



## Free Care Policy Reversal

**Issue:** The December 2014 reversal of the free care policy has the potential to increase access to and resources for school health services across the country. While this policy reversal was an important step towards addressing a long-standing barrier to schools seeking reimbursement for school health services, states and school districts must now implement this change.

**What is the free care policy?** The free care policy states that Medicaid funds cannot be used to pay for services that are available without charge to everyone in the community. Since school health providers serve the entire school community, many of the services they provide to Medicaid beneficiaries are not eligible for reimbursement due to the free care policy. While the free care policy does not apply to services included in a student's Individualized Education Program (IEP), it has presented a significant barrier to funding school health services.

**How has the free care policy changed?** On December 15, 2014 the Centers for Medicare and Medicaid Services (CMS) issued a [State Medicaid Director letter](#) clarifying the free care policy does not apply to school health services. The letter states, "We are issuing this guidance to ensure that Medicaid payment is allowed for any covered services for Medicaid-eligible beneficiaries." As a result, Medicaid reimbursement is now available for school health services delivered to the general student population, not just health services included in student IEPs.

**How will the free care policy reversal be implemented?** Implementation of the free care policy will vary by state. Each state must decide to allow school districts to bill for health services delivered to students. In many states, this will require an amendment to the state Medicaid plan since most states currently do not allow schools to bill for health services delivered to students without IEPs. While there are states in which a state plan amendment will not be needed, it is important to better understand how school health services are currently recognized within each state Medicaid plan. Individuals can learn more about their state Medicaid plans [here](#) or by visiting their state Medicaid agency's website.

**How does this impact academic achievement?** Healthy children are less likely to miss school. When a student is absent more than 10% of the time, there is a significant negative impact on academic achievement. Furthermore, children who suffer from unmanaged conditions and illnesses are more likely to fall behind. Chronic illnesses such as asthma and diabetes, not just seasonal illnesses like the flu, are leading causes of absenteeism when left unmanaged. Managing these chronic diseases, in addition to providing other primary care services in schools, will improve student health, therefore improving attendance and student achievement.

**How does this impact child and adolescent health?** By increasing resources for health care in schools, the reversal of the free care policy can increase access to school health services for students across the country. Studies show that health care provided in school settings can reduce healthcare costs and improve access to and quality of care. For example, school health services have been shown to reduce students' emergency room visits. Leveraging the role schools can play in delivering more comprehensive and coordinated health care is a key strategy for supporting children's health.