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Leveraging Medicaid Services In Schools

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Current Scope of Medicaid-Funded Services In Public Schools

*D*irect medical services that are required and provided per the Individualized Education Program (IEP) of an eligible student with a disability (as defined under IDEA, the Individuals with Disabilities Education Act).

Current Scope of Medicaid-Funded Services In Public Schools

Approximately 140 Indiana public school corporations claim Medicaid reimbursement for covered IEP services (such as physical therapy, nursing and audiology) subject to parental consent.

Current Scope of Medicaid-Funded Services In Public Schools

Nearly 100 public school corporations participate in school-based Medicaid Administrative Claiming to recover costs of administrative activities to help address students' unmet healthcare needs.

Current Scope of Medicaid-Funded Services In Public Schools

However, unlike many other states, Indiana public school corporations cannot currently claim Medicaid reimbursement for primary and preventive health care services furnished to students through school-based and school-linked clinics.

Current Scope of Medicaid-Funded Services In Public Schools

Some Indiana schools partner with a healthcare provider (hospital, federally qualified health center, rural health center, community mental health center, etc.) who furnishes and bills Medicaid and other insurers for clinic services that the healthcare provider performs for students (and sometimes staff and other community members) at a location on or near the school campus.

An Opportunity To Expand Medicaid-Funded Services In Public Schools Without The Need For Additional Appropriations

In many states, Medicaid reimburses public school corporations at Medicare rates for the same service or procedure (Upper Payment Limit or UPL).

An Opportunity To Expand Medicaid-Funded Services In Public Schools Without The Need For Additional Appropriations

The states who do so fund the non-federal share of increased UPL payments in two ways:

Intergovernmental transfers (IGTs)

Certified public expenditures (CPEs)

Intergovernmental Transfers (IGTs)

- A transfer of funds from another governmental entity (e.g., a county or other state agency) to the Medicaid agency before a Medicaid payment is made.
- IGTs may also be contributed directly by governmental providers themselves, such as school corporations that operate school-based clinics.

Certified Public Expenditures (CPEs)

- CPE-based financing must recognize actual costs incurred.
- Providers using CPEs to obtaining matching federal dollars must document the actual cost of providing the services
  - Statistically valid time study
  - Periodic cost reporting
  - Reconciliation of interim payments

CMS Clarification Regarding Intergovernmental Transfers (IGTs) and Certified Public Expenditures (CPEs)

Question:

- **Is it true that funding services provided in schools with IGTs is a better option for states than CPEs?**

Answer:

- Using an IGT to fund school-based services means that schools do not need to identify and reconcile to actual cost, using a methodology that conforms to CMS policy requirements. However, the Medicaid agency must reimburse schools the full amount of the established rate.
- When CPEs are used, the Medicaid agency is able to retain all or a portion of the Federal match because schools have already provided the corresponding non-Federal expenditure required to fund the payment.

CMS Clarification Regarding IGTs and CPEs for School Based Services

Question:

- **What are CMS's requirements for rate setting when IGTs are used?**

Answer:

- When IGTs are used the State Medicaid agency has the following choices for establishing rates;
  - Schools may be reimbursed the "community rate" for the same service. **The community rate is the rate paid by the Medicaid agency to private providers** for the same service/procedure (e.g., the rate paid to physical therapists in private practice). The community rate **is not the rate paid by commercial payers.**
  - Schools may be reimbursed up to 100% of the Medicare rate for the same service or procedure.

CMS Clarification Regarding IGTs and CPEs for School Based Services

- Schools may be paid a SBS-specific rate that is not the Medicaid community rate or the Medicare rate.
  - In this case, CMS will require the State to demonstrate how the rate was developed. Non-allowable costs, such as educational and non-allowable facility costs are not recognized. The standard for this demonstration is the same as for costs identified for a CPE-funded methodology.
  - Once the initial rate is established, States may trend the rate for a limited period of time using a factor such as the MCPI. This approach assumes that States have data on both actual cost and SBS encounters.

An Opportunity To Expand Medicaid-Funded Services In Public Schools Without The Need For Additional Appropriations

- In FFY 2016, Indiana Medicaid expenditures for school-based services were approximately $10.6 million.
- That same year, Medicaid expenditures for school-based services in 32 other states were higher
  - 10 states' expenditures exceed $100 million (including Michigan, Illinois and Ohio)
- 6 states expenditures exceed $200 million.

Appendix

TABLE 1. Medicaid Spending for School-Based Services and Administration, by State, for Fiscal Year 2016

State	School-based services	School-based administration
Alabama	$0	$38,193,833
Alaska	2,627,452	0
Arizona	77,934,860	8,898,997
Arkansas	36,558,373	40,755,439
California	212,266,364	70,909,250
Colorado	74,268,064	9,121,380
Connecticut	38,486,237	4,563,841
Delaware	6,538,031	0
District of Columbia	83,383,770	0
Florida	9,124,639	259,460,994
Georgia	29,891,999	24,381,491
Hawaii	481,562	0
Idaho	37,126,054	0
Illinois	171,454,993	84,866,020
Indiana	10,613,096	8,402,214
Iowa	104,441,037	0
Kansas	25,878,182	11,967,951
Kentucky	21,007,242	17,238,810
Louisiana	0	0
Maine	43,753,424	0
Maryland	78,444,393	0
Massachusetts	96,096,636	89,630,096
Michigan	235,957,682	16,565,676
Minnesota	90,451,033	13,665,502
Mississippi	3,457,709	9,310,990
Missouri	0	58,713,391
Montana	56,298,664	3,227,939
Nebraska	5,158,748	18,817,697
Nevada	16,748,091	0
Hampshire	52,311,025	0
New Jersey	242,904,181	0
New Mexico	15,503,780	22,270,275
New York	261,796,456	0
North Carolina	74,463,193	31,491,347

TABLE 1. (continued)

North Dakota	$930,685	$0
Ohio	224,592,347	7,599,104
Oklahoma	583,530	0
Oregon	5,275,024	232,397
Pennsylvania	171,933,616	47,662,040
Rhode Island	37,235,812	18,093,906
South Carolina	25,006,945	11,939,479
South Dakota	3,044,990	3,949,835
Tennessee	0	0
Texas	367,589,403	136,568,158
Utah	27,480,388	13,323,938
Vermont	6,998	0
Virginia	49,471,488	14,169,783
Washington	10,401,480	80,146,535
West Virginia	7,913,361	0
Wisconsin	148,716,314	20,960,062
Wyoming	0	0
National total	**$3,295,609,351**	**$1,197,098,370**

Notes: For CMS-64 reporting, states are instructed to report school-based services (see section 1903(c) of the Social Security Act (the Act)) that include medical assistance for covered services (see section 1905(a) of the Act) furnished to a child with a disability because such services are included in the child's individualized educational program (IEP) 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 (IFSP). However, some states may report non-IEP or IFSP services (Cieslicki 2017).
Source: CMS-64 financial management report net expenditures, as of June 23, 2017.

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