qualified practitioner as required within [Ohio law](#) who recommends the service as a result of the assessment/evaluation, re-assessment/re-evaluation. If the plan of care does not contain a signed component by a qualified practitioner, prepare a proposed cost adjustment for the total amount of the claim using Schedule P.
  - c. Inspect the service date identified on the paid claim to determine it was subsequent to the effective date and authorization date of the student's plan of care. If the date of service delivery was prior to the effective/approval date, prepare a proposed cost adjustment for the total amount of the claim using Schedule P.
  - d. Inspect documentation to determine the service identified on the paid claim was

provided/delivered to the student. The provision or delivery of service is evidenced by the provider if documentation includes the information required by [Ohio law](#) for medical services or [Ohio law](#) for equipment services. If there is no evidence the service identified on the paid claim was provided to the student, prepare a proposed cost adjustment for the total amount of the claim using Schedule P.

- e. Inspect documentation to determine the service was provided on the same day, month, and year as identified on the paid claim. If there is no documentation to indicate the service was provided on the same date as indicated on the paid claim, prepare a proposed cost adjustment for the total amount of the claim using Schedule P.
- f. Determine the total billing units identified on the paid claim agree to the support detail and comply with the requirements of [Ohio law](#). If a unit is determined by a minimum number of minutes, calculate the number of units provided to the student by using the beginning and ending times of the service delivery. If the number of units, as calculated, is less than the units identified on the paid claim or does not comply with [Ohio law](#) prepare a proposed cost adjustment for the amount of the claim using Schedule P.
- g. Determine the service was provided by a licensed practitioner as required by [Ohio law](#) by inspecting the practitioner's license is active by using the *Certification and Licensure Search* function on the website of the Ohio Department of Education and Workforce. If the practitioner did not hold a professional license at the time-of-service delivery date, prepare a proposed adjustment for the total amount of the claim using Schedule P.
- h. Trace the service type identified to determine it is allowable under the requirements of [Ohio law](#) if the service is related to Targeted Case Management or transportation. If the service provided was not allowable, prepare a proposed cost adjustment for the total amount of the claim using Schedule P.
- i. Inspect the documentation of service delivery to determine if it includes the signature or initials of the person/practitioner delivering the services as required by [Ohio law](#). Each documentation recording sheet must contain a legend that indicates the name (typed or printed), title, signature, and initials of the person delivering the services. If the documentation does not include the signature or initials of the person delivering the service or the signature or initials do not correspond to the legend, prepare a proposed cost adjustment for the total amount of the claim amount using Schedule P.
- j. Using the claim submission date, determine the submission was not beyond 365 days of the actual date the service was provided as required by [Ohio law](#). If the claim

submission date is beyond 365 days after the service date, prepare a proposed cost adjustment for the total amount of the claim using Schedule P.

- k. Inspect the date of service to determine it was not beyond 12 months of the assessment/re- evaluation date as required by [Ohio law](#). If the date of service is beyond 12 months of re-assessment/re-evaluation date, prepare a proposed cost adjustment for the total amount of the claim using Schedule P.
- l. Obtain the provider’s attendance records and inspect to determine the student was identified as being in attendance on the day the service was provided. If the student was not in school or the attendance record was unable to be provided for the service date, prepare a proposed cost adjustment for the total amount of the claim using Schedule P.
- m. Inspect the parental consent on file for the student identified on the paid claim.

If parental consent could not be obtained, prepare a proposed cost adjustment for the total amount of the claim using Schedule P.

- n. Document the claims adjustment results from steps #3a through #3m in the Claims Adjustment Chart.

### **Fixed Assets**

1. Obtain from the provider a fixed asset schedule that identifies the total MSP fixed assets. The asset schedule must include opening and ending balances, additions, deletions or retirements, useful lives, salvage value, accumulated depreciation, and current year depreciation expense. Using the information obtained, perform the following:
  - a. Reconcile total depreciation expense included on the schedule to the amount identified on cost report Exhibits 5A, under the “Allowable Medical Equipment and Supplies” section, respectively.
  - b. Notwithstanding variances due to rounding, if depreciation expense reflected on the schedules are less than the amount identified on Exhibit 5A, prepare a proposed cost adjustment to remove the variance from the cost report using Schedule C. Document any explanation provided by management for the variance and include in the agreed- upon procedures report.
2. **Additions:** Select 40% or 20 additions, whichever is less, from the fixed asset schedule obtained in step 1. On a work paper, document the following for each addition:
  - a. Description or type of fixed asset
  - b. Serial number or agency identification number, if applicable
  - c. Acquisition date

- d. Invoice amount
- e. Payment disbursement date
- f. Disbursement amount
- g. Useful life
- h. Depreciation expense for the cost reporting period
- i. Location of the asset
- j. Donated value, if applicable

3. Using the items selected in conjunction with step 2, do the following:

- a. Determine the fixed asset value is accurate by tracing the amount listed on the schedule to the invoice and to the canceled check or bank statement. If the fixed asset was donated, trace the value identified on the schedule to the provider's estimated value or donor's book value.

If the amount on the invoice or cancelled check is less than that reflected on the schedule, prepare a proposed cost adjustment to remove the variance from the cost report using Schedule C.

If the provider is unable to provide an invoice (or other evidence of cost) and proof of a cash disbursement (for example, canceled check, bank statement), prepare a proposed cost adjustment to remove the amount of depreciation included on the cost report. The proposed cost adjustment should be documented using Schedule C.

- b. Inspect the assigned useful life of the fixed asset to determine it is at least equal to the useful life identified in the [American Hospital Association's \(AHA\) "Estimated Useful Lives of Depreciable Hospital Assets" guide, 2023 Edition](#).

If the assigned useful life of the fixed asset is less than the useful life identified in the [AHA's "Estimated Useful Lives of Depreciable Hospital Assets" guide, 2023 Edition](#), recalculate the depreciation amount using the useful life identified in the AHA guide. Prepare a proposed cost adjustment using Schedule C to remove the variance from the cost report.

- c. Inspect whether the provider used at least a 10% salvage value in calculating the depreciable value of the fixed asset.

If the salvage value used in calculating the depreciable value is less than 10%, recalculate the depreciation amount, using 10% as the salvage value, and prepare a proposed cost adjustment to remove the variance from the cost report using Schedule C unless the provider demonstrates a reasonable deviation from the 10% salvage value.



- d. Inspect whether the provider used the straight-line method in calculating depreciation.

If the provider used a method for calculating depreciation expense other than straight line, recalculate the depreciation amount and prepare a proposed cost adjustment to remove the variance from the cost report using Schedule C.

- e. In the year of acquisition, inspect whether the provider used one of the methods identified within [CMS Publication 15-1, section 118](#) for determining the period in which depreciation expense is initiated (for example, time lag or actual).

If the provider used a method other than one identified within [CMS Publication 15-1, section 118](#), recalculate the depreciation expense using the actual time methodology and prepare a proposed cost adjustment to identify the variance. Proposed cost adjustment amounts should be documented using Schedule C.

- f. Inspect the payment for the fixed asset to determine whether it was disbursed during the cost reporting period.

If payment for the fixed asset was disbursed outside the cost reporting period, prepare a proposed cost adjustment to remove the amount of depreciation included on the cost report. Proposed cost adjustment amounts should be documented using Schedule C.

- g. Determine the existence of the fixed asset by tracing the item to its physical location and confirming the asset is correctly identified on the fixed asset schedule by comparing the serial number, asset identification number and description.

If the fixed asset cannot be located, prepare a cost adjustment for the dollar amount of depreciation included in the cost report using Schedule C.

- h. In conjunction with the agreed-upon procedures related to disbursements, inspect to determine that neither the depreciation expense nor the entire cost of the fixed asset was included within other cost report exhibits.

If the cost of the fixed asset or the depreciation expense is included on another cost report exhibit, prepare a proposed cost adjustment to remove the amount from the corresponding exhibit(s) using Schedule C.

- i. Determine the fixed asset purchased was medically necessary by having the provider identify the student or students for which the asset was purchased. Obtain the student's case file and verify the fixed asset is identified within the student's IEP. (Note: If the fixed asset was purchased for use by multiple students, it is only necessary to select one of the student's IEP.)

If the fixed asset is not identified within a student's IEP as being medically necessary, prepare a proposed cost adjustment to remove the depreciation amount from the cost report using Schedule C.

4. **Deletions and Retirements (for example, fixed assets no longer in use by the provider):**

Obtain from the provider a listing of fixed asset retirements or deletions and select 5 or 30% of the items, whichever is less. On a work paper, document the following for each deletion:

- a. Description or type of fixed asset
- b. Serial number
- c. Agency Identification, if applicable
- d. Deletion/Salvage date
- e. Useful life
- f. Depreciation expense for the cost reporting period
- g. Fixed asset's sales proceeds, if sold

Using the items selected, determine the depreciation included in the cost report is accurate by performing the following:

- a. Inspect to determine whether the fixed asset has been removed from the depreciation schedule.
- b. Inspect to determine whether the fixed asset was retired from operations during the cost reporting period.
- c. Confirm whether the fixed asset was salvaged or sold. If the item was sold, verify whether the proceeds from the sale were used to reduce the depreciation amount claimed on the cost report.
- d. Confirm that if the fixed asset was traded-in, the value of the fixed asset was used to offset the cost of the replacement item.
- e. Inspect to determine whether the depreciation amount included on the cost report does not exceed the difference between the acquisition costs and accumulated depreciation amount.

Notwithstanding variances due to rounding, if depreciation expense related to salvaged fixed assets is not accurately reflected on Exhibits 5A, recalculate the actual amount and prepare a proposed cost adjustment to remove the variance from the cost report using Schedule C.

5. **Other Fixed Assets:** Select 5 or 30% of the other assets identified on the fixed asset schedule, whichever is less and determine the following:

- a. The assigned useful life and dollar value used in calculating current year depreciation are consistent with prior years.

If the assigned useful life or dollar value is different from the prior year, recalculate the depreciation amount using the prior year information and prepare a proposed cost adjustment to remove the variance from the cost report using Schedule C.

- b. Inspect to determine whether the provider used the straight-line method in calculating depreciation.

If the provider used a method for calculating depreciation expense other than straight line, recalculate the depreciation amount using a straight-line depreciation methodology and prepare a proposed cost adjustment to remove the variance from the cost report. The proposed cost adjustment amount should be documented using Schedule C.

- c. In conjunction with the agreed-upon procedures related to disbursements, determine that neither the depreciation expense nor the entire cost of the fixed asset was included within other cost report exhibits.

If the cost of the fixed asset or the depreciation expense is included on another cost report exhibit, prepare a proposed cost adjustment to remove the amount from the other exhibit(s) using Schedule C.

- d. Trace the fixed asset to its physical location to assure the asset exists.

If the fixed asset cannot be located, prepare a cost adjustment to remove the amount of depreciation included in the cost report using Schedule C.

6. Inspect to determine whether the depreciation expense identified on Exhibit 5A of the cost report is allowable under the provisions of the cost report instructions and [CMS Publication 15-1, Chapter 1, 45 CFR 75](#), as applicable.
7. If the cost is not allowable under the cited provisions, prepare a proposed cost adjustment to remove the entire cost from the cost report. The amount, item description, and basis for the proposed cost adjustment should be identified on Schedule C.

## Statistics

### Random Moment Time Study (RMTS):

1. Obtain from the provider a schedule/report that identifies employees who completed a RMTS during the cost reporting period. The listing must identify the employee, the cost pool under which the employee is classified (for example, 1, 2, or 3), and the activity being

performed at the time of the RMTS. (Note: If the school had no employees that completed a RMTS, no additional steps within the RMTS section need to be performed.)

2. Using the schedule/report obtained in step 1, select 10% or 15 individual employees who completed a RMTS during the cost reporting period, whichever is less. Assure the selection includes a minimum of 50% of the employees identified under cost pool 1, 30% from cost pool 2, and 20% from cost pool 3. Prepare a work paper that includes the following information:

- a. Name of employee
- b. Employee position or job title
- c. Date/time of all RMTS moments completed by employee.
- d. Employee activity as identified on the RMTS.
- e. Cost Pool under which the employee is classified (for example, 1, 2 or 3)
- f. Student identification number, if applicable
- g. Effective dates of student's IEP, if applicable
- h. Frequency of services (for example, daily, weekly, monthly,) as identified on the IEP.

3. Using the selections made in step 2, perform the following:

- a. For employees who indicated they were performing a medical service, obtain the case file of the student receiving the service and inspect to determine whether the following are met:

- i. The service was identified in the student's Individual Education Program (IEP).
- ii. The service was delivered during the effective dates of the IEP.
- iii. There is evidence in the student's case file; the service was delivered on the same date and time as the completed RMTS.
- iv. Verify the service, as identified within the student's IEP, was recommended by the appropriate certified professional as required by [Ohio law](#).

If any of the above attributes are not met, report the variance within the agreed-upon procedures report. The variance should identify the employee's name, cost pool, date of RMTS, and description of the variance.

- b. For employees who indicated they were performing a Medicaid administrative activity, obtain documentation from the employee that is contemporaneous to the completion of the RMTS. Documentation is defined as any notes, written descriptions, completed forms, ledgers, books, records, or any other supporting

documentation. Based on the documentation provided, determine the activity identified on the RMTS agrees with the documentation provided.

If the documentation does not correlate to the activity identified on the RMTS, report any variance within the agreed-upon procedures report. The variance should identify the employee's name, cost pool, date of RMTS, and description of the variance.

### **IEP Student Utilization Ratios:**

1. Compare the number of students identified on Exhibit 3 of the cost report and the Medicaid Eligibility Rates Schedule by IRN provided by the Ohio Department of Education and Workforce for the applicable cost reporting period, under the "Total Number of IEP Students" category.

If the number of students identified does not agree to the cost report amount, prepare an adjustment and identify the variance on Schedule S. The variance must be identified as a plus (+) or minus (-) and equal the number necessary to assure the students identified on the schedule to the total number of students identified on Exhibit 3 under "Total Number of IEP Students."

2. Compare the amounts identified on the Exhibit 3 under the categories of "Total Number of IEP 'Regular' Medicaid Eligible Students" and "Total Number of IEP State Children's Health Insurance Program (SCHIP) Medicaid Eligible Students" and "Total Number of IEP 'Affordable Care Act (ACA) Expansion' Medicaid Eligible Students" to information obtained from the Ohio Department of Education and Workforce.

If the number of students identified by the Ohio Department of Education and Workforce differs from the cost report figures, prepare an adjustment, and identify the variance on Schedule S. The variance must be identified as a plus (+) or minus (-) and equal the number necessary to assure the number of students identified by the Ohio Department of Education and Workforce agrees to the number of students identified on Exhibit 3 under "Total Number of IEP 'Regular' Medicaid Eligible Students" and "Total Number of IEP 'SCHIP' Medicaid Eligible Students" and "Total Number of IEP 'ACA Expansion' Medicaid Eligible Students."

### **Administrative Claiming Allocation Statistics:**

1. Compare the amounts identified on Exhibit 3 under "Total Number of Students: Medicaid Eligible" and "Total All Students" to information obtained from the Ohio Department of Education and Workforce.

If the number of students identified by the Ohio Department of Education and

Workforce differs from the cost report figures, prepare an adjustment, and identify the variance on Schedule S. The variance must be identified as a plus (+) or minus (-) and equal the number necessary to assure the number of students identified by the Ohio Department of Education and Workforce corresponds to the number of students identified on Exhibit 3 under the “Total Number of Students: Medicaid Eligible” and “Total All Students” categories.

### **Transportation Statistics:**

1. Obtain the paid claims listing for transportation from the provider. Confirm that the provider has paid claims for transportation during the cost reporting period.

If the provider does not have paid claims for transportation, the following steps are not applicable as reimbursement for transportation is based on the number of paid claim trips.

2. Compare the special education transportation rate identified on Exhibit 3 of the cost report to the rate provided by the Ohio Department of Education and Workforce for the applicable cost reporting period. If a variance exists, prepare an adjustment to make the special education rate match the Ohio Department of Education and Workforce’s rate. The proposed adjustment should be documented on Schedule S.
3. Determine the paid claims for allowable trips agree with “Number of Paid Claim Trips” reported on Exhibit 3 of the cost report. If a variance exists, report and prepare an adjustment using Schedule S.
4. Randomly select the lesser of 10% or 40 paid claims from the claims recorded in step 1. Record the following information from the records onto a workpaper:
  - a. Student identification number, if identified
  - b. Medicaid identification number
  - c. Date of birth
  - d. CPT Code
  - e. Service type as identified in the Ohio Medicaid School Program CPT Code Assignment Appendix (for example, MH, SLP)
  - f. Service Date
  - g. Units billed
  - h. Units paid
  - i. Date paid
  - j. Transaction Control Number (TCN)
5. Using the claims selected in step 4, determine eligibility to receive transportation for the following components using the IEP(s) in effect for the student during the cost reporting

period:

- a. Inspect the service date on the transportation claim to determine it was within the effective dates of the student's IEP. If the service date was not subsequent to the effective date, prepare a proposed cost adjustment for the claim amount and denote the student's IEP effective date for transportation on Schedule P and remove the associated trip(s) from Schedule S.
- b. Inspect the student's IEP to determine if it includes transportation. If transportation was not indicated within the student's IEP, prepare a proposed cost adjustment for the claim amount using Schedule P and remove the associated trip(s) from Schedule S.
- c. Compare the transportation claim to documentation of a medical service to determine it is for the purpose of traveling to/from the provider to receive a medically necessary service allowable under [Ohio law](#). If the claim was not for the purpose of traveling to/from the provider to receive an allowable service, prepare a proposed cost adjustment for the claim amount using Schedule P and remove the associated trip(s) from Schedule S.

Document the claims adjustment results from steps #5a through #5c in the Claims Adjustment Chart.

## Procurement

1. Obtain the provider's schedule or listing that identifies all procurements of goods or services by vendor (reported on Exhibit 8), total procurement/contract amount, and the total disbursements by vendor for the cost reporting period to Exhibit 5A.
  - a. Reconcile the total disbursements identified on the schedule to the total amounts identified on Exhibit 5A by cost category, under "II. Purchased Services."
  - b. Notwithstanding variances due to rounding, if contract expenditures reflected on the schedule or listing do not reconcile to the amounts identified on Exhibit 5A, prepare a proposed cost adjustment to remove the variance from the cost report. The proposed cost adjustment should be documented on Schedule C.
2. Inspect documentation to determine whether any of the procurement agreements are based on a contingency arrangement.

For the purposes of this section, the following definition applies:

Contingency arrangement is defined as a procurement or contractual agreement in which payment to the vendor is not related to the actual cost of the service or actual cost of service plus a fee. Instead, payments to the vendor are based on a percentage, or other

basis to the amount billed or collected. Examples include billing agents whose fees are based on a percentage (for example, 10%) of the total amount of Medicaid dollars billed or collected rather than a basis such as the cost per transaction or cost by identified or stipulated service.

For all contracts or procurement agreements in which payment was based on a contingency arrangement, identify the total amounts paid to the vendor during the cost reporting period and prepare a proposed cost adjustment for the entire amount. The proposed cost adjustment should be documented on Schedule C.

3. Determine the MSP agency's method(s) utilized and thresholds for the procurement of goods or services, listed below, as established by [45 CFR 75.329](#).
  - a. Procurement by competitive proposals
  - b. Procurement by noncompetitive proposals (for example, sole source)
  - c. DEW approval in accordance with [2 CFR 200.320\(f\)](#)
  - d. Other
  - e. High-Performing ESC per [Ohio law](#).
4. Identify the total number of procurements that exceed the lesser of the simplified acquisition threshold of \$250,000 or the provider's formal procurement threshold by vendor.
5. Using the procurements identified in step 4, select five (5) procurements or 50% of the total number of procurements, whichever is less. The selection must include any contracts with a billing agent or procurements pertaining to the provision of medical services.
6. Obtain the contract files for each procurement selected and inspect the following as they pertain to the vendor or contractor:
  - a. The contract file includes documentation of the significant history of the procurement, including the rationale for the method of procurement (for example, lowest bid), contractor(s) selected and those rejected, and the basis of contract price as required by [45 CFR 75.327\(i\)](#).

If the lowest bid was not selected, obtain an explanation from management as to why and include their response in the agreed-upon procedures report.
  - b. The procurements provided for full and open competition as described in [45 CFR 75.328\(a\)](#).

If the procurement was not awarded through full and open competition, inquire whether the provider designated the vendor to be a sole source



contractor and, verify the vendor has been organized to provide common goods and services to other like governments (schools) to foster greater economies and efficiencies for the like governments through intergovernmental agreements as permitted in [45 CFR 75.327\(e\)](#).

If the procurement with the vendor wasn't awarded through full and open competition or, the vendor wasn't organized to provide shared services through an intergovernmental agreement, for example, Educational Service Centers, then perform steps (c) through (g) below.

If the procurement with the vendor was awarded through full and open competition, or the vendor was organized to provide shared services through an intergovernmental agreement, then perform steps (e) through (g) below.

- c. In cases where competition was limited, determine that documentation exists to support the rationale to limit competition as described [45 CFR 75.329\(f\)](#).

If the required documentation does not exist, obtain explanation from management as to why and include their response in the agreed-upon procedures report.

- d. Contract files exist and a cost or price analysis was performed in connection with procurement actions, including contract modifications and that this analysis supports the procurement action as described by [45 CFR 75.332\(a\)](#).

If cost or price analysis documentation does not exist, obtain an explanation from management as to why and include their response in the agreed-upon procedures report.

- e. The contract includes a requirement that the vendor is to comply with the requirements of [45 CFR 164.504\(e\)\(1\)](#) for safeguarding and limiting access to information concerning beneficiaries.

If the contract does not include a statement requiring the contractor to comply with [45 CFR 164.504\(e\)\(1\)](#), obtain an explanation from management as to why and include their response in the agreed-upon procedures report.

- f. The contract includes a clause that allows the representatives of the U.S. Department of Human Services, Ohio Department of Medicaid, Ohio Department of Education and Workforce or their respective designee access to the subcontractor's books, documents and records.

If the contract does not include a clause allowing access to the subcontractor's records, obtain an explanation from management as to why and include their

response in the agreed-upon procedures report.

- g. The contract file includes an acknowledgement from the contracted party that they or their principles are not suspended or debarred per [45CFR75.213](#).

If the contract does not include a clause indicating the contractor or vendor is not suspended or debarred, obtain an explanation from management as to why and include their response and name of the contractor in the agreed-upon procedures report.

- 7. For procurements, excluding those awarded through shared service agreements, that relate to the provision of medical services, inspect the contract to determine whether it includes the following or inspect documentation to support:
  - a. Service providers are qualified practitioners as required within [Ohio law](#).
  - b. Procedures for assessment or reassessment of the covered population if they are to be performed by the contractor.
  - c. Services to be provided by contracted therapists are service types identified within [Ohio law](#) as being allowable to MSP.
  - d. Cost to be charged per service and basis for charge (for example, student, service, time per delivery of service)

If the procurement of medical services is not supported by a written contract that includes the required items from above (a. – d.), prepare a proposed cost adjustment to remove the total amount of payments from the cost report. The proposed cost adjustment should be documented on Schedule C.

- 8. For procurements awarded through shared service agreements, which relate to the provision of medical services, inspect the contract to determine whether it includes the following or inspect documentation to support:
  - a. Service providers are qualified practitioners as required within [Ohio law](#)
  - b. Services to be provided by contracted practitioners are service types identified within [Ohio law](#) as being allowable to MSP.
  - c. The estimated amount the provider has agreed to pay the vendor for the contracted services.
  - d. The contract is signed by the provider and the vendor.

If the procurement of medical services is not supported by a written contract that includes the required items from above (a. – d.), prepare a proposed cost adjustment to

remove the total amount of payments from the cost report. The proposed cost adjustment should be documented on Schedule C.

9. For procurements that relate to the provision of billing services inspect the contract to determine whether it includes the following:
  - a. The specific services to be provided, including any activities related to third-party liability.
  - b. The cost per service and basis for the cost (for example, transactional).

If the procurement of billing services is not supported by a written contract that includes the required items from above (a. and b.), prepare a proposed cost adjustment to remove the total amount of payments from the cost report. The proposed cost adjustment should be documented on Schedule C.

10. Compare the total payments disbursed to the vendor during the cost reporting period to the total amount authorized by the contract, including amendments, and determine if payments exceeded the authorized amount.

If the total amount paid to the vendor exceeds the amount established by the contract, prepare a proposed cost adjustment to remove the total amount of payments that exceeds the amount authorized. The proposed cost adjustment should be documented on Schedule C.

11. Using the schedule or listing obtained in step 10, select 3 individual disbursements, check, Electronic Funds Transfer (EFT), or deduction, paid under each contract or 20% of the total disbursements for each contract, whichever is less and prepare a work paper with the following information:
  - a. Vendor/contractor name
  - b. Description of the service(s) to be provided under the terms and conditions of the contract
  - c. The cost of the service(s) to be provided under the terms and conditions of the contract
  - d. Check/EFT amount
  - e. Payment disbursement date, check date, or deduction date
  - f. Invoice amount

12. Using the transactions selected in step 11, determine the following:
  - a. The invoice amount agrees to the disbursement amount (check, EFT, or deduction). If the disbursement amount is related to shared services, such as with an Educational Service Center, and the contract is based on an estimated amount that is paid through periodic deductions or payments, agree the amount charged for the disbursement reviewed to the contract for reasonableness.

If the amount of the check, EFT, or deduction is in excess of the invoice amount, prepare a proposed cost adjustment to remove the variance from the cost report. For disbursements related to shared services, as described above, if the amount of the disbursement is in excess of the expected amount based on the terms of the contract and the excess cannot be explained by the provider, prepare a proposed cost adjustment to remove the variance from the cost report. The proposed cost adjustment should be documented on Schedule C.

If the provider is unable to supply an invoice or billing statement or proof of a cash disbursement (for example, check, EFT, or deduction), prepare a proposed cost adjustment to remove the amount included on the cost report. The proposed cost adjustment should be documented on Schedule C.

- b. The payment disbursement date is in the cost reporting period.

If the cost was disbursed outside the cost reporting period, prepare a proposed cost adjustment to remove the expenditure amount included in the cost report. The proposed cost adjustment should be documented on Schedule C.

- c. The services identified on the invoice or billing statement correspond to the terms of the contract and disbursement amount (for example, units and types of service identified on the invoice multiplied by the contractual rate(s) equals the disbursement amount). If the disbursement amount is related to shared services, such as with an Educational Service Center, and the contract is based on an estimated amount that is paid through periodic deductions or payments, agree the amount charged, for the disbursement reviewed, to the contract.

If the disbursement amount does not correspond to the number and types of services or the payment amount(s) identified within the contract, prepare a proposed cost adjustment to remove the expenditure amounts included in the cost report. For disbursements related to shared services, as described above, if the amount of the disbursement is in excess of the expected amount based on the terms of the contract and the excess cannot be explained by the provider, prepare a proposed cost adjustment to remove the variance from the cost report. The proposed cost adjustment should be documented on Schedule C.

- d. For payments involving the delivery of medical services, determine the service identified on the invoice or billing statement is allowable under the general service types outlined within [Ohio law](#) (for example, mental health services, nursing). If the disbursement amount is related to shared services, review the contract to determine if it includes general service types outlined within [Ohio law](#).

If the service is not allowable as described on the detailed invoice or within the shared services contract, prepare a proposed cost adjustment to remove the expenditure amount included on the cost report. The proposed cost adjustment should be documented on Schedule C.

13. Select 10 students or 10% of the total number of students, whichever is less, from the list of paid claims obtained from the provider for the invoice dates and therapists identified in the payments selected in conjunction with step 11. If the selection in step 11 above represents costs for shared services, select the student sample, as indicated above, from the list of paid claims for the entire year for the therapists identified on Exhibit 8 related to the shared service contractor. For each student selected, obtain from the provider the students' IEP which includes a plan of care and the ETR if scope is provided according to [Ohio law](#). Compare the service(s) provided to the students as documented on the invoice to the student's plan of care as required by [Ohio law](#). If the service included within the invoice is not identified with the student's plan of care, prepare a proposed cost adjustment to remove the expenditure amount included on the cost report. The proposed cost adjustment should be documented on Schedule C.

### **Non-Payroll Disbursements**

1. Obtain from the provider a schedule of expenditures by the following cost categories as identified on Exhibit 5A:
  - a. Purchased Services
  - b. Medical Equipment and Supplies, Material, and Other Costs

The schedule should identify by cost category, expenditures by vendor (reported on Exhibit 8), invoice, disbursement date, disbursement amount, and description of item. (Note: a schedule is not necessary if the detailed information can be identified on the face of the exhibit).

If a schedule is used, determine the total amounts are accurate by footing the individual transactions by cost category and reconciling the total amounts to Exhibit 5A, "II. Purchased Services."

Notwithstanding variances due to rounding, if expenditures reflected on the schedule do not reconcile to the amounts identified on Exhibit 5A by cost category, prepare a proposed cost adjustment to remove the variance from the cost report. The proposed cost adjustment should be documented on Schedule C.

2. From the schedule or from Exhibit 5A, select 15 expenditures or 20% of the total transactions identified, whichever is less. Assure the selection includes a minimum of five expenditure transactions or invoices for each of the cost categories and excludes

purchase amounts in excess of the simplified acquisition threshold or the agency's threshold for formal procurement of goods or services, as identified in the Procurement Section – Step 4. On a work paper, document the following for each item selected, as applicable:

- a. Description of the item
- b. Expenditure purpose
- c. Vendor name/payee
- d. Check/EFT amount/Deduction Amount
- e. Check/EFT/Deduction date
- f. Payment disbursement date, if different than check/EFT/Deduction date
- g. Invoice amount
- h. Cost Category
- i. Account Name/Account Number from USAS

3. Using items selected in step 2, determine the following attributes are met:

- a. Amounts are reported in accordance with the cost report instructions (appropriate exhibit, column, and line item).

If amounts are not reported in accordance with the cost report instructions, prepare a proposed cost adjustment using Schedule C to reclassify the cost to the proper exhibit, column, and line item.

- b. Goods or services purchased are allowable under the requirements of [45 CFR 75 Subpart E](#) and [Ohio law](#).

If the goods or services purchased are unallowable under the provisions of [45 CFR 75](#) and [Ohio law](#), prepare a proposed cost adjustment using Schedule C to remove the total amount included on the cost report.

- c. Check, EFT or deduction amount reflected on the cost report agrees to the invoice amount. If the disbursement amount is related to shared services, like an Educational Service Center, and the contract is based on an estimated amount that is paid through periodic deductions or payments, agree the amount charged for the disbursement reviewed to the contract.

If the amount of the disbursement is in excess of the invoice amount or expected amount based on terms of the contract and the excess cannot be explained by the provider, prepare a proposed cost adjustment to remove the variance from the cost report using Schedule C.

If the provider is unable to supply an invoice and proof of a cash disbursement

(for example, check, EFT, or deduction), prepare a proposed cost adjustment using Schedule C to remove the total amount included on the cost report.

- d. Payment disbursement date is within the cost reporting period.

If the disbursement date was outside the cost reporting period, prepare a proposed cost adjustment to remove the expenditure amount included on the cost report using Schedule C.

- e. The agency obtained the lowest price for the goods or services purchased by obtaining price or rate quotes from an adequate number of vendors, but not less than 2 sources as prescribed by small purchase procedures described in [45 CFR 75.329\(b\)](#). (Note: price or rate quotes may be documented through catalog or internet price lists, verbal quotes or other sources that identify item prices at the time of the purchase).

If the agency did not obtain price or rate quotes, as prescribed above, determine if the procurement is consistent with methods identified in:

- i. [45 CFR 75.329\(a\)](#) – micro-purchase limit
- ii. [45 CFR 75.329\(f\)](#) – non-competitive proposals
- iii. DEW approval in accordance [2 CFR 200.320\(f\)](#)
- iv. [45 CFR 75.327\(e\)](#) – shared service agreements
- v. High-Performing ESC per [Ohio law](#)

If the agency did not obtain price or rate quotes or meet one of the methods identified above for procurement, document the explanation from management as to why and include their response in the agreed-upon procedures report.

If the cost of a good or service was obtained through procedures described in [45 CFR 75.329\(b\)](#), price quotes were obtained, and the selected provider was not the lowest of the rate or price quotes obtained by the agency, document the explanation provided by management and include in the agreed-upon procedures report. In addition, the agreed-upon procedures report must also identify the total price difference between the amount included in the cost report and the lowest quote.

- f. The good or service purchased was medically necessary by obtaining, from the provider, the student or students for which the item was purchased. Obtain a student's case file and determine whether the item was identified within the student's IEP and the ETR if scope is provided according to [Ohio law](#) (Note: If the item was purchased for use by multiple students, it is only necessary to select one of the student's IEP.)

If the item is not identified within a student’s IEP as being medically necessary, prepare a proposed cost adjustment using Schedule C to remove the applicable portion of the expenditure amount from the cost report and corresponding section.

- g. Procurements for equipment or fixed assets were less than the agency’s capitalization threshold.

If the cost of equipment is equal to or in excess of the capitalization threshold, determine whether the item has a useful life of at least 1 year using the [AHA’s “Estimated Useful Lives of Depreciable Hospital Assets” guide, 2018 Edition](#). If the item has a useful life of 1 year or more calculate the depreciation amount using the useful life identified in the [AHA guide](#), cost of the item, time of service, and by using an estimated salvage value of 10%.

Prepare a proposed cost adjustment using Schedule C to remove the total cost from the “Direct Medical Supplies, Materials & Other Cost” category and prepare a cost adjustment for the amount of calculated depreciation. The proposed cost adjustment for depreciation should be identified on Schedule C and result in an increase to the “Direct Medical Equipment (in excess of Capital Threshold)” category.

**Claims Adjustment Chart**

Claims Adjustment Chart			
Provider Name:		Provider or NPI Number:	
Schedule	Number of Claims Tested	Number of Adjustments	Percentage of Adjustments
P			
P - Transportation Claims			