

EXECUTIVE SUMMARY

Structural Inefficiencies in the School-Based Medicaid Program Disadvantage Small and Rural Districts and Students



A school's primary responsibility is to provide students with a high-quality education. However, children cannot learn to their fullest potential with unmet health needs.

For over thirty years, Medicaid has helped cover the costs for certain medically necessary

services provided in school-based settings to children eligible for special education services. Medicaid can also reimburse school districts for health and mental health services delivered in schools to Medicaid-enrolled students and for providing other screening, diagnosis and treatment services like vision and hearing screenings, and diabetes and asthma management.

School districts deliver health services effectively and efficiently since school is where children spend most of their days. Districts that participate in the Medicaid program utilize this funding stream to pay the salaries of school personnel who can deliver healthcare services directly to children or to expand healthcare services to children. Unfortunately, participating in the Medicaid program is difficult for many school districts and there are numerous obstacles to obtaining appropriate Medicaid reimbursement for the delivery of healthcare services in schools. As a result, many districts that have high numbers of Medicaid-eligible children do not even attempt to participate in the Medicaid program.

As districts are faced with more children with critical health and mental health care needs and increasing demands for school personnel to provide those services, AASA has sought a solution that will enable more districts—large, small, urban, and rural, high-poverty and low-poverty—to participate in the Medicaid program. While the Centers for Medicaid and Medicare never intended to have structural inequities that shut out high-need districts from receiving Medicaid reimbursement, the current design and implementation of the Medicaid program for almost 20 years has greatly favored larger districts and those with greater administrative capacities. Consequently, there is a high proportion of small districts that do not seek Medicaid reimbursement despite having a high proportion of students who qualify for Medicaid reimbursable services and an urgent need to have Medicaid providers deliver healthcare services to children in schools.

In December 2018, we surveyed over 750 school leaders in 41 states about their participation in the school-based Medicaid program and found the complex administrative and paperwork requirements necessary to obtain Medicaid reimbursement significantly hindered

school district participation in the program. Our report outlines how Congress and the Administration must work together to provide States with the flexibility to reduce the administrative burdens that unfairly diminish the amount of reimbursement school districts receive, or worse, create insurmountable barriers that freeze out schools from even attempting to receive reimbursement.

The current system can and does work adequately for districts that have the funding to hire third-party consultants to manage the district's Medicaid billing system and hire in-district personnel who can complete and track-down the necessary paperwork to ensure the district receives an appropriate reimbursement. But our survey tells us that even these larger, more administratively adept school districts would benefit from a streamlined reimbursement system that would provide strong taxpayer accountability for Medicaid dollars, yet understand that school districts should not be expected to manage the same paperwork demands as hospitals and clinicians, whose sole mission is to provide medical care and treatment.

The passage of federal legislation titled “The Improving Medicaid in Schools Act” would allow states to implement a uniform, cost-based reimbursement methodology that would ensure districts of all sizes can be reimbursed by Medicaid for meeting the healthcare needs of their students regardless of their administrative capacity and student population. The proposal leverages an existing and proven process for Medicaid claiming that ensures strong accountability measures are still in place, but that will simultaneously reduce the burden on State Medicaid Agencies and insurance companies to manage and respond to a high volume of Medicaid transactions from districts. This legislative proposal also has the potential to encourage improvements in care coordination and reduce shortages of qualified Medicaid providers by incentivizing districts to partner with Managed Care Organizations to improve the delivery of healthcare for children and advance social determinants of health.

At a time when we have an uptick in children who lack health insurance coverage and a surge in children coming to school with unaddressed mental health needs, there is an urgency to improve the reimbursement stream for school-based Medicaid programs so schools can deliver more services to more students. This new reimbursement model has the potential to benefit students and families, district personnel and administrators, states and other healthcare partners to ensure more efficient delivery of healthcare services to children in schools.