**Overview of School-Based Medicaid Services**

**What is Medicaid?**

The Medicaid program is a state and federal partnership focused on providing medical benefits to uninsured or underinsured children among several other targeted groups. Legislation that enacted the Medicaid program is contained in Title XIX of the Social Security Act of 1965. Medicaid services are defined and accessed through a formal application process that includes among other criteria meeting low income eligibility. Each state, in concert with the federal Medicaid agency, develops eligibility criteria, the menu of services to be made available, and identifies the eligible providers of service. This is called the “State Medicaid Plan.” The Medicaid program provides a good measure of flexibility so that each state creates its own Medicaid program.

Since 1988, Medicaid has permitted payment for certain medically necessary services provided to children under IDEA through an individualized education plan (IEP) or Individualized Family Service Plan (IFSP). This means schools are eligible to be reimbursed for direct medical services to Medicaid eligible students with an IEP or IFSP.

**Why should schools be involved in Medicaid?**

Schools are a critical component of the health care safety net for children and Medicaid plays a significant role in funding medically necessary services for children eligible for special education.

Children who are physically and mentally healthy are more available to benefit from instruction. Simply put, schools are involved because this is where the children are. For many children, schools are the primary point of entry to receive vital health and mental health services. Each state is required to have targeted efforts that seek to identify and enroll eligible children. Schools and school staff serve as outreach resources that facilitate the identification process. These efforts seek to identify and enroll eligible children and their families. It is currently estimated that there are 2.8 million children who meet eligibility but are not enrolled. By and large these children are enrolled in school. Unfortunately, these children are not receiving the physical and mental health care they need.

A second important factor that encourages schools to become partners in Medicaid involves the provision of needed health and mental health services. Health interventions are often intertwined with educational interventions. In addressing the educational needs of children and youth, schools frequently provide physical and mental health services that are eligible for Medicaid reimbursement. Such services may include among others speech and language therapy, physical therapy, nursing, occupational therapy, and mental health services.

**What is Early Periodic Screening Diagnosis and Treatment (EPSDT)?** The Early Periodic Screening Diagnosis and Treatment Benefit sets out a process that requires each state’s Medicaid program to assure that eligible children have available to them a system of screening that leads, where appropriate, to diagnosis and treatment. The process is similar to special education procedures that focus on the physical and mental health needs of the child. EPSDT is Medicaid’s comprehensive and preventive children’s health care requirement geared toward early assessment of children’s health care needs through periodic examinations. The goal is to assure that health problems are diagnosed and treated as early as possible, before the problems become complex and treatment more costly. States must develop periodicity schedules for each service after consultations with organizations involved in child health care.

**Why is Medicaid reimbursement critical for special education?**

IDEA is substantially underfunded. Because Medicaid allows districts to be reimbursed for certain medically necessary services provided to children under IDEA through an IEP or IFSP, districts can invest in the personnel and services students are entitled to under IDEA. Audiology, nursing, speech-language pathology, occupational therapy, physical therapy, and mental health services are all examples of services that are commonly found in an IEP/IFSP and are also included in a state’s Medicaid plan.

**What is Free Care?**

Prior to December 2015, schools could be reimbursed for services provided to Medicaid eligible students if those services were outlined in their Individualized Education Plan (IEP). Now, this restriction has been lifted, and schools can be reimbursed for a variety of services that are provided to any student who is Medicaid eligible. This allows for Medicaid to support more broad and comprehensive school based prevention and wellness services to children and youth.

**How do schools use the money they receive from Medicaid?**

Each State Medicaid Plan outlines how a district may use Medicaid revenue. Medicaid reimbursement may go to the district's general fund and be used in a variety of ways, which may include:

* IEP implementation
* Comprehensive school health services
* Hiring staff or for salaries for services provided
* Books, supplies, or other school-related expenses
* Assistive technology

Funds may also be returned to the program that generated the revenue. Some school districts will provide school staff with monies to cover licensing and association fees, professional development/continuing education, technology for staff, or for creation of innovative intervention programs.

Specialized instructional support personnel who work in school setting and wish to seek reimbursement from Medicaid must meet the state’s Medicaid provider qualifications even if they work in a school setting as a school nurse or school psychologist for example.

**Can Schools Participate in Medicaid Administrative Claiming programs?**

Yes. Schools are the logical place for Medicaid outreach activities that inform students and their families about the availability of Medicaid and CHIP and for Medicaid eligibility and enrollment activities, and arranging for services, including outreach and some service coordination activities.

**How much money can a school recover annually?**

The total amount of funds recovered through Medicaid reimbursement depends on a number of variables such as the number of students receiving special education, the number of students who are eligible and enrolled in the state Medicaid program, the types of services that are being provided, the specific services covered in a state’s Medicaid plan, etc. Depending on the variables involved, school systems may receive as little as a $1,000 (or less) or millions of dollars annually.

A recent estimate by the National Alliance for Medicaid in Education found that the annual reimbursement for school-based Medicaid was between $4-5 billion.

**How do children benefit from Medicaid coverage?**

A National Bureau of Economic Research study finds that children eligible for Medicaid for more of their childhood are less likely to drop out of high school and likelier to earn a college bachelor’s degree. The study evaluated those born from 1980 to 1990, a period in which the federal and state governments expanded Medicaid to reach many more low-income children. It found that every 10-percentage-point increase in likely Medicaid eligibility reduced the high school dropout rate by 0.4 to 0.55 percentage points and raised the college completion rate by 0.6 to 0.8 percentage points. In addition, Medicaid coverage can help to reduce risky sexual activity, body mass index, substance abuse, and mental health and eating disorders.