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# School-Based Behavioral Health Services for Students Enrolled in Medicaid

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Audrey Nuamah & Melinda Becker Roach



Medicaid and CHIP Payment and Access Commission

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# Overview

- Overview of school-based services
- Financing and payment
- Billing and claiming
- Recent federal actions
- Next steps



# Overview of School-Based Services

# School-Based Services for Students with Disabilities

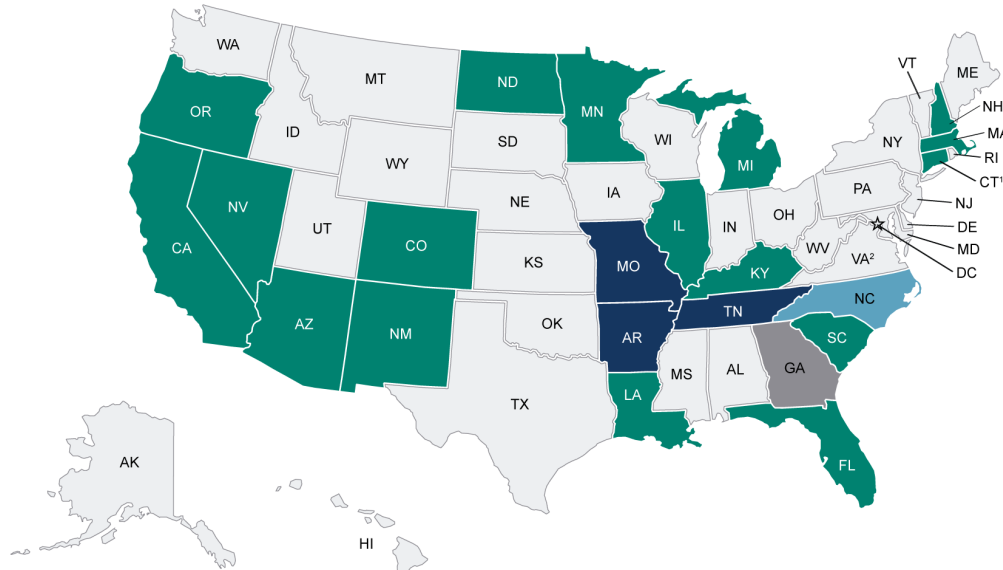
- The Individuals with Disabilities Education Act (IDEA, P.L. 101-476) requires public schools to provide students with disabilities education and health care-related services that support their ability to learn
  - Services must be documented in a student's individualized education plan (IEP) or individualized family service plan (IFSP)
- Schools can bill Medicaid for certain services identified in a student's IEP or IFSP
  - Common examples include speech-language/audiology, occupational/physical therapy, and behavioral health

# School-Based Services Under the Free Care Policy Reversal

- In 2014, the Centers for Medicare & Medicaid Services (CMS) reversed the so-called free care rule
  - The free care rule had prohibited states from covering services that were available to all students without charge unless they were part of a student's IEP or IFSP
- The free care policy reversal allows states to cover school-based services for all Medicaid-enrolled students, not just those with an IEP or IFSP

# Medicaid Coverage of School-Based Services Under the Free Care Policy Reversal, by State, July 2023

■ All medically necessary services    
 ■ Behavioral health services, only    
 ■ Behavioral health and other services    
 ■ Other services    
 ■ N/A (not expanded)



**Notes:** N/A (not expanded) means a state does not have an approved state plan amendment to provide school-based services to Medicaid-eligible students without an IEP or IFSP, and is not otherwise covering such services. Other services refers to school nursing services in Georgia.

<sup>1</sup> Connecticut expanded coverage to all Medicaid-eligible students with a 504 plan.

<sup>2</sup> Virginia's state plan amendment to add coverage of all medically necessary school-based services for all Medicaid-enrolled students is pending CMS approval.

**Source:** Healthy Schools Campaign 2023a. MACPAC, 2023 analysis of state plan amendments, provider guidance, and program manuals.

# **Key Concepts for Financing and Paying for School-Based Services**

# Financing the Non-Federal Share

- In most states, local education agencies (LEAs) contribute 100 percent of the non-federal share for Medicaid school-based services through certified public expenditures (CPEs) or intergovernmental transfers
  - CPEs are most common for school-based services
- When using CPEs, the state can pass on all or some portion of federal matching funds to the LEAs
  - States are not required to pay the federal share associated with CPEs to providers, though CMS encourages them to do so
  - Little is known about how states direct those funds



# Payment

- States using CPEs are required to use a cost methodology based on incurred costs
- The random moment time study (RMTS) is a key feature of the cost-based reimbursement methodology in many states
  - In RMTS, school employees are randomly selected and must document all of the work that they do during a specific, randomly selected time interval
  - CMS encourages states not to notify participants until the exact time of their assigned random moment and recommends that participants complete their documentation immediately, though some flexibility may be permitted in certain circumstances

The background is a solid teal color with several large, semi-transparent, overlapping geometric shapes in various shades of teal. These shapes include a large circle on the left, a vertical rectangle in the center, and a large semi-circle on the right. The overall effect is a modern, abstract design.

# **Select Issues Affecting Billing and Claiming for School-Based Services**

# Provider Qualifications

- States have flexibility to determine which providers of school-based services will be covered and to establish minimum provider qualifications
- This includes the ability to cover services furnished by school-based providers whose qualifications and scope of practice may differ from those of non-school-based providers of the same services
  - For example, states can cover services provided by school psychologists or school social workers who are not licensed by the state to provide care in non-school settings

# Medical Necessity and Referral Requirements

- School-based providers must document that services meet the state's definition of medical necessity
- Medical necessity can be documented in a number of ways, including in an IEP or IFSP, doctor's order, or individual health plan
- Claims for school-based services generally must list an ordering, referring, and prescribing provider who is state-licensed and enrolled in Medicaid
- Often, school-based providers must wait for an order or referral from a child's primary care or other licensed provider before rendering services

# Third-Party Liability

- Medicaid is generally the payer of last resort
- For services provided outside of an IEP or IFSP, LEAs must bill any liable third parties first before billing Medicaid even though commercial insurers rarely cover school-based services
- For services in a student's IEP or IFSP, Medicaid pays first and then seeks to recoup payment from any liable third party
- States can obtain waivers that shift the burden of seeking third party payment from the provider to the Medicaid agency – though these waivers are rare

# Parental Consent

- Medicaid regulations do not require schools to obtain consent before exchanging personal information for billing purposes
- However, the Family Educational Rights and Privacy Act (FERPA) requires schools to obtain written consent before billing Medicaid
- IDEA also requires schools to obtain consent before billing for the first time for services in a student's IEP or IFSP
  - In May, the U.S. Department of Education (ED) issued a proposed rule that would remove this requirement

## Recent Federal Actions

- The Bipartisan Safer Communities Act (BSCA, P.L. 117-159) included several provisions related to school-based services
- In May, CMS released a comprehensive guide to Medicaid services and administrative claiming in schools
- In June, CMS and ED launched the school-based services technical assistance center
- The BSCA also provides \$50 million in grants to states to implement or expand school-based services
  - Awards expected in Summer 2024

## Next Steps

- In November, staff will discuss findings from stakeholder interviews and whether new federal guidance addresses key challenges
- Staff will also provide any available updates on additional guidance or support forthcoming from the technical assistance center
- Separately, staff have begun examining considerations for providing behavioral health services through SBHCs



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