

Leveraging Medicaid Services In Schools



STATE SEN. ANDY ZAY (R-HUNTINGTON)

THANKS TO J. MICHAEL GRUBBS OF BARNES AND THORNBURG
FOR THE ORIGINAL VERSION OF THIS PRESENTATION

Current Scope of Medicaid-Funded Services In Public Schools

- ▶ *Direct medical services that are required and provided per the Individualized Education Program (IEP) of an eligible student with a disability*
- ▶ IEP services are mandated under the Individuals with Disabilities Education Act (IDEA)

Current Scope of Medicaid-Funded Services In Public Schools

In SFY 2019, 178 Indiana public school corporations claimed 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

In SFY 2019, 127 public school corporations participated 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

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.

Current Scope of Medicaid-Funded Services In Public Schools

However, unlike some 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.

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

- ▶ Some states (Louisiana, Massachusetts, and Florida) are moving to reimburse public school corporations for the cost of services provided to Medicaid-covered students
- ▶ Medicaid can pay up to 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 non-federal share of increased UPL payments can be done either
by:

Intergovernmental transfers (IGTs)

or

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

Louisiana Medicaid State Plan Amendment

LA 15-0019

- ▶ Submitted July 17, 2015 requested effective date July 1, 2015
- ▶ CMS approved October 8, 2015
- ▶ Expanded school-based nursing services by removing the IEP requirement.
- ▶ School corporations submit claims and receive interim rates on a per unit of service, per visit basis throughout the year.
- ▶ During a year-end cost settlement process, the state determines the school corporation's cost for providing services throughout the year and pays the school corporations for the federal share of reported costs.

Massachusetts State Plan Amendment MA 16-012

- ▶ Submitted September 29, 2016
- ▶ CMS approved July 17, 2017
- ▶ Effective July 1, 2016.
- ▶ Expands covered school based services to cover not only IEP services, but all “otherwise medically necessary” services.
- ▶ School corporations annually certify their “actual, incurred Medicaid-allowable costs, including the federal share and the nonfederal share” (Certified Public Expenditures).
- ▶ School corporations submit claims and receive interim rates on a per unit of service, per visit basis throughout the year.
- ▶ During a year-end cost settlement process, the state determines the school corporation's cost for providing services throughout the year and pays the school corporation for the federal share of reported costs.

Florida Medicaid State Plan Amendment FL 16-0031

- ▶ Submitted December 30, 2016 requested effective date of October 28, 2016.
- ▶ CMS approved October 2, 2017
- ▶ Expands Medicaid coverage for school based therapy, behavioral health, and nursing services provided to students attending private and charter schools.
- ▶ The plan does not specify the reimbursement methodology.

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.

1996 MACPAC Data – Medicaid IEP Payments

- ▶ MACPAC (Medicaid and CHIP Payment Advisory Committee) Issue Brief in April 2018
- ▶ In 2016, states around Indiana received over \$100 million
 - ▶ Illinois \$171M
 - ▶ Ohio \$224M
 - ▶ Michigan \$235
- ▶ Indiana received only \$10.6M

Appendix

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

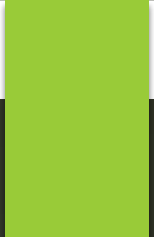
State	School-based services	School-based administration
Alabama	\$0	\$38,193,833
Alaska	2,627,452	0
Arizona	77,934,860	8,898,997
Arkansas	36,558,373	40,755,439
California	212,266,364	70,909,250
Colorado	74,268,064	9,121,380
Connecticut	38,486,237	4,563,841
Delaware	6,538,031	0
District of Columbia	83,383,770	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
New 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.



But first, there is another problem to solve that requires no federal approval!

- ▶ Why does Indiana receive so much less from Medicaid for providing IEP services than the surrounding states?
- ▶ SFY 2019 School Corporation Medicaid Reimbursement Report <https://www.doe.in.gov/specialed/school-based-medicaid> shows 113 of Indiana's 291 public school corporations did not receive any Medicaid payments.
- ▶ Why is that?

Current Law Requires School Corporations To Enroll In Medicaid

IC 12-15-1-16 School corporation or school corporation's provider; enrollment in Medicaid program; sharing reimbursable costs

Sec. 16. (a) Each: (1) school corporation; or (2) school corporation's employed, licensed, or qualified provider; must enroll in a program to use federal funds under the Medicaid program (IC 12-15-1 et seq.) with the intent to share the costs of services that are reimbursable under the Medicaid program and that are provided to eligible children by the school corporation.

But The Law Does Not Require School Corporations To Claim Medicaid Reimbursement For IEP Services!

IC 12-15-1-16 School corporation or school corporation's provider; enrollment in Medicaid program; sharing reimbursable costs

Sec. 16. (a) Each: (1) school corporation; or (2) school corporation's employed, licensed, or qualified provider; must enroll in a program to use federal funds under the Medicaid program (IC12-15-1 et seq.) with the intent to share the costs of services that are reimbursable under the Medicaid program and that are provided to eligible children by the school corporation. **However, a school corporation or a school corporation's employed, licensed, or qualified provider is not required to file any claims or participate in the program developed under this section.**

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