

Healthy Students, Promising Futures

Review of the CMCS Informational Bulletin on School Medicaid

December 2022

In August 2022, the Center for Medicaid and CHIP Services (CMCS) at the Centers for Medicare and Medicaid Services (CMS) released an informational bulletin that signals school Medicaid has become an agency priority and encourages states to make investments in their school Medicaid program.

The bulletin, "[Information on School-Based Services in Medicaid: Funding, Documentation and Expanding Services](#)," presents opportunities to strengthen and expand school Medicaid to support the physical, behavioral and mental health needs of students. It also includes a checklist of policy options. While not exhaustive, the bulletin reflects many best practices identified by states that have already expanded school Medicaid or are in the process of doing so.

This is the first of several actions that CMS will take over the next 12 months concerning school Medicaid. The federal agency intends to update existing school Medicaid claiming guidelines, establish a technical assistance center, and provide \$50 million in grants to states to expand and enhance school Medicaid as required by the [Bipartisan Safer Communities Act](#).

State Medicaid agencies, along with state education agencies (SEAs), local education agencies (LEAs) and providers, should start discussing how to take advantage of this exciting momentum. Experience suggests that collaboration is the most effective and efficient way to make substantive progress.

How Should States and School Districts Respond?

CMS Informational Bulletins, also known as CIBs, share information, address operational and technical issues and highlight best practices. They do not establish new policy or provide new guidance. Instead, these bulletins highlight **existing opportunities and flexibilities** and encourage states to use them.

In this particular bulletin, CMCS identifies how states can use existing Medicaid opportunities to invest in student health. School Medicaid stakeholders — including state Medicaid agencies, SEAs and LEAs — should use the CIB to begin conversations about expanding school Medicaid and to assess where they can strengthen their programs.

This could include conversations about:

Building Momentum to Expand School Medicaid

CMS encourages states to expand school Medicaid to all students using the “free care” policy reversal. This CIB is an important tool in educating colleagues about the “free care” rule, the positive [financial impacts](#) of its reversal and the opportunity to build sustainable funding for school health services.

Understanding the Existing Program

The CIB provides a checklist of options for structuring school Medicaid and exploring policies already in place. At the same time, the CIB foreshadows where CMS might make changes to the program in subsequent guidance.

Building the Table

While the CIB is written for state Medicaid agencies, experience suggests that strong school Medicaid programs require coordination and cooperation between the state Medicaid agency, the SEA and school districts. The CIB can be used as a convening tool to discuss the program.

Getting a Plan Ready

Within the next year, CMS will make \$50 million in school Medicaid grants available. While the grant parameters have not yet been released, state teams can consider how they would use the funds to advance and enhance their program.

What Does the Checklist Recommend?

The CIB includes a School-Based Health Services Checklist featuring strategies and guidance to implement or enhance school-based health services. The list is not exhaustive — other creative ideas are encouraged — nor does it limit what states can do with these existing flexibilities.

The sections below provide a brief high-level overview of the checklist. The italicized text indicates language taken directly from the CIB.

1. Medicaid “Free Care” Policy

CMS encourages states to promote the use of schools as a setting in which to provide Medicaid-enrolled children and adolescents with medically necessary Medicaid-covered services, where appropriate to the students’ needs and the capabilities of the setting and practitioners, thereby promoting access to needed care and promoting health equity.

CMS clearly and succinctly encourages states to use the “free care” policy reversal to cover services delivered to ALL Medicaid-enrolled students (both those with IEPs/IFSPs and those in general education) and to cover ALL medically necessary services that the Medicaid-enrolled student needs. CMS notes that a number of states have already used this flexibility. To learn more about how they did it, check out Healthy Schools Campaign’s [state activity tracker](#).

2. Ensuring Every Medicaid-Eligible Child is Enrolled and Has Access to Services

CMS encourages all states to ensure that every eligible child is enrolled in Medicaid coverage and able to receive covered SBS [school-based services].

CMS outlines how school districts can support outreach and enrollment, and how expenditures for administrative activities that support school-based services, including outreach and enrollment, may be reimbursed by Medicaid.

CMS encourages states to focus on care provided across settings; a care plan created in the school should consider all of the child's needs, including coordinating with external providers.

3. Providing EPSDT Services

States are encouraged to leverage schools as providers of services in meeting EPSDT coverage obligations.

In this section, CMS recognizes the important role that school-based providers play in delivering services under the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit, including minimum screenings and vision, dental and hearing services. Most Medicaid-enrolled students under age 21 are eligible for EPSDT services. This section deals with provider credentialing and licensing issues, and it signals a willingness to consider the comparability of requirements for school-based providers. Further definition is needed here, but it is our hope that future policies makes it easier for all qualified providers delivering services in schools and operating under the scope of their license to bill Medicaid.

4. Medicaid SBS through Managed Care

When designing and implementing a managed care delivery system, states should include schools as integral partners to promote the effective and efficient delivery of services in school-based settings. Where managed care is already established, states should include schools during MCP [Managed Care Plan] re-procurement and contracting processes to provide states with opportunities to shape new, or revisit existing, MCP requirements.

In this section, CMS highlights best practices for collaboration between school districts and managed care plans to support the delivery of school health services. While the majority of states carve their school Medicaid programs out of managed care, it is still important for school districts and managed care plans to work together to ensure students receive the services they need in a coordinated and sustainable way.

5. Providing Medicaid Services in Schools via Telehealth Delivery System

CMS encourages states to consider telehealth options as a delivery mechanism to increase access to care in schools. States have broad flexibility to cover and pay for Medicaid services delivered via telehealth, including to determine which telehealth modalities may be used to deliver Medicaid-covered services.

CMS encourages states to build on their successful telehealth programs to support the delivery of school health services. States have a range of choices they can make about the scale and scope of their Medicaid telehealth program, and many of these decisions can be made at the state's discretion (i.e., without CMS approval). In this CIB, CMS encourages states to take advantage of the flexibilities regarding schools.

6. Clear and Consistent Documentation Guidance to LEAs through Outreach and Education

Federal regulations require that providers maintain documentation that covered Medicaid services have been provided to beneficiaries. However, CMS understands that most school based settings are not traditional health care providers with a sophisticated billing infrastructure in place. Recently, a number of HHS Office of Inspector General (OIG) audits have noted that schools have not been adequately documenting the services provided in school settings. In particular, these findings have noted a lack of clear and consistent billing requirements listed in state provider billing manuals.

Documentation of services is required of all Medicaid providers, not just school-based providers. But in addition to acknowledging that service documentation is a challenge for school-based providers, the CIB restates the federal requirements for submitting claims to Medicaid — including the minimum data elements that must be collected and included in a claim.

It also states the requirement that school-based providers must maintain adequate documentation to allocate costs to the Medicaid program, and it provides one example of how that might be applied to the Medicaid Enrollment Ratio (MER). (Note: While it is not mentioned here, CMS has approved state plan amendments that include MERs for both students with IEPs and a separate MER for students in general education.) Finally, the CIB provides recommendations for how state Medicaid programs could clarify their requirements, update their plan documents and openly communicate this information to LEAs.

7. Evaluate Random Moment Time Study (RMTS) Methodologies

When using a cost-based methodology, states are required to use statistically valid methodologies to allocate costs for SBS.

In this section, CMS provides an overview of requirements for RMTS methodologies, including considerations for states and LEAs. This section includes details about RMTS, its purpose and how to ensure that RMTS systems are compliant with CMS requirements. It also provides small suggestions for CMS' preferred approach to designing time studies, including that CMS recommends no prior notification to staff participating in an RMTS. Still, CMS has approved RMTS methodologies that allow staff participating in the RMTS up to two business days to respond. Nothing in this section is intended to create new RMTS policy guidelines, but it does suggest that forthcoming updates to the school-based Medicaid claiming guides will include more information on these policies.

8. Work with LEAs to Determine Payment Methodology Options that Work Best to Promote School-Based Services.

As schools are often units of state or local governments, in addition to CPEs (Certified Public Expenditures), states have the option to finance Medicaid payments through the use of permissible Intergovernmental Transfers (IGTs) as well as CPEs and appropriations from state general funds. States are encouraged to consider financing SBS through IGTs and/or state general fund appropriations and to pay providers using a rate methodology if a certified cost process is too burdensome for schools and LEAs to complete.

This section describes the high-level flexibilities that states have to finance the non-federal share of school Medicaid services and how provider payment rates are set. The strategies outlined in this section involve state-level decision making, including potentially with the state legislature.

The letter is clear, however, that the state should include LEAs in the decision-making process to ensure that any solution is both compliant with Medicaid requirements and is workable for the LEA.

Of note, the letter also reiterates CMS' strong recommendation that states pass the federal share of reimbursement back to the LEAs as additional funding and investment in school health services.

9. Third-Party Liability for Medicaid SBS

The Medicaid statute requires Medicaid to be the payer of last resort, which means state Medicaid agencies are required to take reasonable measures to identify and recover payments from third parties that are liable to pay for services furnished under the state plan.

CMS reiterates its policy on third-party liability (TPL) in this section and offers solutions to ease the administration burden on schools.

Conclusion

The CIB is an exciting recognition of the work states and school districts across the country have been leading to strengthen their school Medicaid programs — and signals momentum for moving forward.

CMS plans to issue additional guidance on school Medicaid in 2023. The Bipartisan Safer Communities Act requires CMS to update the direct services and administrative services claiming guides on school Medicaid (which were last updated in 1997 and 2003 respectively). CMS also shared its intent to develop a toolkit for states interested in preparing and submitting a state plan amendment (SPA) to expand their school Medicaid program.

The updated guidance and toolkit are expected in early 2023. These documents are likely to provide significantly more detail about the operation of school-based Medicaid programs. Claiming guides, unlike the CIB, are prescriptive about what can and can not happen.

Once the updated claiming guides are released, state Medicaid agencies may make adjustments to their school Medicaid programs to ensure compliance. This process will present an opportunity for states — in partnership with school districts — to consider making additional changes to the school Medicaid program that align with current best practices. For example, states may consider expanding their school Medicaid program to cover all Medicaid-enrolled students and recognizing additional school-based services and providers as Medicaid-eligible.

Healthy Schools Campaign

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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