



FOUR

OPPORTUNITY: CREATING A SUPPORTIVE ENVIRONMENT FOR REINVESTMENT IN SCHOOL HEALTH

States and school districts have ownership over many decisions that are critical to ensuring that the school Medicaid program supports student health and wellness.

School-based Medicaid claiming is a reimbursement program for eligible services provided to Medicaid-enrolled students. A school district provides the services, and the state Medicaid program reimburses the district for a portion of the delivery costs.

The Medicaid Match

Medicaid is a federal-state partnership; states must pay a certain percentage of their state's overall Medicaid costs, known as the federal medical assistance percentage (FMAP). The FMAP varies from state-to-state; at a minimum, the federal government reimburses a state 50 percent of its spending on eligible services provided to Medicaid enrollees. This means states are responsible for up to 50 percent of the costs of care, known as the state's "match."¹⁰

To raise their share of the match, states rely on different funding sources. For Medicaid services delivered in schools, many states require school districts, or local educational agencies (LEAs), to contribute to the non-federal share of school-based services. LEAs typically report their spending on school health services through certified public expenditures (CPEs), a Medicaid-approved methodology of certifying that the costs of the activities were spent from public funds, such as the school district budget.¹¹ This process reflects the actual costs incurred, which states capture and report using a detailed methodology approved by the Centers for Medicare & Medicaid Services (CMS), as described in Chapter 7.

Another way that LEAs and states finance the non-federal share of school-based Medicaid is through an intergovernmental transfer (IGT). An IGT is a transfer of funds from a government entity, such as an LEA, to the Medicaid agency. In some states, LEAs submit claims for services to the state Medicaid department, which then calculates the non-federal share. The LEA then transfers that amount to the state, and the state puts in the claims to federal Medicaid. The claims then will be paid by the Medicaid agency.

Understanding Reimbursement

When state Medicaid departments receive reimbursement from CMS for the services delivered in schools, they pass on all or some portion of that reimbursement to the LEAs. The amount will vary from state to state, but most state Medicaid agencies

10. Kaiser Family Foundation maintains information on each state's FMAP percentage and a multiplier: <https://www.kff.org/medicaid/state-indicator/federal-matching-rate-and-multiplier>

11. This 2012 report to Congress on Medicaid and CHIP includes information on Certified Public Expenditures: https://www.macpac.gov/wp-content/uploads/2015/01/State_Approaches_for_Financing_Medicaid_and_Update_on_Federal_Financing_of_CHIP.pdf

retain a percentage of the federal Medicaid reimbursement. The amount each state retains varies significantly; however, whatever money does flow back to the LEA is a sustainable source of revenue.

Promoting Reinvestment

The reimbursement that flows from the state to the LEA is often designated as general funding. In other words, LEAs are not required to reinvest the funding in school health services; a dollar of reimbursement for school nursing services is not necessarily a dollar reinvested in school nursing. However, additional funding for LEAs can be a significant boost for overall school budgets and helps LEAs stretch scarce local funding. In addition, this funding can incentivize LEAs to continue providing school health services and even expand access to these services.

Some states have gone farther, using legislation that encourages or requires LEAs to reinvest their reimbursement in school health services. These legislative efforts can be an important step toward increasing an LEA's commitment to school health services.

EXAMPLES OF LEGISLATION PROMOTING REINVESTMENT

In 2015, California approved [legislation](#) (SB-276) that states LEAs “must reinvest the federal reimbursement they receive under this program in health and social services for children and families, and develop and maintain a collaborative committee to assist them in decisions regarding the reinvestment of federal reimbursements.”

Massachusetts has [legislation](#) (S.676) pending that would require an LEA that “obtains MassHealth reimbursement for providing direct nursing care services, administrative activities or any other medical benefits to a school-age child under this chapter, by and through its employees and agents, shall maintain the proceeds of such reimbursement to fund a program or programs of direct nursing care services and related administrative activities at any school facility or school system which it operates or over which it has direct supervision or jurisdiction.”

In 1997, the Colorado General Assembly passed legislation ([SB-101](#)) that authorized districts to provide enhanced health services to children using reimbursed Medicaid funds. The legislation stipulates that reimbursed funds be used to expand health services and prevention supports for all children, based on a local needs assessment and plan.

Seizing the Opportunity

Asking questions about how school-based Medicaid works in your state will help unpack approaches to reimbursement and reinvestment. Here are some questions to consider:

- **I want to understand how billing and reimbursement work for my LEA.** *What methodology is used to determine reimbursement? If my LEA bills for services, how much money is reimbursed? What percentage of billed services stays with the state? How can the LEA or city use the revenue generated by the billing? Where does the money go—back to the school health services or to the general operating fund?*
- **I want to help my state develop a reinvestment strategy for reimbursement revenue.** *Is there interest from key stakeholders in developing a reinvestment strategy? What is my desired outcome (e.g., a legislative health services investment policy, expanded Medicaid services, etc.)? Who are champions for this initiative? What are the goals, milestones and time frame for this effort?*