

# School-Based Medicaid and Federal Policy: What you need to know

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# 5 Stats to Remember

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1. 39% of all children have health insurance through Medicaid
2. 46% of Medicaid beneficiaries are children
3. 19% of the costs of Medicaid are incurred by children
4. 1% of all federal Medicaid dollars go to schools
5. Districts receive \$4 billion in Medicaid reimbursement annually
  - 4 billion translates in 30% of the funding for IDEA

# Quick Primer on School-Based Medicaid

Since 1968, districts can provide EPSDT services for Medically eligible children and be reimbursed.

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Since 1988, districts can bill for medically-necessary services related to IEPs Section 1903(c) of the Social Security Act states:

*Nothing in this title shall be construed as prohibiting or restricting, or authorizing the Secretary to prohibit or restrict, payment under subsection (a) for medical assistance for covered services furnished to a child with a disability because such services are included in the child's individualized education program established pursuant to part B of the Individuals with Disabilities Education Act or furnished to an infant or toddler with a disability because such services are included in the child's individualized family service plan adopted pursuant to part C of such Act.*

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# Quick Primer on School-Based Medicaid

Since the 1980's School-Based Health Centers began accessing Medicaid and currently over 90% of the School-Based Health Centers access Medicaid.

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In 1999, the final 1997 IDEA regulation's under 34 CFR §300.154(a)(1) stated:

*The financial responsibility of each noneducational public agency described in paragraph (b) of this section, including the State Medicaid agency and other public insurers of children with disabilities must precede the financial responsibility of the LEA (or the State agency responsible for developing the child's IEP).*

In December 2014, CMS revised the Free Care Provision which now gives school districts the ability to bill for allowable medical services provided to ANY Medicaid eligible student.

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# Medicaid reimbursable services in schools

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Every state participates to some degree in claiming Medicaid for medically related services that are specified in a student's Individual Education Program if the student is Medicaid eligible.

Typically claimed services include:

- Speech-Language Pathology
- Audiology-Hearing Services
- Physical Therapy
- Occupational Therapy
- Nursing services
- Specialized Transportation
- Behavioral Health/Mental Health/Psychological Counseling

# Virginia's Medicaid reimbursable services in schools

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VA's Medicaid State Plan allows districts to bill for the following services:

- Physical Therapy
- Occupational Therapy
- Speech-Language Pathology
- Nursing Services
- Psychological services provided by a psychologist or school social worker
- Personal Care Assistant Services (special ed aides, nursing aides)
- Audiology Services
- Medical Evaluations Services
- Transportation
- EPSDT
- Administrative claiming

# Options for Billing Medicaid

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## **Health Related Individual Education Program (IEP) Services: *Special Education Students***

- The Individuals with Disabilities Education Act (IDEA) federal regulations mandate all states to provide services to students with eligible disabilities. Medically related IEP services may be billed to Medicaid
  
- **Medicaid Administrative Claiming Activities: *Medicaid Outreach, All students***
  - Assist Students to Enroll in Medicaid
  - Assist Medicaid Eligible Students In Finding Medical Providers
  - Assist Medicaid Eligible Students With Making Medical Appointments
  
- **Other Health Related School Services: *All Students***
  - Any eligible health related service

# Pros and Cons for Billing Medicaid

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Pros of pursuing Medicaid reimbursement:

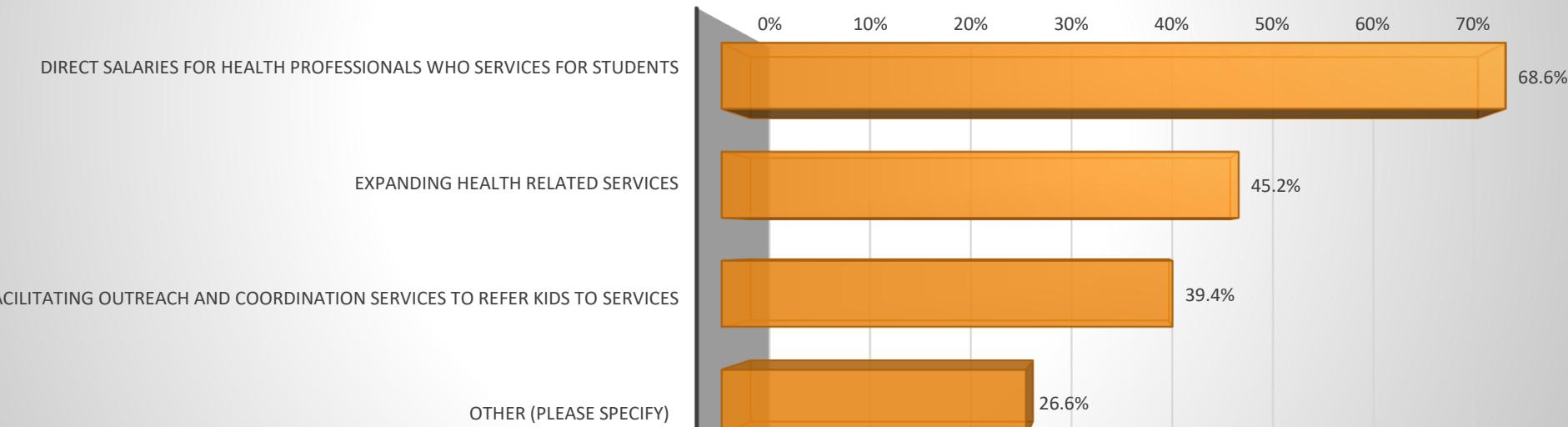
- More \$.
- Some states require districts to participate.

Cons of pursuing Medicaid reimbursement

- Accountability to a new state agency
- Additional administrative procedures/documentation
- Audits
- Recover revenue vs. amount of effort
- Utilization of reimbursement

# Findings from AASA report (Jan 2017)

## How do you utilize your Medicaid reimbursement in your district?



# *Findings from Medicaid Cuts: A Prescription to Hurt the Neediest Children*

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Findings from this report appeared in over 200 news outlets including the *Washington Post*, *New York Times*, *Politico*, and USA Today.

January 2017 report, surveyed 1,000 school leaders in 42 states on impact of 30% cut to school-based Medicaid.

- Students with disabilities and students in poverty will be harmed.
- 50% of districts have taken steps recently to increase Medicaid enrollment in their districts
- Economic consequences for Medicaid cuts: furlough or lay-offs for personnel; higher taxes
- IDEA compliance may be jeopardized if professionals can't or won't work in your district

# 2017: The Year of Medicaid Debates

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The goal of 2017: Repeal Obamacare, reduce expenditures for Medicaid and use savings to pay for tax cuts

The reality of 2017: Can't fully repeal Obamacare or make big-changes to Medicaid, but can pass taxes. Need to figure out how to pay for it in 2018.

Main ideas that the GOP has coalesced around generally referred to as "Graham-Cassidy":

- Reduce federal expenditures for Medicaid to pay for other things (tax cuts, increases to defense, etc)
- In exchange for a major cut in federal \$, offer States more "flexibility" to design their Medicaid program
- Leave it to States to decide who keeps getting paid from Medicaid, who is eligible for services, what services are covered

# Why is Graham-Cassidy a problem for schools?

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More students in poverty +

More students with significant disabilities and medical needs served in our schools +

Fewer federal and state dollars for education =

**More districts relying on Medicaid to make budgets “work”**

And...

Under a block-grant program, States will have fewer dollars to spend on Medicaid, so school-based Medicaid programs will be among the first to lose reimbursement.

Schools can't compete with frontline healthcare providers like hospitals, doctors, clinics, for limited Medicaid resources.

# If Medicaid dollars are cut for districts what else happens?

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Specialized instructional support personnel will choose to work in settings where their services are reimbursable and can supplement their income, and kids will lose critical access to providers.

IDEA noncompliance will be a reality.

States will have beneficiary allocations for low-income children and low-income children with disabilities that is woefully inadequate and that will not allow them to address health-emergencies (Zika, lead poisoning) and schools will have fewer dollars to assist sicker kids.

**Bottom line: Students will not receive the healthcare services they need to learn.**

# Crystal Ball: 2018 and Medicaid

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**Optimistic view:** McConnell has no appetite for yet another Medicaid/Obamacare fight. *Asked about ObamaCare repeal last month, McConnell said “we’ll probably move on to other issues.”*

Likelihood of success is lower in a 51-49 environment than 52-48 environment.

**Pessimistic view:** Conservative groups have made clear they want ACA repeal. They also want welfare reform (not well-defined) which could include changes to Medicaid. Either way, they will try again to use budget reconciliation to get either option accomplished.

*“We’re going to have to get back next year at entitlement reform, which is how you tackle the debt and the deficit... Frankly, it’s the health care entitlements that are the big drivers of our debt, so we spend more time on the health care entitlements — because that’s really where the problem lies, fiscally speaking,” said Paul Ryan.*

**The ask to your Republicans in the House this year? Say NO to any budget reconciliation that will put Medicaid funding at risk.**

# Arming school leaders with fresh data

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## **What would transpire if your district lost its ability to bill Medicaid?**

57 % of districts indicated they would have difficulty meeting special education mandates in state and federal law w/out Medicaid funds

24 % of districts responded that they will be unable to meet special education mandates in state and federal law w/out Medicaid reimbursement

36% of districts said they will be forced to reduce mental health services and providers w/out Medicaid funding.

32% of districts indicated they will be unable to intervene early in identifying and addressing health needs for students without Medicaid funds

29% of districts responded they will have to cut general education positions and programs to compensate for Medicaid dollars

26% of districts answered that they will have to ask their community to raise local revenue to compensate for lost Medicaid dollars

# And let's not forget about CHIP...

- CHIP is an extension of Medicaid that provides government-funded health insurance to children and pregnant women from families who earn too much to qualify for Medicaid but not enough to afford private health insurance.
- Fifteen states exclusively use CHIP funds to extend their Medicaid programs, meaning all children who qualify for CHIP receive identical services and benefits as their traditional Medicaid-counterparts. In most states a substantial portion of children served by CHIP receive Medicaid services and benefits protections.
- Many children jump between CHIP and Medicaid
- Virginia receives 300 million a year
- Virginia Beach, Norfolk, Newport News, Chesapeake have the most CHIP recipients.
- Virginia has already begun to send out termination letters to parents of the 68,495 Virginia children covered under CHIP. Without a full reauthorization, the program will end January 31.
- A little more money was floated at the end of December to keep programs from sending termination letters out or from stopping enrollment. Current CR expires Jan 19<sup>th</sup>.

# Questions about Medicaid? Other Issues?

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- Tax Policy
- Vouchers/Privatization Schemes
- Higher education reauthorization
- Funding

**Never** hesitate to reach out!

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