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New Hampshire Fiscal Policy Institute Blog

Medicaid to Schools: A Small Aspect of Medicaid but an Immense Resource for NH Schools

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Medicaid is an [important program](#) for many of New Hampshire's children, and the schools those children attend serve as key providers of medical services for their students. The Medicaid to Schools program, which allows schools to enroll as healthcare providers and receive federal reimbursements for providing Medicaid services, helps thousands of New Hampshire children through a variety of on- and off-site services, ranging from school nurses to speech therapists and other medical specialists. Many of these services are legally required, and the Medicaid to Schools program helps pay for them. The program collected [\\$27.9 million](#) from the federal government in State fiscal year 2016, making Medicaid to Schools an important source of funding for a variety of services in schools and communities across the Granite State.

What Medicaid to Schools Is

In New Hampshire, Medicaid to Schools reimburses schools for up to 50 percent of the costs associated with providing medical care and services to [Medicaid-eligible students](#). Local Education Agencies (LEA), including schools, school districts, and School Administrative Units, enroll as healthcare providers with the New Hampshire Department of Health and Human Services (DHHS). After an LEA enrolls, the costs associated with performing medical services for Medicaid-eligible children with disabilities can then be partially recouped through federally-supported reimbursements from the DHHS. The services provided can either be carried out by LEA staff or by contracted specialists, depending on the LEA's needs. The reimbursement money is revenue for the LEA, which then can become part of the LEA (or, if applicable, municipal) budget to offset other expenses.

The range of possible Medicaid-reimbursable services schools may perform is expansive. Medicaid services carried out by schools may relate to the [Early Periodic Screening, Diagnosis and Treatment program](#) (EPSDT), a federally-mandated series of

medical services that all state Medicaid programs must provide. EPSDT is targeted specifically at children under 21 with the goal of [addressing medical concerns in children early](#) before potential issues can grow severe and costly. As Medicaid providers, [schools perform many of the health screenings and treatments](#) included under EPSDT for their students.

Certain covered services under New Hampshire's Medicaid to Schools program are outlined in DHHS [administrative rules](#) in service categories, including:

- nursing
- occupational therapy
- physical therapy
- psychiatric services
- psychological services
- mental health services
- rehabilitative assistance, including personal care
- speech, language, and hearing services
- vision services
- transportation

These categories include an expansive variety of specific services that may be performed and reimbursed through Medicaid to Schools, including both certain examinations and treatment procedures. Services are reimbursable to the LEA if the student is under 21, Medicaid-eligible, and has an [Individualized Education Program](#) (IEP). An IEP is a document tailored for individual students with certain needs who require an alteration to their curriculum and any necessary special education and medical services to overcome their disabilities and achieve developmental goals. Costs associated with providing education services to students with disabilities are strictly not reimbursable; only applicable medically-related services may be reimbursed through Medicaid.

In their daily function, schools often perform medical services free of charge for their students. This had caused some mixed understanding of the federal Center for Medicare and Medicaid Services' (CMS) Free Care Rule, which limits the ability of medical providers to receive Medicaid reimbursement if services were offered free of charge to the general public except in certain circumstances. Since schools often provide medical services to their students for free, such as [through school nurses](#), schools were limited in which services were reimbursable. [CMS clarified](#) that the rule does not apply to schools, and LEAs can bill DHHS as long as the Medicaid-reimbursable services are performed for a student eligible for Medicaid.

Overall, schools serve an important role in supporting the mental and physical health of their students, and Medicaid to Schools assists with the costs that medical services entail. Healthier students likely lead to better educational experiences, as students

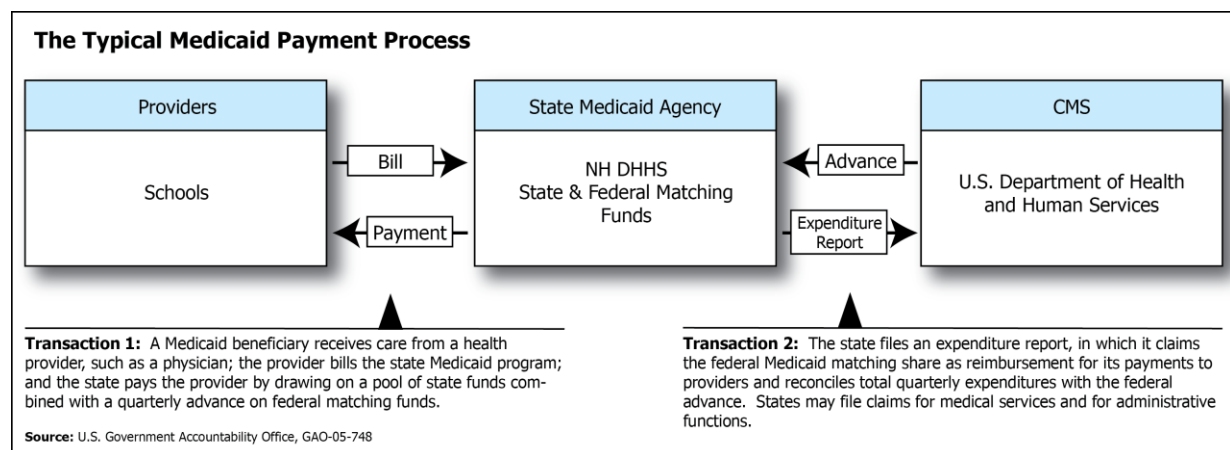
may be better able to pay attention in class and miss fewer days of school due to illness.

How Medicaid to Schools Works

As stated earlier, the Medicaid to Schools program is based on a system of federally-matched reimbursements. New Hampshire's [base Medicaid reimbursement rate](#) is 50 percent.

LEAs initially enroll as Medicaid providers with the DHHS. Once enrolled, LEAs have access to reimbursement for qualified services. To receive these reimbursements, the LEAs must log all medical transactions they wish to have reimbursed. This requires the nature of the medical service and its cost for each student to be logged, as well as the time spent performing the service. The LEA must also provide the student's social security information and the student's IEP that prescribes the necessary medical services for which the LEA is seeking reimbursement. The medical service and other personnel performing and administering the services must also provide requisite signatures, and when applicable, proof of their professional certification. Schools cannot file a claim for reimbursement of a student's medical services without parental consent.

LEAs may file billing directly with DHHS using internal staff or using a third-party contractor to perform Medicaid billing services. By either billing directly or using a contracted service, bills to be reimbursed are sent by the Medicaid provider (in this case, LEAs) to the DHHS. The federal CMS sends the DHHS a quarterly monetary advance, which is then issued back to the LEAs and other providers as reimbursements. The DHHS sends the CMS an expenditure report claiming Medicaid reimbursement expenditures.



In New Hampshire's Medicaid to Schools program, the federal government provides the entirety of the reimbursement. The other portion of Medicaid service expenses are covered by the LEA through other revenue sources, such as local property taxes.

IDEA and School Funding

Medicaid to Schools is pivotal in helping schools provide services to students with disabilities. With the passage of the [Individuals with Disabilities Education Act](#) (IDEA), originally passed as the Education for All Handicapped Children Act in 1975 and reauthorized as IDEA in 1990, the federal government mandated, both through [federal grant requirements](#) and rights for children with disabilities [grounded](#) in the equal protection clause of U.S. Constitution's 14th Amendment, that public schools provide eligible students with disabilities a free and appropriate public education. Schools must provide services necessary for disabled students to learn, including special education and medical services, free of charge. While the services LEAs must provide vary depending on the individual needs of each student stated within an IEP, the financial cost of performing many of these services can be high.

While IDEA does provide some federal grants to schools to cover the cost of caring for students with disabilities, costs associated with providing medical services to students with disabilities in school settings may exceed the provided grants. LEAs must make up the difference between federal and state education-related aid and the costs incurred, and often must do so through local property tax.

Legislative History

After the initial passage of IDEA, some LEAs faced challenges funding newly-mandated services. The Medicare Catastrophic Coverage Act of 1988 alleviated some of these challenges by permitting that [federal matching funds could be used to reimburse expenses](#) incurred providing services under IDEA to students with an IEP.

In response to this change, New Hampshire established a [voluntary Medicaid-based reimbursement program for schools](#) in 1990. The initial program provided Medicaid reimbursement to schools providing medical services to students with disabilities with IEPs to cover some Medicaid-eligible services that qualified as part of special education. The ability to adopt rules was delegated to the DHHS, which was required to consult with the Department of Education in rulemaking. These rules were required to establish state plans and mechanisms for reimbursement of eligible services, monitoring and oversight of the program, and program financing through matching the 50 percent reimbursement of the defined cost of allowable services. The original statute also described how LEAs would enroll in the program for the purpose of billing and administration.

The statute was amended in 1995 to account for restructuring of the DHHS. Through [Chapter 302:26, Laws of 2008](#), the school Medicaid reimbursement program was repealed and reenacted under the name Medicaid to Schools. The chapter law clarified requirements for administrative rules, including the financial obligation for

reimbursement from the DHHS. The chapter law also identified a mechanism for solving disputes between the LEAs and the DHHS relating to Medicaid to Schools.

Recent Program Expansion

Until 2014, the [prevailing interpretation](#) of the Free Care Rule meant the only circumstances in which LEAs could request reimbursement was if the service was performed in fulfillment of IDEA or under certain other conditions; relative to Medicaid to Schools, reimbursable services must have been related to a student's IEP. In 2014, [CMS issued new guidance](#) broadening reimbursements for approved Medicaid services performed for any student eligible for Medicaid. Responding to this alteration by CMS, in 2017 the Legislature passed [Senate Bill 235](#), which will expand school reimbursements through a new, separate statute from [Medicaid to Schools](#). Signed by the governor and due to take effect August 28, 2017, this bill creates a parallel program carried out in a similar fashion to Medicaid to Schools but expands Medicaid-reimbursable services to any eligible students defined as having medical needs. Though the DHHS has yet to establish the requirements of who specifically would be eligible under "medical needs" through the administrative rules process, it would likely mean that schools could reimburse costs for providing services to students with a [504 Plan](#). A 504 Plan is similar to an IEP but is for students with disabilities who do not require significant alterations to their curriculum and can function in standard classroom settings without special education aid. There may be other circumstances that could be eligible under medical needs; law requires the DHHS to determine who else would be qualified through rulemaking.

Medicaid Changes and the Future of Medicaid to Schools

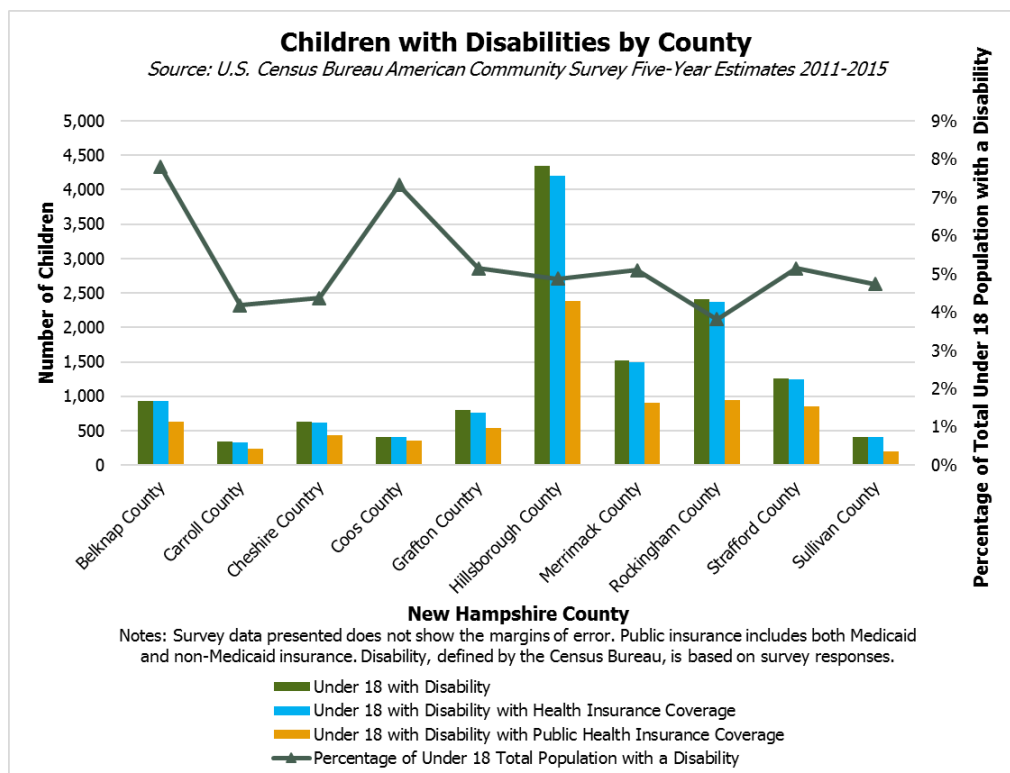
Recent discussions by lawmakers in Washington, D.C., regarding potential modifications to the Medicaid program have raised the prospect of substantial changes to New Hampshire's Medicaid to Schools program.

If funding was modified, such as if the current Medicaid system of reimbursable entitlement payments was changed to a finite block grant issued to each state, the system of direct reimbursement may have to be modified; there may be no longer be the direct return of a portion of the money spent on Medicaid services by schools. The State might have to prioritize Medicaid program expenditures by determining which provider groups get funding from Medicaid expenses, and with less money in general flowing through the system, LEAs would be vying for fixed Medicaid funding with hospitals, clinics and other providers. Different communities throughout New Hampshire might have to develop varying methods to fill gaps from lost reimbursement funding, but municipalities that are [already stretched thin financially](#) may have difficulty adjusting to significant alterations in a key source of LEA revenue. Many schools may have to reprioritize funding by cutting budget allocations from other programs, such as extracurricular activities and the salaries of staff and educators, or reduce the quality of care given to students with medical needs. Both cases would

likely lead to a decrease in the quality of education and school life for New Hampshire students, and the latter may lead to the threat of litigation if schools strayed too far from legal mandates.

Benefits of Medicaid to Schools

The Medicaid to Schools program serves a key role in fostering a positive learning environment for students. It helps schools fulfill the goals of IDEA by helping students overcome disabilities and receive necessary medical services despite the income challenges of those students' families. It facilitates schools' abilities to care for their students and help them learn and grow. As an ancillary effect, all students receive more opportunities to learn valuable lessons about diversity, empathy, and friendship by attending school with classmates who have disabilities.



The revenue from the Medicaid to Schools program helps fund schools and communities that receive it. As a revenue source, it provides schools with money to partially offset other expenses. For municipalities with combined school district and municipal budgets, such as Berlin, the reimbursed revenue can be used to offset costs and provide more support for overall municipal services.

Conclusion

The Medicaid to Schools program is important for schools and communities across New Hampshire. Designed to help schools recoup part of the costs associated with providing required medical services to disabled students enrolled in Medicaid, it has become an important revenue source for many New Hampshire schools and communities while also helping children with special needs. Reducing Medicaid to

Schools reimbursements could have significant consequences for the life of students with and without disabilities. Although Medicaid to Schools is only a small part of the Medicaid program, children have long been a core constituency for Medicaid, and Medicaid to Schools helps effectively care for those children in their school environment.