

HEALTHY SCHOOLS CAMPAIGN

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Background and Additional Details about Illinois Department of Healthcare and Family Service Public Notice: School Based Health Services Reimbursement Methodology

On April 9, 2021, the Illinois Department of Healthcare and Family Services (HFS) published a [public notice](#) proposing to expand Medicaid funding to school health services. As children return to in-person learning, it will be critical to ensure local education agencies (LEA) have the resources necessary to provide the health services, particularly mental health services, to meet all students' health needs. Expanding the state's school Medicaid program is a key strategy to provide LEAs with more Medicaid dollars to better meet the needs of students. To achieve this, HFS is proposing two changes to the state's school-based Medicaid program:

- 1. Expand the state's school-based Medicaid program to include all eligible services delivered to Medicaid enrolled students.** Through the state's current school Medicaid program, LEAs can bill Medicaid for Medicaid eligible services written into a student's Individualized Service Plan (IEP) or Individualized Family Service Plan (IFSP). According to the public notice, HFS will modify the program to allow LEAs to bill Medicaid for Medicaid eligible services delivered to any Medicaid enrolled student. In addition to IEP/IFSPs, eligible services will be able to be documented in a student's 504 accommodation plan, an Individualized Health Care Plan, or by other methods, such as a doctor's order, for medically necessary services allowed under the state's comprehensive Early, Periodic, Screening, Diagnosis, Treatment (EPSDT) benefit.
- 2. Modify the state's reimbursement methodology to a cost settlement reimbursement methodology.** Cost settlement is a process that allows districts to receive the full cost of providing services to the students they serve. Cost settlement therefore helps ensure Medicaid reimbursement is consistent with the actual costs incurred in providing services.

As stated in the public notice, these proposed changes will result in an estimated annual increase of \$12 - \$18 million in federal matching funds for LEAs. In order to make these changes, HFS will amend the Illinois state Medicaid plan by submitting a request to the Centers for Medicare and Medicaid Services (CMS). The information below provides additional details on the two proposed changes.

Why is HFS making these changes?

Since 2014, states have had the opportunity to expand their school Medicaid programs to include eligible health services delivered to all Medicaid enrolled students. Over a dozen states have leveraged this opportunity and the public notice indicates HFS' intent to move forward with

this change in Illinois. Effective implementation of these changes can lead to increased federal funds for LEAs that can be reinvested to support student health and achievement.

The move to cost settlement will allow HFS to process settlement payments faster than the current process.

How will this change my LEA's school Medicaid program?

As of July 1, 2021, LEAs in Illinois will be able to bill Medicaid for allowable health and mental health services delivered to a broader Medicaid enrolled student population beyond just those with IEPs/IFSPs. Updated guidance will be released by HFS to support LEAs in implementing their expanded school Medicaid programs.

The move to cost settlement will result in minimal changes to LEAs. With the exception of a small number of LEAs (<12 LEAs), the Random Moment Time Study that LEAs currently participate in will serve as the foundation for the cost settlement program. Fee-for-service claims will be documented and submitted for payment in the same manner that is currently being used for the Medicaid Administrative Claim program, LEAs will continue to submit costs each quarter. LEAs will have an extended period of time to submit their quarterly costs (vs. the current two week process) and then all claims for that quarter will be processed for all LEAs statewide for that period.

How were the proposed changes developed?

Over a dozen states have expanded their school Medicaid program. HFS' proposed changes reflect best practices developed in states that have expanded their school Medicaid programs. In addition, the proposed changes were informed by stakeholder input, including input from LEAs, school health provider associations and advocates.

HFS is also considering recognizing additional school health providers as Medicaid eligible through this process. Healthy Schools Campaign's recommendations for additional Medicaid eligible school health providers are [available here](#).

What are the next steps?

The public notice is open for comment for 30 days. Illinois will then finalize the state plan amendment and submit to CMS. The proposed date the changes will be effective is July 1, 2021.

HFS will continue to convene to an Illinois stakeholder group to inform implementation of the expanded school Medicaid program. Implementation will include updating the Illinois LEA Handbook as well as providing training on implementation of the expanded program.

This fact sheet was developed by Healthy Schools Campaign. For more information contact Alex Mays at alex@healthyschoolscampaign.org or sign up here to receive additional updates.