

# Medicaid 101 for School Superintendents

March 2019



**HEALTHY SCHOOLS  
CAMPAIGN**

# Introduction

Medicaid is health insurance for one in five people in the United States,<sup>1</sup> including 40 percent of children— approximately 37 million children.<sup>2</sup>

Medicaid’s sister program, the Children’s Health Insurance Program (CHIP), covers an additional 8.9 million children. For the low-income families whose kids are covered by Medicaid, coverage is affordable because Medicaid keeps out-of-pocket spending low.<sup>3</sup>

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. To see what Medicaid and CHIP are called in your state visit [healthcare.gov/medicaid-chip-program-names](https://www.healthcare.gov/medicaid-chip-program-names).

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

Medicaid coverage has a demonstrable and positive impact on children’s educational and health outcomes. Children covered by Medicaid are less frequently absent from school<sup>5</sup> and are more likely to graduate from high school and college. Long-term studies show that children covered by Medicaid are healthier<sup>6</sup> and have higher wages as adults.<sup>7</sup> Ensuring children are in school, healthy and ready to learn is especially important with the passage of the Every Student Succeeds Act and the requirement that all state and local school report cards include chronic absence rates (most commonly defined as missing 10% or more of school for any reason).

Thirty-six states and Washington, DC also included chronic absence in their state accountability systems, which means that districts will be evaluated by the State based on how frequently children miss school. Providing healthcare services to children in school and enrolling children into the Medicaid program is a proven strategy to reduce chronic absence.

For more than 30 years, Medicaid has paid for eligible school health services included in student’s Individualized Education Programs (IEP) or Individualized Family Service Plan (IFSP). Seventy-nine percent of low-income, school aged children receive health coverage through Medicaid and CHIP which is 37% of all school-aged children. Today, new opportunities exist to enhance the role that Medicaid plays in school, creating a sustainable source of revenue to support school-based health and behavioral health services. This brief explores what Medicaid is, what it covers—in and out of school—and how school districts can leverage Medicaid to enhance school health services.

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

2. <https://familiesusa.org/product/health-coverage-matters-children-role-medicicaid-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>

4. <https://www.medicicaid.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>

## 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 also receive Medicaid funding for certain qualified administration activities that are necessary to administer the Medicaid program such as holding a meeting to see if a 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 children's access to care.

Medicaid has always covered services in a child's IEP or IFSP as long as the child is eligible for Medicaid, the services are medically necessary and are included in the state plan or available under EPSDT, and federal and state policies, regulations and guidance are followed. 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.

The Centers for Medicare and Medicaid Services (CMS) issued a letter in 2014 clarifying that Medicaid can also pay for health and mental health services delivered in schools to Medicaid-enrolled students *without* an IEP or IFSP. Since this is relatively new opportunity, states are just beginning to implement this change.

School districts use the Medicaid reimbursement that they receive to support a variety of services. A study by AASA, the School Superintendents Association, 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.<sup>8</sup> Other ways schools use Medicaid reimbursement include reinvesting funds in equipment and assistive technology; to support transporting students with disabilities, professional development for special education personnel and ancillary service professionals, and a some funds are used to offset the costs of special education programming.

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8. [http://aasa.org/uploadedFiles/Policy\\_and\\_Advocacy/Resources/medicaid.pdf](http://aasa.org/uploadedFiles/Policy_and_Advocacy/Resources/medicaid.pdf)



## What decisions do *states* make to define Medicaid in schools?

Medicaid's unique federal-state partnership gives significant control over the program to each state, allowing them to address their unique population health needs and work within their own unique health care delivery system. Each state 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 departments 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. 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 what 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 Medicaid "state plan" a document that lays out all the state's rules. The state Medicaid plan is available on the state Medicaid agency's website but can be a complex document to understand.

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



## What opportunities are there to change state Medicaid policy?

Federal and state Medicaid policy is constantly changing. For example, in 2015, the reversal of the free care policy at the federal level created 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). However, to advance this opportunity, states need to make a series of updates to policy and practice, including potentially amending their state Medicaid plan.

Other state Medicaid policy changes that could impact school-based services include expanding coverage to additional adults or making delivery system reforms like increasing the number of people covered by Medicaid managed care plans.

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.

To be an informed part of these discussions, it may be helpful to understand more about your state Medicaid context by answering 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 your school district?
- Who are the qualified Medicaid providers? How do these providers align with the providers who are currently delivering health services in your school district?
- What percentage of students in your district are eligible for Medicaid? What percentage are enrolled?
- Are there additional barriers you have identified in your school district that need to be addressed?
- What are the leading health issues impacting students in your school district and how are health services currently being delivered to meet those needs?

Given Medicaid's role in supporting children's educational and health outcomes, ensuring students in your district are enrolled in Medicaid and have access to the school health services they need are key strategies to supporting student success.

*Special thanks to Lena O'Rourke who provided significant writing support and strategic input on this document.*

## Stay connected!

We invite you to learn more, access resources and lend your voice to this dialogue.

### AASA

AASA, The School Superintendents Association represents, works alongside, supports, and is the voice of superintendents and education leaders across the United States. Thirteen thousand strong and 151 years old, AASA remains committed to excellence and equity for each and every child in public schools. To get involved go to [aasa.org](http://aasa.org).

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### Healthy Schools Campaign

Healthy Schools Campaign (HSC) engages stakeholders and advocates for policy changes at the local, state and national level to ensure that all students have access to healthy school environments, including nutritious food, physical activity and essential health services, so they can learn and thrive. To get involved go to [healthyschoolscampaign.org](http://healthyschoolscampaign.org).

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