SCHOOLS ARE KEY TO IMPROVING CHILDREN'S HEALTH

How Illinois Can Leverage Medicaid Funds to Expand School Health Services

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HEALTHY SCHOOLS CAMPAIGN

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"Many of my students do not have primary care physicians or access to medical care. I am able to assess their symptoms and direct them to low-cost healthcare options so that the families can obtain the needed medical care."

School Nurse, Riverside

INTRODUCTION

Illinois has an important opportunity to dramatically expand comprehensive school-based health services for the state's most vulnerable children by making a simple change to its Medicaid policy.

The COVID-19 pandemic has had a profound impact on the health of low-income communities, particularly communities of color that have been marginalized by systemic racism and that already suffer from inequitable distribution of resources.

The health crisis also has highlighted the critical role that schools play in providing health services to students—and the significant deficits and disparities inherent in the current system.

We are witnessing first-hand how schools often represent the only source of healthcare—including mental health, dental, vision, chronic disease management and other crucial services—for children in underserved communities.

Illinois has an opportunity—and responsibility—to make a simple change to its Medicaid policy to dramatically expand school-based physical, mental and behavioral health services for the state's most vulnerable children. This action is critical to ensure that strong student health and wellness policies and programs are in place, and that schools have the sustainable resources needed for implementation.

In 2014, the Centers for Medicare & Medicaid Services (CMS) issued a letter to state Medicaid directors clarifying which health services could be reimbursed by Medicaid in a school-based setting: School districts, once limited to receive reimbursement for services delivered to a small number of students under specific conditions, would be allowed reimbursement for all eligible services delivered to all Medicaid-enrolled students.

This policy change, known as the Free Care Rule reversal, encourages states to draw down additional federal funding for school health services and expand the types of health services and providers eligible for reimbursement.

Though the federal policy shift opened the door to greater financial support, some states, including Illinois, had codified the original CMS policy into their Medicaid state plans, asserting that districts could only seek reimbursement for specified health services delivered under a student's Individualized Education Plan (IEP).

Every day that Illinois fails to update its Medicaid state policy, schools are losing out on financial support for health services that can help reduce health disparities, and funds that can help offset severe budget deficits. Due to the current health crisis, students need these services—and districts need these funds—now more than ever.

Healthy Schools Campaign has identified the steps Illinois needs to take to claim funds available for all Medicaid-enrolled students and presents them here in this brief.

THE OPPORTUNITY FOR ILLINOIS

Of the nearly 2 million students in Illinois, approximately 40 percent (800,000) are enrolled in Medicaid, including 235,000 students in Chicago alone.

Under the current Medicaid state plan, Illinois can seek reimbursement only for health services delivered only to the 14 percent of Medicaid-enrolled students who have an IEP. **That means districts currently are unable to access federal funds for health services delivered to the vast majority, or 86 percent, of Medicaid-enrolled students.**

The CMS clarification allowing reimbursement for all students enrolled in Medicaid invites states to: 1) support school districts in drawing down additional Medicaid funding for school health services; and 2) increase access to school health services. Illinois also may follow the lead of other states and use this opportunity to expand the types of physical and behavioral health services eligible for reimbursement and update the list of eligible school health providers.

Providing healthcare in schools is one of the best ways to ensure that children are healthy and ready to learn. In addition, increasing access to school health services is a proven strategy for improving quality of care and reducing overall healthcare costs.

This is Illinois' moment, under a governor whose policies prioritize health and education, to improve healthcare access for children from low-income households, boost educational outcomes, and better integrate school health services into larger health-system reform efforts.

School health services refer to physical, behavioral and mental healthcare provided within a school or school-based health center, or through partnerships with local health organizations.

Service providers may include school nurses, school psychologists, social workers, counselors, occupational therapists, physical therapists and speech-language pathologists.

ILLINOIS STUDENT HEALTH + THE NEED FOR MORE STAFFING

Nearly 40 percent of children in Illinois live in low-income families, and 18 percent live below the poverty level, according to the National Center for Children in Poverty.

The National KIDS COUNT data center reports that 19 percent of all children in Illinois have special healthcare needs, meaning a chronic physical, developmental, behavioral or emotional condition that requires health and related services beyond that required by most other children. In school districts with high levels of Medicaid-enrolled students, students are more likely to experience homelessness, chronic absenteeism and chronic health issues in numbers that exceed Illinois state averages.

Numerous studies show that healthcare provided in school settings can reduce overall healthcare costs and improve access to and quality of care—a proven strategy for improving student attendance, math and reading scores and other academic outcomes. Despite this, Illinois school districts have far fewer school nurses, social workers, counselors, health partnerships and mobile clinics than are needed to adequately support student health.

The National Association of School Nurses (NASN) recommends that all students have access to a registered school nurse—all day, every day. While at a minimum this would mean at least one school nurse per school, actual staffing levels should be based on a multitude of factors, including: "number of students, social determinants, acuity levels, other responsibilities, barriers to care, current use of technology, and health care to adequately meet the health and safety needs of the children whose care is entrusted to schools."

School nurses and other health support staff make it possible for principals, teachers and other staff to focus on their primary responsibilities instead of diverting attention to address student health issues. Yet Illinois schools remain drastically understaffed. The National Education Association reports Illinois has a school nurse-to-student ratio of 1:2,893, which

Increased access to school health services is a proven strategy for reducing overall healthcare costs.

A pilot project in the San Jose Unified School District in California demonstrated that the presence of a full-time school nurse results in fewer emergency room visits for students with asthma (a chronic health condition that affects 9 percent of children in Illinois).

Students in schools with a full-time school nurse had 43 percent fewer ER visits than students without a school nurse—which translates to significant savings in emergency room services.

does not nearly cover every school. In Central and Southern Illinois, some nurses cover an entire county.

In 2019, Chicago Mayor Lori Lightfoot announced plans for Chicago Public Schools (CPS) to add an additional 250 nurses and 200 social workers within five years. This builds upon former Mayor Rahm Emanuel's commitment in 2018 to add 160 social workers to support 160 schools, and 95 special education case managers at 78 schools.

These numbers, however, fall far short of what's needed and have not come close to being met. The National Association of Social Workers (NASW) recommends one school social worker for every 250 students and one for every 50 students in high-trauma schools; CPS has a ratio of one social worker per 730 students. The high level of trauma that many CPS students experience underscores the importance of adding more school counselors and psychologists to address mental health needs.

Implementing the revised CMS policy on Medicaid school reimbursement would provide Illinois school districts additional resources to fund school health services, help fill gaps in school health support staffing and address service shortages throughout the state.

Top 10 Districts by Number of Medicaid Enrolled Students

School District	Total Number of Students Covered by Medicaid/CHIP
Chicago Public School District 299	233,130
School District U-46 (Elgin)	17,008
Rockford School District 205	16,159
Waukegan Community Unit School District 60	11,998
Aurora East Unit School District 131	11,306
Cicero School District 99	9,231
Springfield School District 186	8,878
Peoria School District 150	8,561
Joliet Public School District 86	7,481
Community Unit School District 300 (Algonquin)	6,634
Total Top 10 Districts	**330,386**

Source: Georgetown University Center for Children & Families, 2015

Louisiana

State Plan Amendment Approved 2015

Confirmed: Nursing services revenue tripled and number of school nurses increased by nearly 15% statewide.

MEDICAID'S ROLE IN FUNDING SCHOOL HEALTH SERVICES

Medicaid provides health coverage to more than 65 million people, including 37 million children in low-income families. It covers comprehensive and preventive physical and behavioral healthcare services.

Since 1988, Medicaid has reimbursed states for certain medically necessary services provided in a school-based setting to children with an IEP and in other limited situations, providing billions of dollars of federal funding to support school health services. Medicaid spending on school health services represents less than 1 percent of total federal Medicaid program costs, but it represents a significant source of revenue for schools, making Medicaid the third-largest funding stream for K-12 public schools.

States are not required to participate in Medicaid, nor are they automatically eligible to receive Medicaid payment for services provided in schools. But schools are required to provide the services listed in an IEP—whether or not Medicaid funding is available. Many states and school districts, including Illinois, rely on federal Medicaid funding to offset the expenses of providing these medically necessary services and ease the pressure on the state education budget.

Prior to the 2014 CMS policy clarification, schools were not allowed to seek reimbursement for services delivered to Medicaid-enrolled students without an IEP if those services were provided free of charge to all students. The revised guidance paved the way for schools to receive reimbursement for services delivered to all Medicaid-enrolled students. It became known among advocates and policymakers as the "free care policy reversal"—a misnomer of sorts, as the decision didn't interfere with healthcare provided for free.

Medicaid's signature benefit for children, the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit, is designed to ensure that children receive all medically necessary services. Its components include:

- Early: Assessing and identifying problems early
- Periodic: Checking children's health at periodic, age-appropriate intervals
- Screening: Providing physical, mental, developmental, dental, hearing, vision and other screening tests to detect potential problems
- Diagnostic: Performing diagnostic tests to follow up when a risk is identified
- Treatment: Control, correct or reduce health problems found

How Medicaid Reimbursement Works for School Districts

Medicaid operates as a federal-state partnership; states must pay a certain percentage of their state's overall Medicaid costs, known as the Federal Medicaid Assistance Percentage (FMAP). CMS reimburses states for a portion of the services that are billed, and each state passes some of the money back to schools and districts. The reimbursement process varies in each state, but one thing is clear: When a state increases the number of eligible services that are billed to Medicaid, the state gets more money back from CMS.

The converse is also true: Not billing for otherwise eligible services that are already being provided in schools means leaving federal dollars unclaimed, health services undelivered and student needs unmet. This makes Medicaid a very important source of funding for school health services, and for Illinois health and education budgets overall.

In addition to supporting school districts in drawing down available funding, the 2014 change in CMS policy opened the door to broader conversations about what Medicaid school health service programs could look like. Many states are considering how to increase school-based physical and behavioral health services; some have expanded access to dental care, while others have included school psychologists in the list of providers eligible for reimbursement.

This rethinking of school health services has helped states ensure ongoing investment in and support for the delivery of school health services to students enrolled in Medicaid. Expanding billing for more students—as well as expanding the types of services and providers eligible for reimbursement—can 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.

Georgia

State Plan Amendment Approval Pending

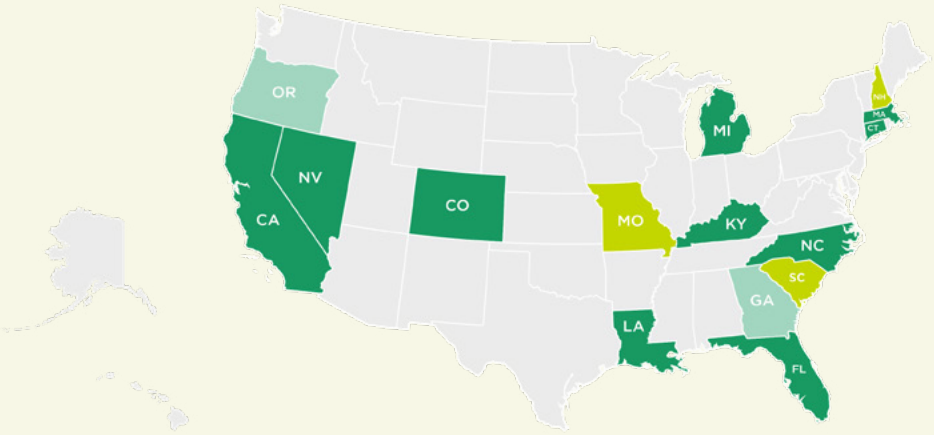
Projected: Implementation will result in more than $48 million in additional revenue for school nurses.

NATIONAL ACTIVITY: HOW STATES ARE LEVERAGING MEDICAID TO EXPAND SCHOOL HEALTH SERVICES

As of August 2020, 13 states have successfully expanded their school-based Medicaid programs, two states have approvals pending with CMS, and many more are expected to pursue this opportunity in the coming year.

Expanding school-based Medicaid programs can improve children's health and academic outcomes and bolster school districts and health systems. States that have implemented the CMS policy clarification, or that are in the process of doing so, report improved and expanded access to care for students enrolled in Medicaid and increased sustainable revenue and reimbursement for schools.

Expansion of School-Based Medicaid Programs as of August 2020



Expanded School-Based Medicaid Program: State Plan Amendment Approved by CMS

Expanded School-Based Medicaid Program: No State Plan Amendment Needed

Expansion Pending CMS Approval of State Plan Amendment

In order to implement this change, most states, including Illinois, need to amend their Medicaid state plans. Other states may require legislative action or are able to implement this change administratively—the steps required are state-specific.

A Medicaid state plan is the formal written agreement between the state's Medicaid program and CMS that outlines the operational and policy decisions that determine who is eligible for Medicaid, what services and providers are covered, and how payments are set in each state.

In general, Medicaid will pay for covered health and behavioral health services as long as they are medically necessary; follow local, state and federal rules; are covered by the state Medicaid program; and are delivered by an approved Medicaid provider. Medicaid will also pay for certain activities that are directly related to enrollment, outreach and administration of the Medicaid program.

The state plan can be amended as needed to reflect changes in state policy and federal laws and regulations. Changes or updates are made through submission of a state plan amendment (SPA), which is an application outlining the proposed policy change. States submit SPAs often on a variety of different policies and must receive formal approval from CMS before implementation.

Overall, CMS has been very supportive of states' efforts, engaging directly with state Medicaid agencies to support the development of SPAs and moving quickly to approve them. CMS has issued several guidance documents recommending schools as an ideal site for meeting the health needs of children and citing the 2014 policy clarification as an opportunity to support this work.

HOW ILLINOIS CAN SUBMIT A STATE PLAN AMENDMENT

For Illinois to leverage the CMS opportunity to expand its school Medicaid program, it must first remove related restrictions in its Medicaid state plan limiting reimbursement to a certain subset of Medicaid-enrolled students. This can be done by submitting a state plan amendment (SPA) to CMS for approval. The Illinois Department of Healthcare and Family Services (HFS) is the state agency responsible for engaging with CMS on behalf of Illinois.

The proposal to expand access to school health services is a budget-neutral policy change for Illinois and does not require any state or local legislative changes. HFS would continue to serve as the pass-through agency for Medicaid dollars to school districts, with HFS receiving a 4-percent administrative fee, the same as it does now.

In several recent SPA approvals, CMS has encouraged states to strike the section of the state plan that lists specific covered services. Instead, CMS recommends relying on Medicaid's comprehensive Early, Periodic, Screening, Diagnosis, Treatment (EPSDT) benefit that guarantees that all medically necessary services are covered. By creating this broader definition of covered services, it helps to ensure that all medically necessary services delivered in a school by a qualified provider are reimbursable under a state's Medicaid school-based program.

In addition to addressing eligible services, the Illinois SPA should include an updated list of approved Medicaid service providers. As student health needs and healthcare systems have evolved, the state's list may not reflect the full array of health providers commonly found in a school setting. This process presents an opportunity to ensure their inclusion.

Upon approval of the SPA, HFS must update its state Medicaid guidance for school districts, the Illinois School Claiming Guide (Handbook for Local Education Agencies Chapter U-200 Policy and Procedures Fee-for-Service Medical Services).

Michigan and Illinois are in the same CMS region, so the same office that approved Michigan's SPA will review Illinois' SPA. It's helpful to know that Michigan took the approach discussed in this section: It included the broader definition of covered services and added new eligible providers, including nurse practitioners, physician assistants, clinical nurse specialists, marriage and family therapists, behavior analysts and assistant behavior analysts, school social workers and school psychologists—all of which previously were not included in the state's list of approved Medicaid providers.

This guide specifically is designed to provide detailed direction to ensure compliance with the Medicaid claiming and payment process.

Changing the Medicaid state plan does not create a new mandate for school districts, though it does afford them tremendous opportunity.

This policy change is not an administrative requirement for school districts, which are continuously inundated with new mandates. School districts can work with other districts to learn collaboratively and implement when they are ready and able to do so successfully. Once the SPA is approved, expansion of school Medicaid programs can launch in waves, with focuses on different school districts and/or different service areas, and with support from the state and other key stakeholders.

It is especially critical that Illinois move to enact this policy change now, due to a key factor in the SPA process: School districts may be able to retroactively bill Medicaid for services provided from the date the SPA is submitted—not the date it is approved.

Every day that goes by that Illinois does not submit the SPA, districts are losing thousands of dollars in potential revenue. And as districts struggle to ensure they have enough resources to fund budgets for the upcoming school year, and provide adequate school health services as remote learning continues, this additional funding can help offset costs and ensure the needs of students are being met.

Michigan

State Plan Amendment Approved 2019

Estimated: $14 million increase from billing for services delivered by school psychologists.

"We all deserve health services to support our students, especially in areas where environmental conditions make day-to-day living a struggle for our children."

Parent of Chicago Public Schools student

CONCLUSION

When CMS issued the 2014 policy clarification on school Medicaid reimbursement, it noted that the goal was "to facilitate and improve access to quality healthcare services and improve the health of communities."

Six years later, the pandemic has created a public health crisis that is felt disproportionately by those with the greatest healthcare needs. Access to health services has taken on new urgency as students and their families are experiencing unprecedented stressors that will greatly affect student health and wellness in the coming year.

Illinois has the opportunity to seek Medicaid reimbursement for all students enrolled in Medicaid, which amounts to 40 percent of the state's student population. But without a state plan amendment, it will continue to be limited to reimbursement for the 14 percent of Medicaid-enrolled students with an IEP. In addition to missing out on federal funds, Illinois is also missing out on the opportunity to expand the types of school health services and providers eligible for reimbursement.

Further delay means delaying funding. Every day that Illinois fails to act, schools are losing out on critical financial support needed to help offset severe budget deficits. Due to the pandemic, districts need those funds now more than ever.

As federal education policy and state education plans emphasize the intersection of health and education, the focus on supporting the needs of the whole child has pushed state education agencies and school districts to look at policies that improve student health, keep children healthy and in school, and, in turn, improve their academic success. At the same time, federal health policy and state Medicaid programs are placing more value on prevention, population health and chronic disease management.

Implementing the CMS policy—and leveraging the opportunity to increase sustainable funding for and access to school health services—offers both the health and education sectors a practical way to increase the role of schools in meeting the health and education needs of Illinois' most vulnerable children.

> "We like to think that all young people are going to a primary care physician and are keeping up with routine medical and behavioral healthcare, but we know that is just not the case. Expanding the capacity for schools to serve as critical healthcare access points for young people is essential to reducing healthcare disparities in our state."
>
> Illinois School Health Advocate

RELATED RESOURCES

- State Efforts to Implement the "Free Care" Policy Reversal, a regularly updated summary of state efforts developed by Community Catalyst, Healthy Schools Campaign and Trust for America's Health.
- A Guide to Expanding Medicaid-Funded School Health Services, a step-by-step action plan developed by Healthy Schools Campaign and Trust for America's Health.
- Schools are Key to Improving Children's Health, a brief addressing the opportunities to expand on health services delivered within a school by school nurses and other district-employed providers, developed by Healthy Schools Campaign.
- 2014 Letter to State Medicaid Directors from the Centers for Medicare & Medicaid Services clarifying reimbursement for school-based health services.

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"Appropriate, quality school health services are an important part of academic success for all students. Once mental health needs, social/emotional needs, behavioral needs and/or general health needs are addressed, our students are better prepared to be successful with expected academic tasks."

School Social Worker, Gibson City