CMS Approves State Plan Amendment for Massachusetts, Creating New Opportunity for School-based Medicaid

The following brief provides an overview of the recent Massachusetts Medicaid state plan amendment (SPA) approved by the Centers for Medicare and Medicaid Services (CMS) that enables schools to bill for Medicaid services provided to all Medicaid-enrolled students. This SPA is an important step towards maximizing the opportunity presented by the recent free care policy reversal to improve children's access to health services and to better integrate school health services with the broader health care delivery system.

Background

Until recently, barriers existed for states and local education agencies (LEAs) to use Medicaid funding to provide health care services in school-based settings. The federal Medicaid policy known as the free care policy permitted schools to obtain federal reimbursement only for services included in a Medicaid-enrolled student's Individualized Education Program (IEP) and in other limited situations.[1] As a result, Medicaid reimbursement for health services in schools was limited to a small group of children.

Then, in 2014, CMS issued an important guidance[2] that reversed the free care policy. The new guidance gives states the option to get federal Medicaid reimbursement for providing physical and behavioral health care services to any student who is enrolled in Medicaid, as long as:

- The student is enrolled in Medicaid;
- The services provided are covered by the state plan;
- Services are delivered by a qualified provider as outlined in the Medicaid state plan; and
- States have appropriate billing mechanisms in place.

In order to implement the new policy, states may need to revise or alter existing state Medicaid policy that limits what Medicaid services and providers are allowable in a school setting. In many cases, states will need to submit a SPA to CMS with the new policy approach.

Over the past year, a handful of states quickly moved on this change in policy. Two examples include Louisiana and California.

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[1] Before 2014, allowable Medicaid reimbursement included: 1) Individualized Education Plans (IEPs) or Individualized Family Service Plans (IFSPs) or 2) if the child was receiving services under the maternal and child health services block grant. In this brief, IEPs are used to broadly represent this category.

[2] https://www.medicaid.gov/federal-policy-guidance/downloads/smd-medicaid-payment-for-services-provided-without-charge-free-care.pdf

With the change in the free-care policy, Louisiana will reimburse Medicaid-eligible services delivered by a school nurse for all children enrolled in Medicaid, not just those for children on an IEP. Louisiana submitted a SPA[3] to make this change. While it is too early to assess the impact of this change, it is worth noting that two out of every five children in Louisiana are enrolled in Medicaid, so the impact of this free-care policy change is truly significant.[4]

In California, the legislature passed a law in late 2015 instructing their Medicaid agency to reimburse Medicaid health care services in schools when a managed care company denies payment. The bill enables local education agencies (LEAs) to receive Medicaid dollars through a billing option program. In response to the free-care rule change, the state also submitted a SPA to CMS[5] requesting ability to reimburse Medicaid services when there is no response from the insurer. This change will enable LEAs to more comprehensively draw down Medicaid dollars and sustain health services provided in a school setting. The SPA also adds new services and provider types that would qualify for Medicaid reimbursement and changes the state Medicaid plan language to permit Medicaid billing for all Medi-Cal enrolled students. Finally, the SPA transforms the current LEA Medi-Cal Billing Option Program from fee-for-service to Random Moment Time Study (RMTS) methodology. The SPA remains under consideration with CMS.

Overview of the Massachusetts State Plan Amendment

Seizing on the opportunity to get more federal Medicaid funding, Massachusetts Executive Office of Health and Human Services pursued a SPA to allow for the expansion of school services. In July 2017, the state learned that CMS approved the SPA, clearing the way for schools that are Medicaid-eligible providers to bill for Medicaid services provided to all Medicaid-enrolled students. The newly approved policy represents an opportunity for schools to improve children's access to health services and to better integrate school health services with the broader health care delivery system.

The state Medicaid agency is still working on how the SPA will be implemented, and figuring out the nuts and bolts for rolling out the guidance. Very little information has been formally released about how the new policy will work for schools or families; information, guidance and support are expected soon. The approved SPA has an effective date of July 1, 2016.

However, based on the text of the approved SPA[6] and conversation between state advocates, stakeholders and agency staff, there is a basic assumption that schools (that are Medicaid eligible providers) will be able to expand Medicaid reimbursement for services provided in schools.

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[3]https://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/LA/LA-15-0019.pdf

[4] Kaiser Family Foundation: http://files.kff.org/attachment/fact-sheet-medicaid-state-LA

[5]https://www.schoolhealthcenters.org/wp-content/uploads/2016/01/Policy-Considerations-for-CA-Following-2014-Reversal-of-the-Medicaid-Free-Care-Rule.pdf

[6]https://www.medicaid.gov/State-resource-center/Medicaid-State-Plan-Amendments/Downloads/MA/MA-16-012.pdf

It will be critically important to work with state agency staff to clarify these assumptions and to fully understand how they interpret their mechanisms. But this memo serves as an overview of the exciting changes in MA. Working in partnership, Medicaid, Education, school districts and advocates will have the opportunity to deepen their alignment and improve health system innovation and access to integrated behavioral health services, including substance use prevention.[7]

What does the SPA do?

In the broadest terms, the SPA expands the universe of Medicaid-enrolled students for whom a school can bill Medicaid for health services delivered in the school.

Before the SPA was approved, Medicaid-enrolled schools could only bill Medicaid for health services delivered as part of a Medicaid-enrolled student's IEP; now, schools will be able to bill Medicaid for health services that they deliver to any student who is enrolled in Medicaid. This was accomplished by removing the language in the state plan that specifically limited reimbursement to Medicaid students with IEPs (see Table for specific language).

The SPA amends the types of services for which the state may seek reimbursement in school settings. This broadly includes some physician services, respiratory services, optometry services, fluoride varnish services, nutritional services and sports injury assessment. Currently, many schools are billing Medicaid for a clearly defined range of health and behavioral health services that are provided in schools to students with IEPs (see Table for specific covered services). These are defined in the state plan as the comprehensive list of school health services. With the new approved language, the SPA clears the way for some additional services to be reimbursed by Medicaid. Similarly, the SPA adds some types of providers for whose services the state may bill Medicaid. (see Table for specific provider types). Taken together, these changes increase the opportunity to support children's health and wellness inside the school setting.

These changes seem straightforward—and they are. The SPA removed the restriction that limited Medicaid reimbursement for students without IEPs. From a benefits and services perspective, schools now have an opportunity to expand services or include new providers. In simplest terms, the SPA allows schools to expand their existing programs to more students, and increases funding for services that are already being provided to Medicaid-enrolled students. Further, the SPA provides schools an opportunity to revise and enhance their existing programs with additional services and supports for students.

[7] https://www.communitycatalyst.org/resources/publications/document/Funding-and-Sustaining-SBIRT-in-Schools-December-2015.pdf

What does this mean for school reimbursement and costs?

While Massachusetts' state Medicaid agency has yet to publicly interpret the SPA approved by CMS, there are some elements worth highlighting regarding cost methodology and reimbursement (see Table below for details).

First, the cost methodology continues to rely on the Random Moment Time Study (RMTS) approach to reimburse covered services, a federally-accepted method for tracking employee time and activities. Presumably with the implementation of the recent SPA, the scope of the RMTS will expand as the limitation of the IEP connection is lifted and more provider types and services are reimbursed for Medicaid-enrolled students.[8]

Second, the new SPA language appears to offer a pathway to separating out calculations for IEP students and newly eligible non-IEP students, protecting schools with varying Medicaid-enrolled compositions. The language suggests that the calculation for Medicaid penetration rate will include an additional, separate, calculation for Medicaid-enrolled students receiving services that are not related to a student's IEP.

The newly included calculation is the number of Medicaid-enrolled students divided by total number of students on the same day. The Medicaid penetration rate calculation remains central to schools' reimbursement. Allowing a separate calculation may support some schools that are concerned that a combined penetration rate would negatively impact their reimbursement.

Stakeholders anticipate Massachusetts' Medicaid agency to release their interpretation of how the Medicaid penetration rate will be interpreted and applied very soon.

What does this mean for school and students?

While the details of the Massachusetts SPA may take some time to work out, the SPA seems likely to produce some important positive impacts. More federal Medicaid resources will come to the state and to participating schools and districts, possibly for services already being provided without Medicaid reimbursement at districts' own cost. These new resources will help stretch scarce state and local resources to support student health.

Directing more Medicaid dollars to school settings is one way to expand access to health care services for Medicaid-eligible children. It provides an additional location and touch-point to meet children where they are, ensuring that they have complete access to necessary preventive and health care services. Finally, Medicaid dollars that are directed at supporting a school health provider workforce is meaningful for local budgets and long-term Medicaid savings.

[8] In Massachusetts, reimbursement is currently based on the Medicaid penetration rate and the rate of Medicaid-enrolled children with submitted parental forms. The Medicaid rate is adjusted based on the parental form submission rate.

TABLE 1: **Comparison of New SPA and Original State Medicaid Plan Language**

New SPA Language	Original Medicaid State Plan Language
Conforms to change in regulation by removing reference to IEP as precondition for Medicaid reimbursement eligibility	*Removed this language:* "either as a member of the IEP team or by a qualified practitioner outside the IEP team"
Adds reference to "a section 504 accommodation plan pursuant to 34 C.F.R. $ 104.36, an Individualized Health Care plan, an Individualized Family Service Plan, or are otherwise medical necessary"	Only mentions school-based services "pursuant to an Individualized Service Plan (IEP)"
Covered include with additions denoted by *: ● Occupational Therapy ● Physical Therapy ● Speech, Hearing and Language Therapy ● Physician services* ● Optometry Services* ● Respiratory Therapy* ● Nursing Services ● Fluoride Varnish Services* ● Personal Care Services ● Mental Health Services ● Substance Use Services ● Medical/Remedial Care ● Nutritional Services* ● Diagnostic, Screening, Preventive and Rehabilitative Services ● Injury Assessment* ● Assessment and Evaluation* Added language: • "physician services under 42 CFR $ 440.110; (a); optometry services provided by a qualified professional under 42 CFR $ 440.60; respiratory	Covered services included: "physical therapy, occupational therapy and other services, including services provided by audiologists and services for individuals with speech, hearing and language disorders, performed by, or under the direction of, providers who meet the qualifications set forth at 42 CFR $ 440.110; nursing services coverable under 42 CFR $ 440.80 and 42 CFR $ 440.60 ordered by a licensed physician and performed by a registered nurse or licensed practical nurse; nursing services provided on a restorative basis under 42 CFR $ 440.130(d), including services delegated to individuals who receive appropriate teaching, direction, and supervision from a Registered Nurse or Practical Nurse; personal care services coverable and performed by individuals qualified under 42 CFR $ 440.167; services performed by licensed practitioners within the scope of their practice for individuals with behavioral health (mental health and substance abuse) disorders, as defined under state law, and coverable as medical or other remedial care under 42 CFR $ 440.60; diagnostic, screening, preventive, and rehabilitative services covered under 42 CFR $ 440.130; medical nutritional services provided by a qualified professional under 42 CFR $ 4a0.60; and sports related or other injury assessment and therapy provided by a qualified professional under 42 CFR $ 440.60. Assessments and independent evaluations are covered as necessary to assess or reassess the need for medical services in a child's treatment plan and must be performed by any of the above licensed practitioners within the scope of practice."

therapy provided by a qualified professional under 42 CFR $ 440.60” • “fluoride varnish performed by a dental hygienist under 130 CMR 5 420.424(b) in accordance with 42 CFR $ 440.100;” • “medical nutritional services provided by a qualified professional under 42 CFR $ 440.60; and sports related or other injury assessment and therapy provided by a qualified professional under 42 CFR $ 440.60.” • “Assessments and independent evaluations are covered as necessary to assess or reassess the need for medical services in a child's treatment plan and must be performed by any of the above licensed practitioners within the scope of practice.”	
“For those costs allocated by the random moment time study (RMTS) as being covered services pursuant to an IEP, the Medicaid penetration rate is the number of Medicaid-enrolled students with an IEP divided by the total number of students with an IEP on the same day. *For covered services not related to an IEP, the Medicaid penetration rate is the number of Medicaid-enrolled students divided by the total number of students on the same day.”*	*Replaced this language:* The Medicaid penetration rate is the number of Medicaid-enrolled students within an Individualized Education Plan (IEP) as of the 5th day after the start of the quarter divided by the total number of students with an IEP on that same day.