

Healthy Students, Promising Futures

Financial Impact of Expanding School Medicaid Programs

May 2022

In 2014, the Centers for Medicare and Medicaid Services (CMS) issued a [letter to state Medicaid directors](#) clarifying reimbursable services in a school-based setting. The CMS letter explained that schools can seek reimbursement for all Medicaid-covered services provided to all students enrolled in Medicaid — instead of limiting reimbursement to services included in Individualized Education Programs (IEPs) and Individualized Family Service Plans (IFSPs).

Expanding billing for more students could mean more federal revenue to the state and more reimbursement to districts. And since most schools already deliver some of these services (and pay for them with education dollars), bringing in federal reimbursement can replace scarce education money and help stretch resources further. As of May 2022, [17 states](#) have used this policy to expand their school-based Medicaid programs.

Expanding school Medicaid programs presents an important opportunity for states to support school districts, also known as local educational agencies (LEAs), in drawing down additional, sustainable federal Medicaid funding for school health services. Estimates suggest that states can expect to see significant increases in new federal resources:

- Louisiana was the first state to expand its program, focusing solely on school nursing services. The state's [financial analysis](#) showed a **35% increase in federal revenue**. The program was such a financial success that the state did a second school Medicaid expansion to include all eligible providers and services.
- Colorado ran a pilot project to better understand the financial impact of expanding its program. The state began by examining the impact of adding additional Medicaid eligible providers and, with the inclusion of additional school behavioral providers, [estimated an increase of around \\$8 million](#), an 18% increase over the current program.
- Michigan expanded its program to allow claiming for all Medicaid-enrolled students and added a number of additional providers, including masters-level school psychologists and behavioral health analysts. Billing for masters-level school psychologists alone [is projected](#) to lead to **an increase of \$14 million**.

- North Carolina’s expansion allows districts to access reimbursement for a wide range of services. The state saw a **35% increase year-over-year in Medicaid reimbursements** with no financial outlay for the state Medicaid agency.
- Voices for Georgia's Children [estimates](#) that Georgia’s pending expansion to allow claiming and reimbursement for school nurses would bring in **an additional \$48.6 million in federal revenue** to the school-based Medicaid program.

To learn more about the role of school Medicaid in expanding access to and resources for school health services, check out Healthy Schools Campaign’s [“Guide to Expanding Medicaid-Funded School Health Services.”](#)

Healthy Schools Campaign

Healthy Schools Campaign (HSC) engages stakeholders and advocates for policy changes at local, state, and national levels to ensure that all students have access to healthy school environments, including nutritious food, physical activity, and essential health services, so they can learn and thrive. HSC’s Healthy Students, Promising Futures initiative supports states and school districts in expanding access to Medicaid-funded school health services. To learn more, visit healthyschoolscampaign.org and healthystudentspromisingfutures.org.

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