# REPORT TO THE EDUCATION INTERIM COMMITTEE

## Medicaid Reimbursement for School-Based Health Services

**Prepared by**

**Utah Department of Health, Division of Medicaid and Health Financing**

**Utah State Board of Education**

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UTAH DEPARTMENT OF HEALTH

Utah State Board of Education

utah department of human services
SUBSTANCE ABUSE AND MENTAL HEALTH

## EXECUTIVE SUMMARY

This report is submitted in response to HB 373 passed during the 2019 General Session of the Utah State Legislature. Section 62A-15-117 reads:

***Medicaid reimbursement for school-based health services -- Report to Legislature.***
*(1) As used in this section, "individualized education program" or "IEP" means a written statement for a student with a disability that is developed, reviewed, and revised in accordance with the Individuals with Disabilities Education Act, 20 U.S.C. Sec. 1400 et seq.*
*(2) The division shall coordinate with the State Board of Education, the Department of Health, and stakeholders to address and develop recommendations related to:*

*(a) the expansion of Medicaid reimbursement for school-based health services, including how to expand Medicaid-eligible school-based services beyond the services for students with IEPs; and*

*(b) other areas concerning Medicaid reimbursement for school-based health services, including the time threshold for medically necessary IEP services.*

*(3) The division, the State Board of Education, and the Department of Health shall jointly report the recommendations described in Subsection (2) to the Education Interim Committee on or before August 15, 2019.*

## Medicaid Funding for Services Provided in a School Setting

Medicaid currently pays for Medicaid covered health and related services provided in schools when covered services are provided to Medicaid-enrolled children and adolescents, or when services are provided to a child through his or her individualized education program (IEP) under the Individuals with Disabilities Education Act (IDEA, P.L. 101- 476). As part of the activities necessary to administer the Medicaid State Plan, states may also provide Medicaid payments to schools for Medicaid outreach and enrollment activities, as well as other eligible, school-based administrative activities.

Medicaid funding is available to cover services for Medicaid-eligible children in a school setting. Administrative costs must be allocated between the proportions of Medicaid-eligible and non-Medicaid-eligible school children. Medicaid funding may only be used for a Medicaid covered service. Medicaid funding may not be used to cover a non-Medicaid covered service or a non-Medicaid-eligible child

## How are Utah Schools Currently using Medicaid Funding?

Since 1988, states have been able to draw down federal funds under Medicaid to pay for school-based health and related services required by IDEA, when provided to Medicaid-eligible children with disabilities. Under IDEA, children with disabilities are eligible to receive educational and related services that will help them achieve their educational goals, as documented in each child's IEP, or for infants and toddlers (children under age three), the individualized family service plan (IFSP).

The Medicare Catastrophic Coverage Act of 1988, Section 411(k) (12) permits Medicaid to pay for related services included in a Medicaid-eligible recipient's IEP when the services are medically necessary and are covered in the Medicaid State Plan. Effective August 1, 1993, with the approval of the Centers for Medicare and Medicaid (CMS), Utah's Medicaid State Plan was amended to allow coverage of medically necessary services included in the IEPs of Medicaid-eligible children ages 3 through 20.

In **SFY 2018**, Utah Medicaid provided **$33,600,000** to LEAs through the School-Based Skills Development (SBSD) program. Pursuant to the Utah Medicaid State Plan, "Skills development services are medically necessary diagnostic and treatment services provided to children between the ages of 3 and 22 to improve and enhance their health and functional abilities and prevent further deterioration." Services include:

1. Individual or group therapeutic interventions to ameliorate motor impairment, sensory loss, communication deficits, or psycho social impairments; and

2. Information and skills training to the family to enable them to enhance the health and development of the child.

Skills development services are provided by or under the supervision of:

a. A licensed physician, registered nurse, dietician, clinical social worker, psychologist, audiologist, speech and language pathologist, occupational therapist, physical therapist, practicing within the scope of their license in accordance with Title 58, Occupational and Professional Licensing (Utah Code Annotated, as amended 1953); or

b. An early childhood special educator certified under Section 53E-3-501 of the Utah Code Annotated, as amended in 1953); or

c. Qualified Intellectual Disabilities professional (QIDP) as defined in 42 CFR 483.430.

Related Services are defined as developmental, corrective and other supportive services required to assist a student with a disability to benefit from special education. Not all related services identified in the Individuals with Disabilities Education Act (IDEA), Part Regulations, 34 CFR Section 300.34 are considered "medically necessary services."

Currently, school-based skills development services are only provided to students identified by the district as requiring a minimum of 180 minutes of special education and related services (in combination) per day. (Preschool students meet this requirement based on the need for special education services.) Local education agencies (LEAs) provide the required state matching funds through an intergovernmental transfer (IGT) to draw down federal Medicaid funds. Additional information regarding the School-Based Skills Development program is in the Utah Medicaid Provider Manual for the School-Based Skills Development program at: https://medicaid.utah.gov/Documents/manuals/pdfs/Medicaid%20Provider%20Manuals/School-Based%20Skills%20Development/School-BasedSkillsDev10-14.pdf

## How do Schools Receive Medicaid Funding?

Schools are reimbursed based on a daily bundled rate. Itinerant nursing services are billed on claims submitted directly to Medicaid. Medicaid's payments to the LEA are subject to reconciliation by the Medicaid agency to determine the provider's actual allowable costs and establish final payment.

The following information is used to determine a provider's actual allowable costs:

1. The specific skills development service(s) the provider intends to cover under Medicaid;

2. The names, total annual salary and benefits of all individuals who will directly supervise and/or deliver the covered service(s) (see item C. below); and

3. The total number of Medicaid-eligible and non-Medicaid-eligible students classified as self-contained (those receiving 180 minutes of special education and related services per day).

Time studies are used to determine the time spent by qualified individuals (those identified in 2 above) in covered and non-covered activities. Providers oversee and ensure that, during the time study reporting period, time study participants appropriately document their time in 15-minute increments. Rates for self-contained services may not exceed the provider costs to deliver such services. Rates for itinerant nursing services are based on the Medicaid agencies approved fee schedule for equivalent services.

## Claiming Medicaid Match for Administrative Costs

Schools also can receive Medicaid funding for qualifying school-based administrative activities that are considered necessary for the proper and efficient administration of the Medicaid State Plan (CMS 2003). School-based administrative activities generally fall into two categories: outreach and enrollment, and efforts that support the provision of Medicaid-eligible services. Schools can receive federal matching funds for outreach to potentially eligible children and families and for making enrollment determinations, if this function is delegated to the schools by the state Medicaid agency.

Schools also can draw down federal funds for activities that can facilitate children's access to care, including care coordination, referrals, and transportation to and from school on a day a child receives a Medicaid-covered service. For example, some school staff coordinate care for children between the school and other public agencies (such as a state disability services agency) or health care provider. If a child's IEP includes transportation to and from Medicaid-eligible services, then the school is required to provide it and related costs can be claimed as administration or medical assistance. In FY 2018, estimated spending for Medicaid administrative services was $1.2 million. USBE or LEAs also have an option to seek reimbursement from Medicaid for performing administrative activities that directly support the Medicaid program. To do so, an appropriate claiming mechanism must be used. The time study is the primary mechanism for identifying and categorizing Medicaid administrative activities performed by school or school district employees.

To the extent that school employees perform administrative activities that are in support of the state Medicaid plan, federal reimbursement may be available.

The Centers for Medicare and Medicaid provides guidance to states in the Medicaid School Based Claiming Guide at https://www.medicaid.gov/medicaid/financing-and-reimbursement/downloads/2003-sbs-admin-claiming-guide.pdf.

## Medicaid Qualified Providers

In order for schools and practitioners to participate in the Medicaid program and receive Medicaid reimbursement, they must meet the applicable Medicaid provider qualifications and the requirements in 42 C.F.R. § 431.107, including having a provider agreement and a Medicaid provider identification number. Practitioners in schools are also subject to the screening and national provider identification (NPI) requirements in section 1866(j)(2) of the Act and 42 C.F.R. § 455.400 – 455.470. Rendering providers must meet the screening requirements and claims must include the NPI of the physician or other professional who ordered or referred such items or services. Finally, practitioners who furnish services in school settings must meet applicable qualifications established by the state and those qualifications must minimally be the same as those providers who furnish services in other settings in the community

## LEAs Must Provide the State Match to Draw Down Medicaid Funds

Providing additional Medicaid funding for the School-Based Skills Development (SBSD) program will require compliance with Section 26-18-21(3) which states:

> The department [UDOH] shall not create a new intergovernmental transfer program after July 1, 2017, unless the department reports to the Executive Appropriations Committee, in accordance with Section 63J-5-206, before submitting the new intergovernmental transfer program for federal approval. The report shall include information required by Subsection 63J-5-102(1)(d) and the analysis required in Subsections (2)(a) and (b).

## Recommendations to Increase Medicaid Funding for the SBSD Program

- **Adopt a cost-based reimbursement methodology for LEAs**

The Utah Department of Health is exploring implementation of a cost-based reimbursement methodology for the SBSD program. This methodology will result in increased reimbursement to LEAs. However, the increased reimbursement will require additional match from LEAs.

The overwhelming majority of state Medicaid programs reimburse school-based services using a reconciled cost methodology. Under this method, each LEA uses a cost reporting system to compile and aggregate the costs of providing the services, usually on a quarterly or annual basis.

These costs are then allocated between services that were provided to Medicaid-enrolled students and those that were provided to non-Medicaid-enrolled students. This effort not only requires direct service providers working in schools to maintain

appropriately comprehensive clinical records to support the reported expenditures, but also requires that LEAs maintain sufficient cost data and service utilization documentation to facilitate an accurate allocation of cost to Medicaid consistent with federal cost principles. Schools are strongly encouraged to work with their state's Medicaid program staff and CMS staff to develop an appropriate cost identification and allocation methodology that meets federal requirements. It must also be noted that even though individual claims for services are not submitted to the Medicaid agency in order to request payment, CMS requires that the Medicaid program use its Medicaid Management Information System to record all school-based services. This record is to assure services are documented at the individual level and to provide information necessary to assess the economy and efficiency of the payments. In addition, LEAs must follow documentation standards in their records or Medicaid payments may be disallowed.

- **Remove the requirement for a minimum of 180 minutes per day of combined special education and related services for children age 3-22**

Currently Medicaid only reimburses for children who have at least 180 minutes in the special classroom placement. This is the criteria for Level C children adopted by the USBE and Medicaid at the onset of the SBSD program. The number of children whose services would be eligible for Medicaid reimbursement by removing this minimum requirement would increase. This change will require additional state match from the LEAs.

## Behavioral Health Services for Medicaid-Eligible Children in School Settings

A recent joint guidance letter released by Elinore McCance-Katz, M.D., Ph.D., Assistant Secretary for Mental Health and Substance Use, and Calder Lynch, Acting Deputy Administrator and Director Center for Medicaid and CHIP Services, stated the following:

> There is an urgent need to identify children and adolescents who have or are at risk for mental disorders, including SUDs [substance use disorder], and connect these children and adolescents with other services they need. Schools can fill a critical role in both identifying such children and adolescents and connecting them with treatment and other services they need. An estimated ten percent of children and adolescents in the United States have a serious emotional disturbance (SED), yet approximately 80 percent of those children and adolescents with an SED do not receive needed services. Approximately 80 percent of children and adolescents with mental health diagnoses have unmet mental health needs.
>
> Substance use rates among adolescents remain concerning, with over 16 percent of adolescents ages 12 to 17 reporting illicit drug use during 2017,

and more than 31 percent of adolescents endorsing use of tobacco or alcohol during the same timeframe. Further, during 2017, four percent of 12 to 17 year olds met criteria for a substance use disorder, with 82.5 percent of those adolescents not receiving needed care.
(see https://www.medicaid.gov/federal-policy-guidance/downloads/cib20190701.pdf)

In Utah, all Medicaid-eligible children are enrolled in a Prepaid Mental Health Plan (PMHP) for mental health and substance use disorder services. The UDOH contracts with the local mental health and substance abuse authorities to create full-risk managed care plans to provide behavioral health services. According to the Division of Substance Abuse and Mental Health School Behavioral Health Services Implementation Manual, "most of the school behavioral health programs in Utah are supported by collaborations at the local level." Local authorities provide the majority of behavioral health services in some schools, and they are currently reimbursed through prepaid mental health contracts to provide services to Medicaid-eligible children.

## Recommendations for Behavioral Health Services:

1. If Medicaid-covered behavioral health services, not available through the PMHP, are provided by behavioral health providers, contracted with or employed by the LEA, federal Medicaid funds can be claimed for additional services. However, this provision will require LEAs to provide the additional state match to draw down additional federal funds or an additional appropriation to the Medicaid program to pay for additional behavioral health services.

2. Amend the School-Based Medicaid Program to include "Free Care" as per 12/15/14 letter from CMS to State Medicaid Directors. This change would allow local school districts to receive Medicaid reimbursement funds for allowable services provided to students who do not have an IEP. Districts would need to provide the additional state match to draw down these funds.

## Providing Additional Physical Health Services for Medicaid-Eligible Children in School Settings

School-based health centers (SBHCs) provide a variety of health services beyond the first aid treatment provided by a school nurse. Such services may include preventive care (e.g., immunizations), oral health care, behavioral health care, and diagnostic care such as routine screenings (HRSA 2017). They also may provide acute care services, such as treatment for asthma (HRSA 2017).

Some school systems directly employ health professionals to provide these services. Other schools partner with community organizations, health systems, etc. to established

school-based health centers to provide health care services to students (HRSA 2017, SBHA 2017).

According to the 2016–2017 National School-Based Health Care Census, Utah had five school-based health centers:

| Sponsor Name | School-Based Health Care Program Name | School-Based Health Care Program City | Operational Status |
|---|---|---|---|
| Intermountain Health Care | IHC Rose Park Family Health Center | Salt Lake City | Open |
| Intermountain Health Care | Pamela J Atkinson Family Health Center | Salt Lake City | Open |
| Intermountain Health Care | Intermountain Dixon Health Center | Provo | Open |
| Southwest Utah Community Health Center | Hurricane Middle School SBHC | Hurricane | Open |
| Southwest Utah Community Health Center | Family Healthcare | St. George | Open |

SBHCs can receive Medicaid payment for Medicaid covered services provided to Medicaid-enrolled children, if the health center is enrolled as a Medicaid provider. In Utah, enrollment in an Accountable Care Organization (ACO) is required in nine counties. In managed care delivery systems, SBHCs can contract with managed care organizations (ACOs) to be included in their provider networks. The majority of Medicaid covered services in all remaining counties are reimbursed on a fee-for-service basis directly by Medicaid.

The chart on the following page shows which in which counties Medicaid requires enrollment in an ACO and which counties are fee-for-service.

| Available Health Plans by County | | | | | |
|---|---|---|---|---|---|
| **County** | **Steward Health Choice Utah** | **Healthy U** | **Molina** | **Select Health Community Care** | **Fee for Service (FFS) Network** |
| **Website:** | healthchoiceut.com | uhealthplan.utah.edu | molinahealthcare.com | selecthealth.org | medicaid.utah.gov |
| **Beaver** | • | • | • | • | • |
| **Box Elder** | • | • | • | • | |
| **Cache** | • | • | • | • | |
| **Carbon** | | • | • | • | • |
| **Daggett** | | • | • | • | • |
| **Davis** | • | • | • | • | |
| **Duchesne** | | • | • | • | • |
| **Emery** | | • | • | • | • |
| **Garfield** | | • | • | • | • |
| **Grand** | | • | • | • | • |
| **Iron** | • | • | • | • | |
| **Juab** | • | • | • | • | • |
| **Kane** | | • | • | • | • |
| **Millard** | • | • | • | • | • |
| **Morgan** | • | • | • | • | |
| **Piute** | | • | • | • | • |
| **Rich** | • | • | • | • | |
| **Salt Lake** | • | • | • | • | |
| **San Juan** | | • | • | • | • |
| **Sanpete** | • | • | • | • | • |
| **Sevier** | • | • | • | • | • |
| **Summit** | • | • | • | • | |
| **Tooele** | • | • | • | • | |
| **Uintah** | | • | • | • | • |
| **Utah** | • | • | • | • | |
| **Wasatch** | • | • | • | • | |
| **Washington** | • | • | • | • | |
| **Wayne** | | • | • | • | • |
| **Weber** | • | • | • | • | |
| **Purple-back ground *must* have a health plan. Not highlighted can choose a health plan or use FFS** | | | | | |

## Recommendations for Physical Health Services:

- UDOH will coordinate with the ACOs regarding payment for Medicaid covered services that are provided by SBHCs.

- USBE and LEAs will reach out to SBHCs to encourage them to enroll as Medicaid providers and to enroll with Medicaid ACOs.

- UDOH, USBE, DHS and LEAs will continue to work together to implement each of these recommendations.