

Understanding School Medicaid:



A Primer for Chief State School Officers

THE COUNCIL OF CHIEF STATE SCHOOL OFFICERS

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Understanding School Medicaid: A Primer for Chief State School Officers

For more than 30 years, Medicaid has played a key role in paying for school health services. As the source of health insurance for 40 percent of children across the country, Medicaid helps ensure low-income children receive healthcare they need to be healthy and ready to learn. Today, new opportunities exist to enhance the role that Medicaid plays in school, creating a sustainable source of revenue to support school-based health services, including mental health services.

Examples of services Medicaid might pay for in your state include but are not limited to: nursing services; mental health services; occupational, physical, and speech therapy; physician services; optometry services; respiratory therapy; dental services; diagnostic, screening, preventive, and rehabilitative services; and nutritional services. Chief state school officers can play an important role in leveraging these opportunities in their state to ensure all students have the supports they need to achieve academically. This primer explores what Medicaid is, what it covers—in and out of school, —and new opportunities for expanding school Medicaid programs statewide.

What is Medicaid?

Medicaid provides health insurance for one in five people in the United States¹ including 40 percent of children—approximately 37 million children.² Medicaid’s sister program, the Children’s Health Insurance Program (CHIP), covers an additional 8.9 million children. Children are eligible to get their health insurance through Medicaid or CHIP based on their family income or unique health care needs (e.g., a disability or serious mental illness), or if they are in foster care. For low-income families whose kids are covered by Medicaid, coverage is affordable because Medicaid keeps out-of-pocket spending low.³ To see what Medicaid and CHIP are called in your state visit: <https://www.healthcare.gov/medicaid-chip-program-names/>.

1 <https://www.kff.org/medicaid/issue-brief/10-things-to-know-about-medicaid-setting-the-facts-straight/>

2 <https://familiesusa.org/product/health-coverage-matters-children-role-medicaid-healthy-development-americas-children>

3 <http://files.kff.org/attachment/Report-Medicaid-and-CHIP-Eligibility-Enrollment-Renewal-and-Cost-Sharing-Policies-as-of-January-2018>

Medicaid’s benefit package for children up to age 21, known as Early and Periodic Screening, Diagnostic, and Treatment (EPSDT), ensures kids get screened for—and that they receive the treatment and services they need to address—any health issues including mental and behavioral health services.⁴

The specific benefits and eligibility levels for individuals in each state are outlined in the state’s Medicaid plan. A state Medicaid plan is an agreement between a state and the federal government describing how the state administers its Medicaid program. The state Medicaid plan identifies groups and individuals to be covered and establishes the criteria by which they are determined eligible, services to be provided, providers that can seek reimbursement for delivering those services, and the methodologies for reimbursement.

States have significant flexibility in designing their state Medicaid plan within certain guidelines from Centers for Medicare and Medicaid Services (CMS), the federal agency that oversees Medicaid. As a result, each state’s Medicaid program is very different—and every state’s Medicaid school-health program is unique. State Medicaid programs—in partnership with CMS—establish policies for *who* gets covered, *what* services are covered, and *who* the eligible providers are.

Medicaid coverage has a demonstrable and positive impact on children’s educational and health outcomes. Children covered by Medicaid are less frequently absent from school⁵ and are more likely to graduate from high school and college than uninsured children. Long-term studies show that, when compared to uninsured children, children covered by Medicaid are healthier⁶ and have higher wages as adults.⁷ Ensuring that students are in school, healthy, and ready to learn is essential to creating equitable opportunities for all students to succeed academically. This pursuit of equity is particularly urgent for students who grow up in poverty and endure disproportionate exposure to trauma and adverse childhood experiences.

State chiefs can advance educational equity by improving the conditions that students need to thrive academically. Creating these conditions requires a focus on the whole child, including

4 <https://www.medicaid.gov/medicaid/benefits/epsdt/index.html>

5 <http://journals.sagepub.com/doi/pdf/10.2190/HS.42.4.d>

6 <http://www.nber.org/papers/w20929.pdf>.

7 <http://www.nber.org/papers/w20178.pdf>

on issues students face outside of school that can impact their learning: food security, physical health and wellness, mental health, and homelessness. In almost all states, Medicaid pays for eligible school health services included in students' Individualized Education Programs (IEP) or Individualized Family Service Plan (IFSP). Thirty-seven percent of all school-aged children receive health coverage through Medicaid and CHIP.

Providing healthcare services to children in school and enrolling children into the Medicaid program is a proven strategy to reduce chronic absence—a commonly-recognized indicator of students' overall wellness and readiness to learn. Notably, with the passage of the Every Student Succeeds Act, all state and local school report cards must include chronic absence rates (most commonly defined as missing 10% or more of school for any reason). For the 2018-2019 school year, 36 states and Washington, D.C. included chronic absence in their state accountability systems, which means that states evaluated districts based on how frequently children miss school.

What Role Does Medicaid Play in Schools?

Medicaid can pay for health and mental health services delivered in schools to Medicaid-enrolled students. Schools and districts can also be reimbursed for providing other screening, diagnosis, and treatment services like vision and hearing screenings, and diabetes and asthma management. Schools can receive Medicaid funding for certain qualified administration activities that are necessary to administer the Medicaid program such as holding a meeting to see if specific health services are necessary or transporting a child to received specialized treatment at a facility outside the school. Schools can receive funds for outreach to potentially eligible children, and for activities that can facilitate childrens' access to care.

Examples of School-based Health Services Medicaid Might Pay for in Your State

The reimbursable services in your state will be determined by the state Medicaid plan.

- Chronic disease management (e.g. services related to asthma, diabetes, food allergies)
- Mental health services
- Substance use services
- Oral health services (e.g. fluoride varnish, dental sealants)
- Assessments (e.g. psychological/psychosocial status, health, nutrition, audiological)
- Occupational therapy
- Physical therapy
- Personal care services
- Speech, hearing, and language services
- Vision and hearing screenings and services

School districts use the Medicaid reimbursement that they receive to support a variety of services. A study⁸ by the School Superintendents Association (AASA) surveyed over 1,000 respondents in 42 states and found that almost 70% of districts use Medicaid to support the salaries of the health professionals who provide services for students; 45% use Medicaid funding to expand health related services; and almost 40% use the Medicaid funding to facilitate outreach and coordination for services. Other ways schools use Medicaid reimbursement include reinvesting funds in equipment and assistive technology; supporting the transport of students with disabilities; providing professional development for special education personnel and ancillary service professionals; and, offsetting the costs of special education programming. It is important to note that there may be state or local requirements on how districts must reinvest the funds, and parameters for each district are unique.

8 http://aasa.org/uploadedFiles/Policy_and_Advocacy/Resources/medicaid.pdf

Expanding School-Based Medicaid in Michigan

In August 2019, CMS approved Michigan’s State Plan Amendment (SPA) to allow districts to seek Medicaid reimbursement for services provided to all Medicaid-enrolled students (not just services included in a student’s with IEP/IFSP). In addition, Michigan expanded the types of providers who can be placed on the Medicaid Staff Pool list for reimbursement, as well as the types of Medicaid services in school-based settings (and for all Medicaid-enrolled students) to include: physician’s assistants, clinical nurse specialists, nurse practitioners, marriage and family therapists, board certified behavioral health analysts, school social workers, and school psychologists. This expansion represents a significant pathway to increasing access to Medicaid services in Michigan schools—especially access to behavioral health services. This landmark change was the product of years of work by a multi-sectoral group of agency staff, timely movement from the Michigan Legislature, and strong support from school districts.

What Decisions do State Medicaid Departments Make About School-based Medicaid Programs?

Medicaid’s unique federal-state partnership gives significant control over the program to each state, allowing them to address their unique population’s health needs and work within their own unique health care delivery system. Each state’s Medicaid agency creates a Medicaid and CHIP state plan that serves as an agreement between a state and the federal government describing how that state administers its Medicaid and CHIP programs. It gives an assurance that a state will abide by federal rules and may claim Federal matching funds for its program activities.

As such, state Medicaid agencies provide much of the policy and guidance for how Medicaid reimbursement works within their school districts.

- State policy defines which Medicaid-enrolled students a district can bill for. For example, can districts bill for services delivered to *all* Medicaid-enrolled students, or just for those services included in Medicaid-enrolled students’ IEPs or IFSPs?

- State policy defines which services are reimbursable. For example, can speech-language therapy be reimbursed, or just physical therapy services? Are services provided by a school nurse reimbursable?
- State policy defines which providers can be reimbursed. For example, are services delivered by school social workers reimbursable, or just services delivered by school psychologists?

These policies are defined in the state Medicaid plan, a document available on the state Medicaid agency's website that lays out all the state's rules. This can be a complex document to understand.

It is important to note that more services may be offered in schools than are reimbursable. Similarly, more health and mental health care providers may be credentialed to practice in and deliver services in schools than are reimbursable by Medicaid. This is because of both state decisions reflected in the state Medicaid plan and federal Medicaid policy.

Cross-Sector Collaboration to Expand School Health Services in Ohio

In 2018, the Ohio Governor's Office of Health Transformation along with the Departments of Education, Medicaid, Health, and Mental Health & Addiction Services came together with schools and health care providers to develop Ohio's School-Based Health Care Support Toolkit (<http://education.ohio.gov/Topics/Student-Supports/School-Based-Health-Care-Support-Toolkit>). The Toolkit aims to better serve students, families, and communities by providing a blueprint for expanding school-based health services in districts across the state. Already, this effort is being used as an example to help other states seeking guidance on ways to build out school health infrastructure.

What Can Chief State School Officers Do to Support School-based Medicaid in Their State?

Federal and state Medicaid policy is constantly changing. For example, in 2014 the Centers for Medicare and Medicaid Services (CMS) clarified that Medicaid can pay for health and mental health services delivered in schools to Medicaid-enrolled students *without* an IEP or IFSP. This change creates tremendous potential for school districts to use Medicaid funds to support and enhance health and behavioral health services offered in schools. States can now permit school districts to receive Medicaid reimbursement for Medicaid-eligible services provided to **all** Medicaid-enrolled students in school-based settings (not just services included in a student's IEP), even if services are available free of charge to non-Medicaid enrolled students. However, to advance this opportunity, states need to make a series of updates to policy and practice, including potentially amending their state Medicaid plan. An overview of state-level activity to implement this opportunity is available here: <http://bit.ly/freecareupdate>.

To take advantage of these opportunities, states and school districts need to come together to consider their options for implementing new policies, including: using Medicaid funding for more services provided in schools, including preventive health activities (e.g., screening and chronic care management for asthma, diabetes, mental health); expanding the health care workforce and providers in school-based settings to increase access; and encouraging new thinking around how schools and health care entities partner together to serve students.

Braiding Funding in Colorado

While Medicaid funding can play a key role in supporting the delivery of health services and programs in schools, it can be even more impactful when combined with other funding streams dedicated to support student health and success. The Colorado Department of Education provides behavioral health and substance use prevention services and programs in schools by offering grants for funding full-time psychologists, social workers, counselors and nurses; professional development and training; and resources to implement evidence-based programs for substance use prevention, including universal screening. These efforts are financed by braiding funds from state taxes with funds from Medicaid and grants from the Substance Abuse and Mental Health Services Administration as well as state-level personnel development and bullying prevention and education grants.

To be an informed part of these discussions, a chief state school officer should understand their state Medicaid context including answers to the following questions:

- *What does the current state Medicaid plan say about school health services? Is the scope of services school districts can bill for limited to those included in a student's IEP?*
- *What health services are covered by Medicaid? How do these services align with the services currently being delivered in school districts in your state?*
- *Who are the qualified Medicaid providers? How do these providers align with the providers who are currently delivering health services in school districts in your state?*
- *What percentage of students in your state are eligible for Medicaid? What percentage are enrolled?*
- *What are the leading health issues impacting students in your state and how are health services currently being delivered to meet those needs?*

Expanding Access to Mental Health Services in Missouri

Starting in 2016, a group of education stakeholders and advocates in Missouri came together to address barriers to improving student health. The group identified mental health services as one of the greatest unmet needs in the state, one that was a significant contributor to high school suspension rates. The group worked with the state health and education agencies, mental health providers, and others to identify the root causes of the challenge in providing mental health services to students. As a result of the group's work, the state announced a policy change in July 2018 that would allow approved Medicaid providers (including schools) to bill Medicaid for mental health services provided in the school setting to all Medicaid-eligible students—something not previously permitted under state rules. The policy is still in the early stages of implementation, but it is an example of how the education and health care sectors can collaborate to overcome obstacles. Source: Provider Bulletin: Behavioral Health Services in a School Setting, Volume 40, Number 54, Missouri Department of Social Services, April 17, 2018. Accessed at https://dss.mo.gov/mhd/providers/pdf/bulletin40-54_2018apr17.pdf

There are many concrete ways in which chief state school officers can advance this work including:

- **Build the team:** Collaboration is critical to establishing strong school Medicaid programs. Chief state school officers are well positioned to **establish cross-sector partnerships with key agencies**, including the state Medicaid agency and school districts, to assess opportunities and develop an action plan for strengthening and potentially expanding their state's program. In addition to the state education agency, state Medicaid agency, and school districts, other partners might include the state department of public health, the state school nurse consultant, and advocates.
- **Collect the data:** Chief state school officers are well positioned to work with their staff and leads in other state agencies to **pull together the data** needed to understand the state's school health services environment and the opportunities for improvement.

In addition to working with the state Medicaid agency to collect the data needed to answer the questions outlined above, chief state school officers can share non-student-identifying data, such as chronic absence data and school staffing ratios, that will highlight communities of greatest need.

- **Make the connections:** Chief state school officers can successfully build bridges between school districts, the Department of Education, and the state Medicaid agency. From their unique state-wide vantage point, they can make the critical connections between student health needs, unmet needs, and where school-based Medicaid can support improvements.
- **Support the infrastructure:** A key component of a successful school Medicaid program is **training and guidance**. This includes training and guidance for schools on claiming Medicaid, in addition to training for superintendents and other school staff. While the state Medicaid agency will play a critical role in developing the necessary guidance and training, the state education agency can also support the dissemination of this information and providing additional support. For example, the Ohio Department of Education worked with key agencies to create a school-based health care toolkit to house key resources to support the delivery of school health services in the state.
- **Be a champion:** Chief state school officers can ensure district buy-in for school Medicaid programs by underscoring how school health services support education outcomes and **demonstrating strong support for this work**. This could be done by issuing a statewide letter to all school districts about opportunities and changes in school-based Medicaid program (e.g. see letter from Kentucky Commissioner of Education), by integrating messages about the health and learning connection into public remarks, and by supporting the development of training and guidance as described above.

Given Medicaid's role in supporting children's educational and health outcomes, ensuring students in your state are enrolled in Medicaid and have access to the school health services they need are key strategies to improve conditions for learning and ensure all students can thrive.



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