

BALTIMORE COUNTY PUBLIC SCHOOLS

DATE: December 16, 2008

TO: **BOARD OF EDUCATION**

FROM: Dr. Joe A. Hairston, Superintendent

SUBJECT: **THIRD PARTY BILLING ANNUAL REPORT – 2007-2008**

ORIGINATOR: J. Robert Haines, Deputy Superintendent

**RESOURCE
PERSON(S):** Barbara Burnopp, Chief Financial Officer

INFORMATION

The attached is an update on the Office of Third Party Billing for the 2007 –2008 school year. Information provided includes a historical overview, major accomplishments, revenues and expenses, training reports, and next steps for the Third Party Billing Program.

Attachment I – Third Party Billing Annual Report Executive Summary
Attachment II – Third Party Billing Annual Report 2007-2008

Third Party Billing Executive Summary

The Third Party Billing program commenced in the spring of 1992 as a collaborative effort between Baltimore County Public Schools (BCPS) and the Baltimore County Department of Health (BCDH). The Third Party Billing program is a systemwide effort of BCPS designed to recover health care costs from Medicaid for health care services rendered to BCPS students.

Funds recovered from the Third Party Billing program supplement existing program budgets by funding staff positions and supplies and equipment for several programs designed to enhance special education and health-related services.

The Office of Third Party Billing provides annual school-based training sessions to all service providers, offers incentive programs for schools designed to maximize the recovery of funds, conducts self-monitoring of the program to minimize audit findings, coordinates state monitoring visits conducted by the state health department and the Maryland State Department of Education (MSDE), coordinates visits by external Medicaid auditors, and works collaboratively with other local education agencies and MSDE on statewide issues that impact the Third Party Billing program.

Since 2000, the Medicaid program has undergone changes at the federal and state levels. In several instances, revenue is decreasing due to a wide variety of federal and state changes. At the federal level, the Center for Medicare and Medicaid Services (CMS) proposed two rules that were to eliminate case management and transportation billing. Congressional action has placed a moratorium on the implementation of these regulations until April 2009. At the state level, the billing rates have been decreased by approximately 50% for services. MSDE and the Department of Health and Mental Hygiene unilaterally decreased the rates after the Office of the Inspector General's audit of the State of Maryland in 2005.

In order to address the revenue reduction, BCPS received funding in fiscal year 2009 to support positions previously funded by this program. BCPS will likely request additional funding for fiscal year 2010. However, the Office of Third Party Billing will continue to work with schools and offices in order to determine ways to sustain and enhance this revenue source.



**Division of Business Services
Department of Fiscal Services
Office of Third Party Billing**

**Annual Report
July 2007 – June 2008**



**SUPPORTING
STUDENT ACHIEVEMENT
THROUGH THE GENERATION
OF ADDITIONAL REVENUE**

Mission Statement

In accordance with the Baltimore County Public Schools' *Blueprint for Progress*, Performance Goal 8, the Office of Third Party Billing is dedicated to strengthening and expanding special education and health-related services for students in Baltimore County Public Schools through the reimbursement of funds collected from Medicaid and other third party payors.

Key Goals and Objectives for the Office of Third Party Billing

- Educate school-based staff to identify and document services provided to Medicaid-eligible special education students who receive speech, occupational and physical therapy, and psychological, nursing, social work, audiological, transportation, and case management services in the Baltimore County Public Schools.
- Provide quality technical assistance and training to school-based staff for successful implementation of the Third Party Billing program at each school.
- Provide quality fiscal management for all funds generated through the Third Party Billing program to ensure compliance with Maryland State Department of Health and Mental Hygiene (DHMH), and federal regulations from the Centers for Medicaid and Medicare Services (CMS).
- Collaborate with the Offices of Special Education, Grant Accounting, Infants and Toddlers, Psychological Services, Health Services, School Social Work Services, and the Department of Information Technology in order to ensure the accuracy, effectiveness, and efficiency of the program.
- Assess the program in order to determine if the mission of the program is being met.
- Bill Medicaid and other third party payors for services provided in school-based health centers.
- Administer and monitor the State of Maryland Autism Waiver Program in Baltimore County.
- Increase stakeholder and customer awareness and understanding of the Third Party Billing program in an effort to maximize the collection of reimbursable funds.
- Monitor billings to Medicaid to ensure the integrity of the billing system, as well as the accuracy of the data collected.
- Review encounter data forms for accuracy, completeness, and compliance with federal and state regulations.
- Monitor data and provide timely feedback to schools regarding encounter data submitted.
- Conduct internal audits of encounter and billing data to ensure compliance with Medicaid regulations.
- Research rejected claims to maximize recovery of funds.

Baltimore County Public Schools Office of Third Party Billing

Historical Overview

In 1988, President Reagan signed into law Public Law 100-360, the Medicare Catastrophic Act. While the law made sweeping changes to Medicare, it also allowed the billing of school-based health services to Medicaid.

Since 1992, Baltimore County Public Schools' (BCPS) Office of Third Party Billing has been working to recover health care costs from Medicaid for health care services rendered to BCPS students.

Office of Third Party Billing Facts 2007-2008 School Year

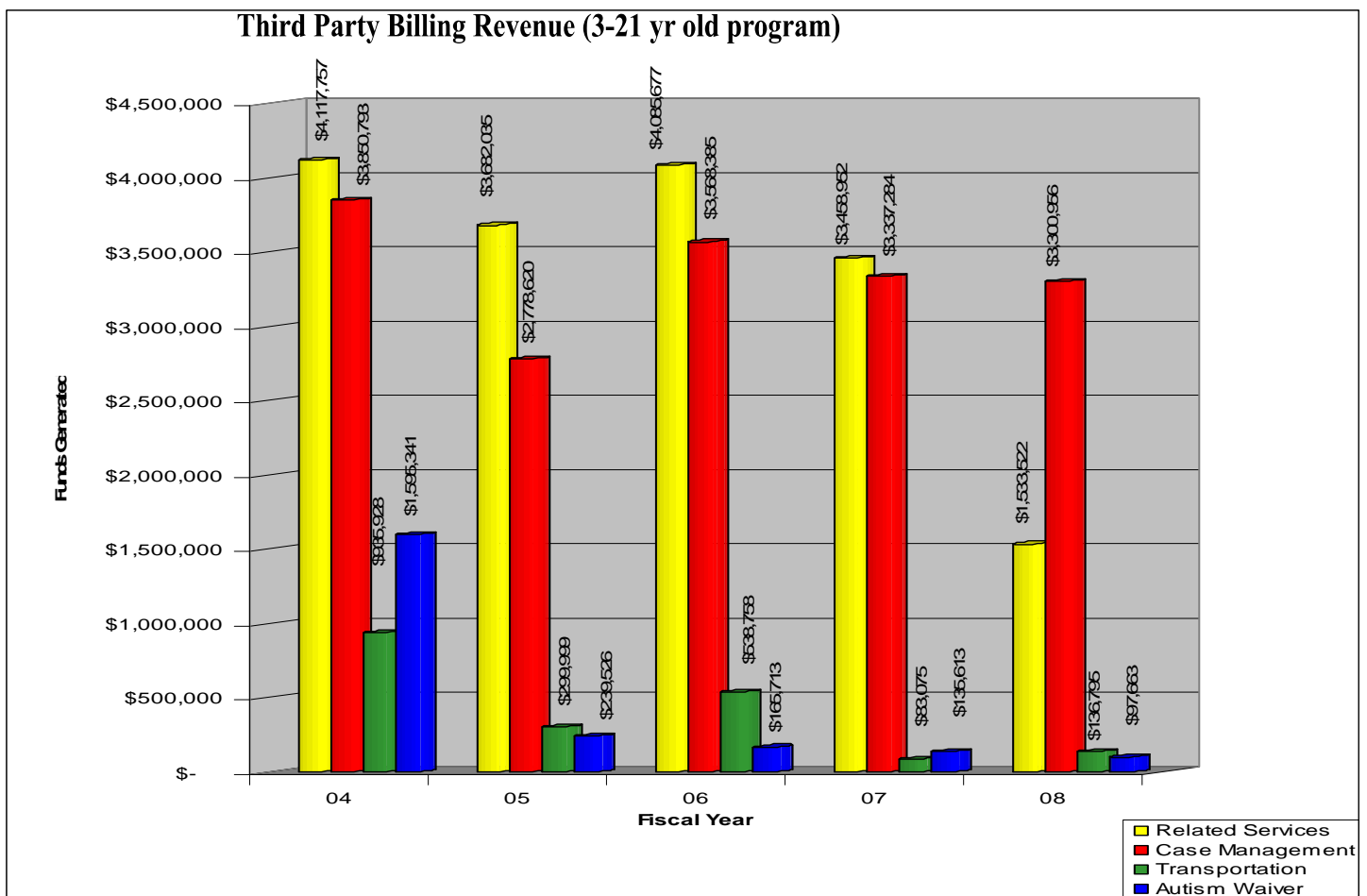
- Generated \$5.1 million in revenue for FY 2008 – the 2nd highest of all Maryland school systems
- 5,011 special education students (37% of total) qualified for the Third Party Billing program
- 5% of the total BCPS student population qualified for the Third Party Billing program



Third Party Billing Program Revenue

Over the past four years, the third party billing revenue has decreased. This is due to many factors including a decrease in students who are eligible for the program, new federal and state requirements for parental consent prior to the billing of services, and the decrease of billing rates for related services by the Maryland State Department of Education (MSDE) effective July 1, 2007. These changes contributed to a \$1.9 million dollar decrease in related service funds for fiscal year 2008. The Office of Third Party Billing has a systematic approach to ensure that the district is maximizing revenue and is in a good position to retain the revenue when audits occur.

For fiscal year 2008, the Office of Third Party Billing generated a total of \$5,125,608 in revenue, including \$56,702 in school-based health center reimbursement.



Federal Audits

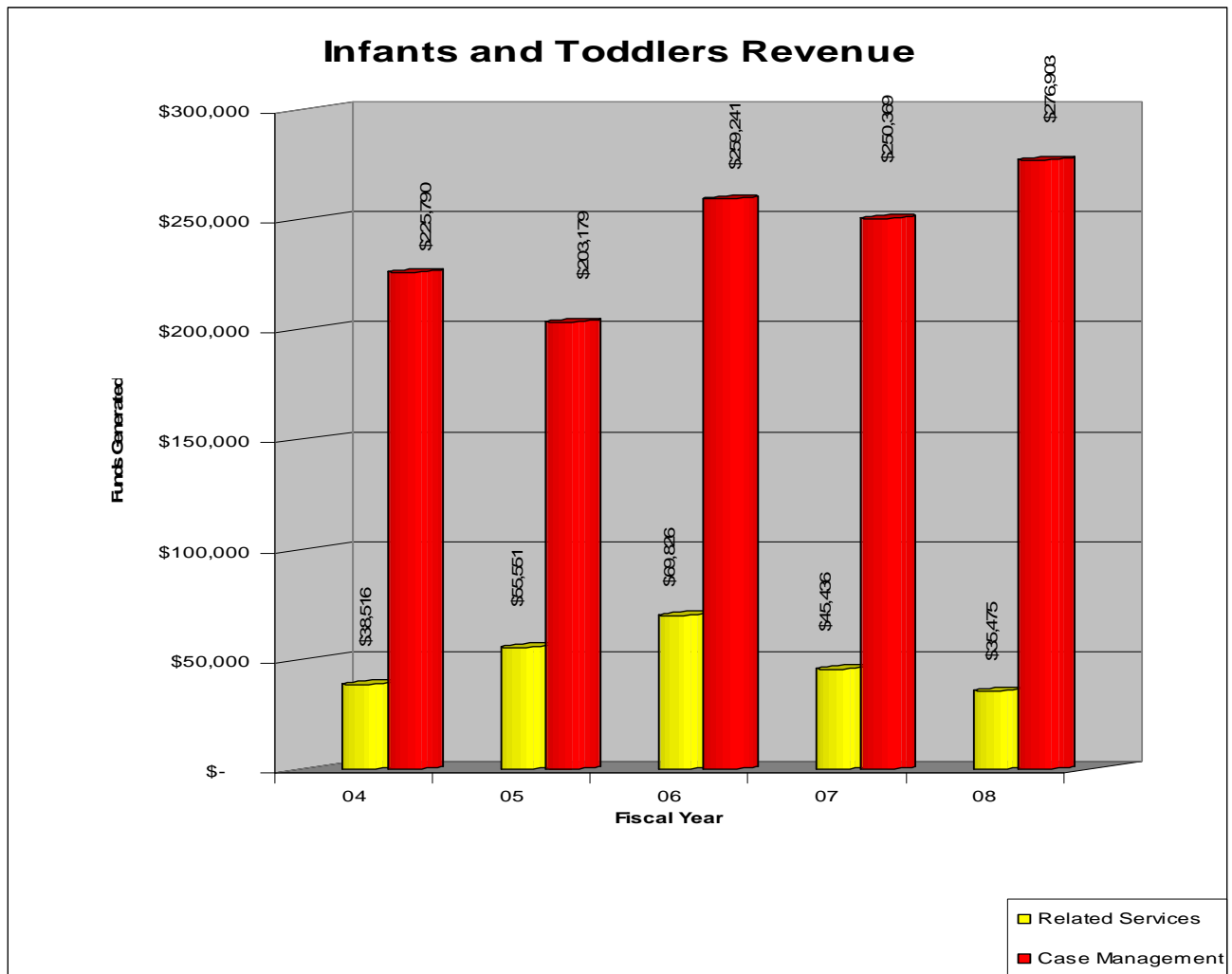
The Office of the Inspector General of the United States (OIG) has audited the State of Maryland on two occasions, once in 2001 and again in 2005. With the 2001 review of the state, the OIG visited eight school systems and determined that five of the school systems had findings. Those findings were appealed to the Departmental Appeals Board and subsequently reduced.

The DHMH paid the cost of the findings and is working collaboratively with MSDE to recover the funds from the five school systems. Four of the school systems, including BCPS, have appealed the action citing that the audit was a review of the state and any penalties should be apportioned accordingly. In addition, the school systems in question also allege that they followed the guidance as set forth by the two oversight agencies for the program (DHMH and MSDE).

The matter is currently under review by the Office of Administrative Hearings. Nonetheless, DHMH has begun withholding funds from BCPS in the amount of \$196,000 per quarter. Unless the appeal is successful, the withholding of funds will continue for a three-year period.

Infants and Toddlers Program

The Infants and Toddlers program is a joint initiative between the BCPS and the Baltimore County Department of Health, and serves children from birth through age three. The Infants and Toddlers program serves approximately 1,001 children, 38% of whom meet the requirements for billing. BCPS handles all of the billing for the services provided. Over the past three years, the Infants and Toddlers program revenue for case management services has increased due to efforts to audit the documentation maintained by program staff. During the past year, the Office of Third Party Billing has increased its productivity by making electronic encounter data forms available to all Infants and Toddlers sites and providers.

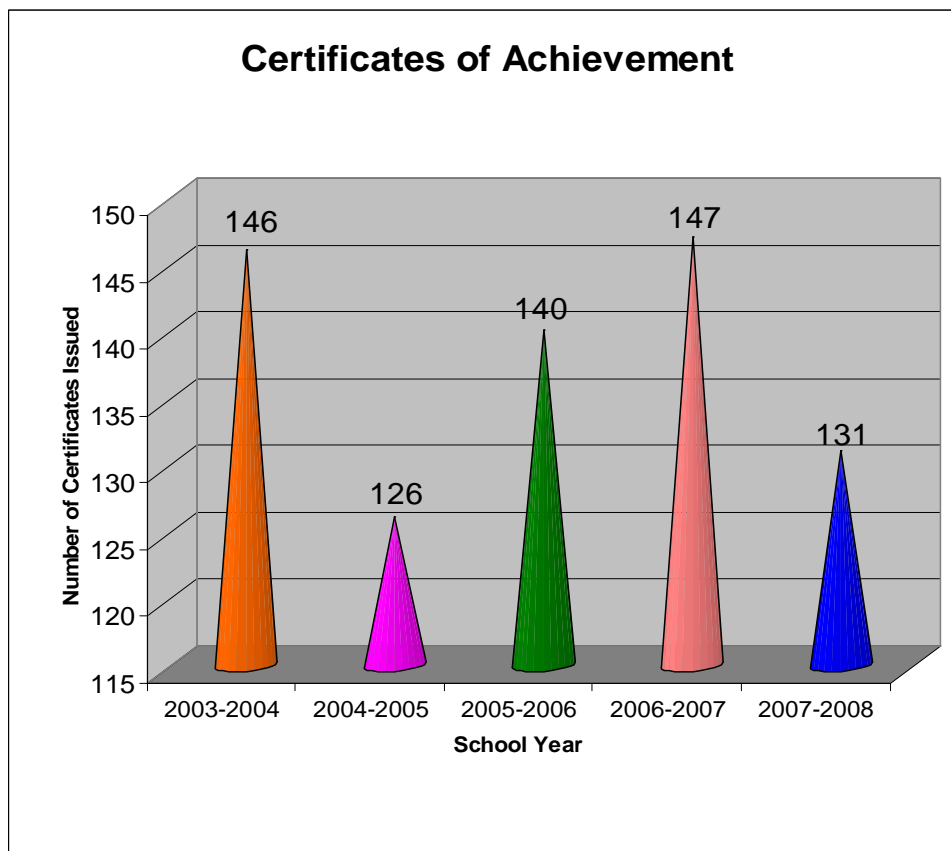


Training

In support of the *Blueprint for Progress*, Indicator 8.4, the Office of Third Party Billing provides an array of training sessions to BCPS employees. These sessions include related service provider training sessions, Individualized Education Plan (IEP) chair training sessions, and school-based training sessions. During the 2007-2008 school year, the Office of Third Party Billing provided 102 school-based case management training sessions.

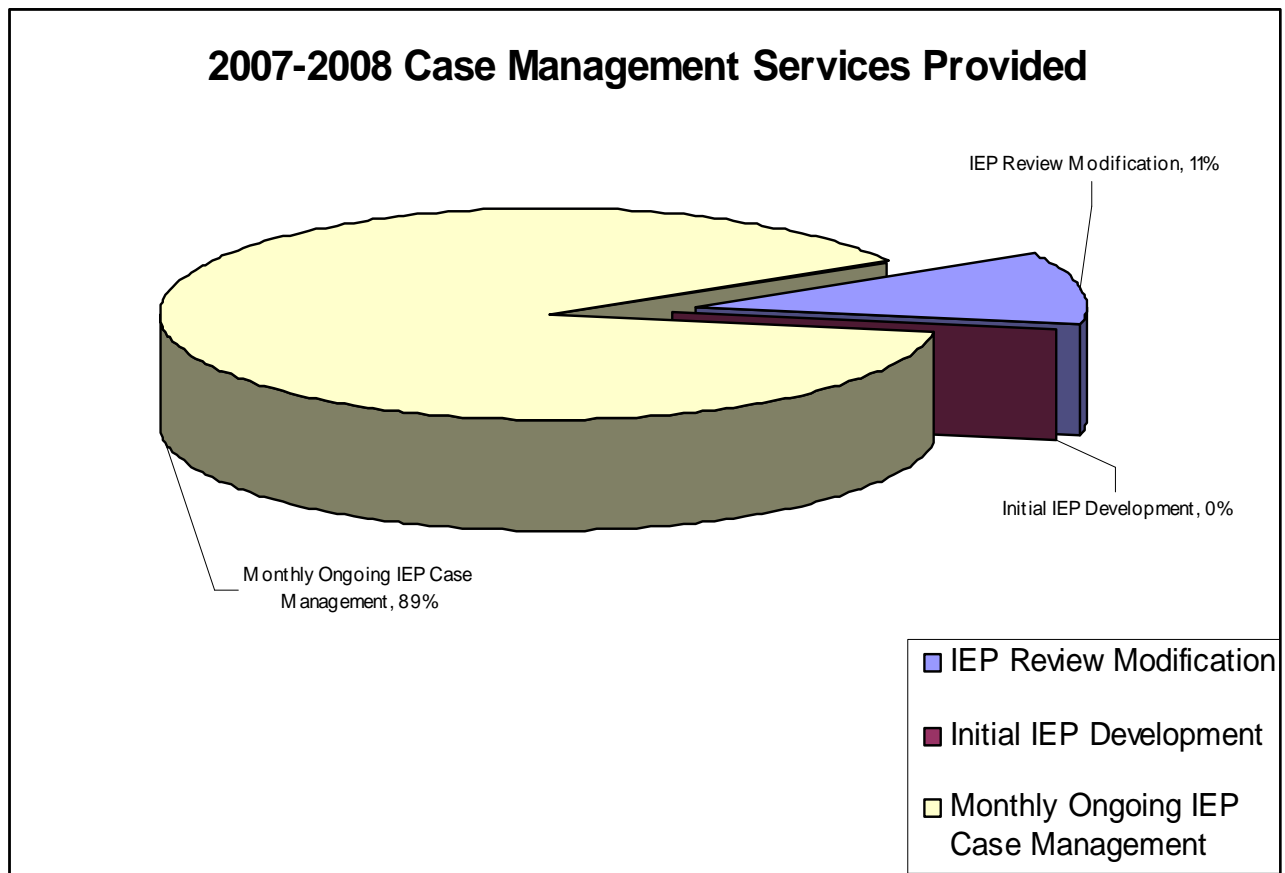
Certificates of Achievement

In addition to the return of a portion of the case management funds to each school, the Certificate of Achievement is also an incentive for schools. Commenced in 1996, the Office of Third Party Billing produces a Certificate of Achievement for each school that submits 95% or more of its potential case management encounter data. The awards are presented to principals and are signed by the board president and the superintendent. Many of these awards are displayed in school lobbies and showcases.

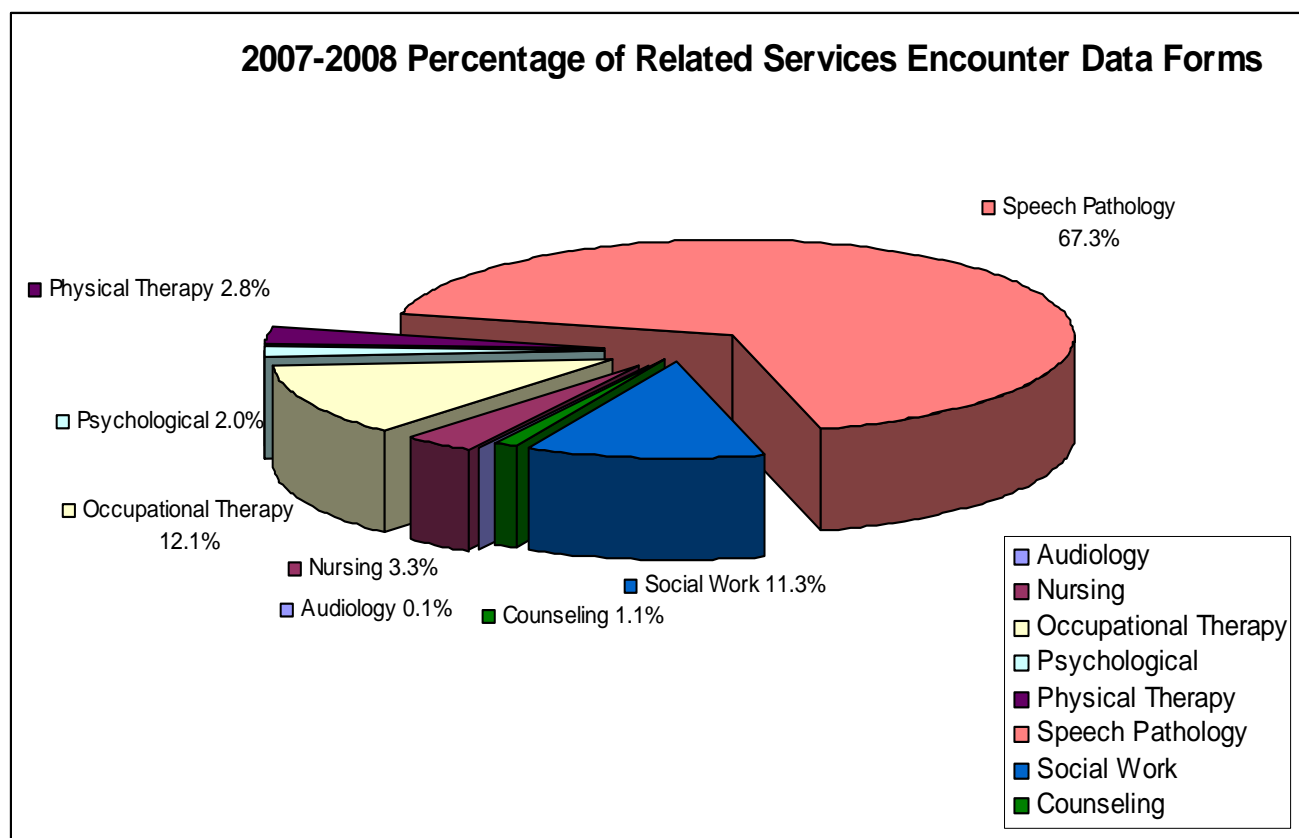


Accountability

A major reason for the success of the Third Party Billing Program is accountability. To assist schools and related service office heads who are accountable for the submission of encounter data forms, the Office of Third Party Billing sends accountability reports on a bimonthly basis. This report shows each case management encounter data form submitted, and the school-based staff can use this report as a receipt to ensure that all data were received and to determine what data have not been submitted. Typically, the dissemination of this information leads to a large increase in the encounter data submitted to the Office of Third Party Billing.



The Office of Third Party Billing also produces reports on encounter data forms for all related services office heads. This report allows the office head to monitor the data submitted by the staff at each school. The use of real-time data as a monitoring tool is effective in holding staff accountable for documenting services rendered to special education Medicaid-eligible students.



School-based Health Center Billing

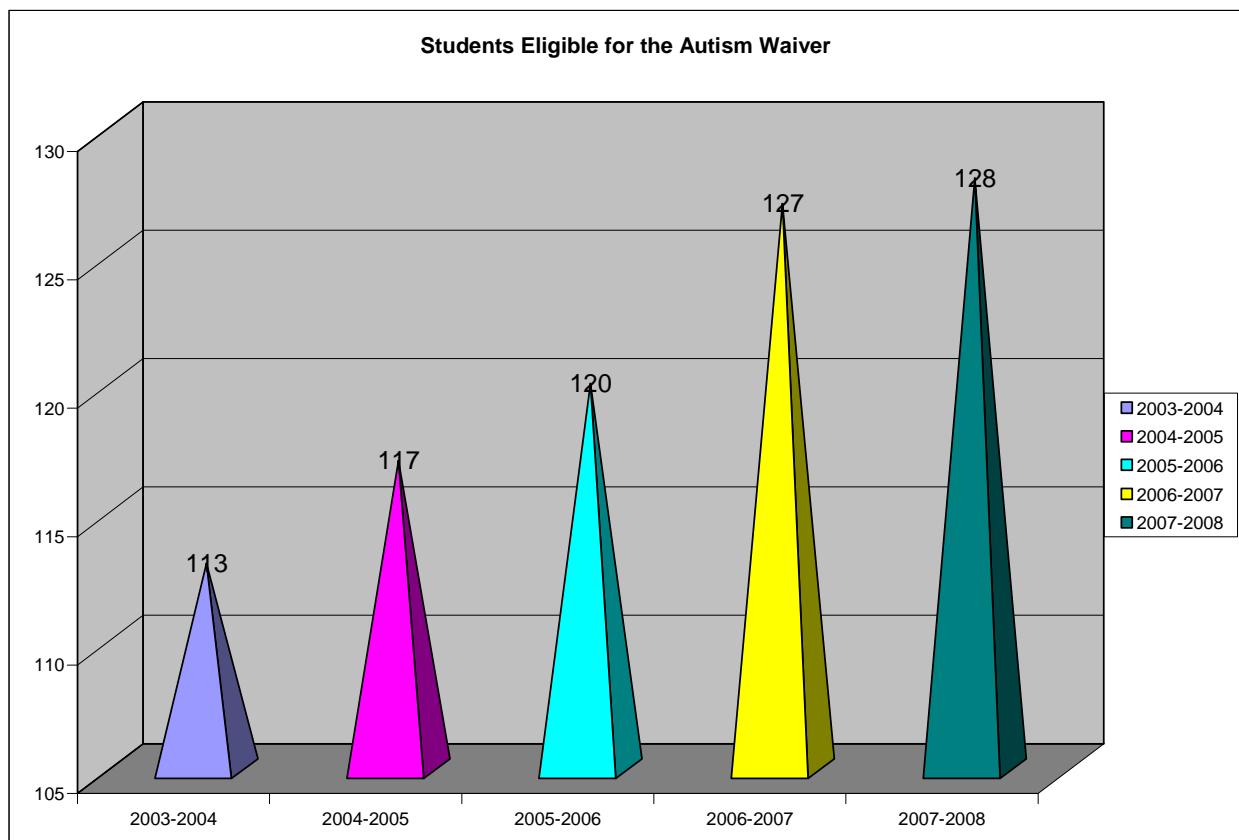
BCPS has been providing and billing for school-based health center services since 1995. BCPS bills private insurance companies and Medicaid annually for school-based health center services provided in fourteen sites.

The school-based health centers are staffed jointly by BCPS and the Baltimore County Department of Health, and help to keep students who may have health-related issues in school. The centers are typically used by students who may not receive health care due to a multitude of barriers, including the lack of health care coverage, parents without adequate transportation, as well as parents who may have to lose time from work in order to take the student to the doctor.

The school-based health center role for the Office of Third Party Billing is to bill Medicaid and private insurance companies for the services that are provided to our students. One major challenge in the billing process is to ensure payment from the insurance company. In order to receive payment on a rejected claim, research must be conducted and billing documents reviewed, the company contacted, and adjustments made. The substantial amount of follow-up required makes the documentation of the service critical to appeal the claims that are denied.

Medicaid Home and Community-based Autism Waiver Program

The Medicaid Home and Community-based Autism Waiver program is a medical assistance program that was developed as a joint effort between the MSDE and DHMH in order to offer support at home and in the community to this extremely challenging population. This program offers services including intensive individual support services, respite care, environmental accessibility adaptations, family training, and residential habilitation. Eligibility for waiver services is determined by technical, financial, and medical criteria, and openings have been filled on a first-come, first-served basis. Originally begun with only 150 openings, the waiver program currently has over 900 participants statewide. There are no plans at this time for increasing the state cap. Openings only become available when a child reaches the age of 21, moves out of the state, or no longer meets eligibility requirements. Baltimore County has the highest number of children on the autism waiver waiting list.



Conclusion

The Office of Third Party Billing is charged with generating additional revenue for the school system for special education students who have medical assistance. Over the years, the federal and state governments have changed the process and mechanisms for billing. Recently, audits by the Office of the Inspector General of the United States (OIG) have pointed out flaws in state administration of these programs. In BCPS, the revenue from this program is used to support and enhance special education and health-related services in accordance with State of Maryland policy.

Revenue is decreasing due to federal and state regulatory changes. At the federal level, the Center for Medicare and Medicaid Services (CMS) proposed two rules that were to eliminate case management and transportation billing. Congressional action has placed a moratorium on the implementation of these regulations until April 2009. At the state level, the billing rates have been decreased by approximately 50% for services. MSDE and DHMH unilaterally decreased the rates after the OIG rates audit of the State of Maryland in 2005. Due to decreasing revenues, BCPS requested and received funding from Baltimore County government to support positions that can no longer be supported by generated revenues. Additional funds may be needed for FY2010 or support to schools may need to be decreased.

The Office of Third Party Billing will continue to work with schools and offices in order to determine ways to sustain and enhance this revenue source.