

Healthy Students, Promising Futures

Financial Impact of Expanding School Medicaid Programs

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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 — not just the 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. Estimates suggest that states can expect to see significant increases in new federal resources after expanding.

To date, [nearly two dozen states](#) have expanded their school-based Medicaid program to include all students. Listed below are preliminary reports of the financial impact of expanding school Medicaid.

- 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 since the expansion**. 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 \\$12 million](#), a 30% increase over the current program. Colorado is currently implementing its expansion. In the first phase, despite the challenges of billing during the pandemic, the



program expanded to certain services and received \$2.75 million in new federal funds for the 2020-2021 school fiscal year. Billing for school psychologists went into effect in October 2022, and it is anticipated that this will further increase federal funding.

- Voices for Georgia's Children [estimated](#) that the state's 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.
- 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 [was projected](#) to lead to an **increase of \$14 million**. Thanks to the comprehensive expansion, the state has seen an increase in reimbursement. In the first two years of expansion (2020-2021), the state received about \$12 million new federal dollars for services provided to students without IEPs. And because schools are now allowed to bill for the services of school psychologists, billing for students with IEPs has increased by over \$20 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.

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

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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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