



**STATE OF WASHINGTON
HEALTH CARE AUTHORITY**

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June 15, 2023

SUBJECT: New CMS Guidance on Medicaid Claiming for School-Based Services

Dear Partners:

Last month, the Centers for Medicare & Medicaid Services (CMS) issued the [Comprehensive Guide to Medicaid Services and Administrative Claiming](#). This guide clarifies, consolidates, and expands on how schools can receive payment for providing care for Medicaid and CHIP enrolled students, and how states can ease the administrative burden on school-based health providers to promote their participation in Medicaid and CHIP. CMS also issued an [Informational Bulletin](#) summarizing the new guidance.

The Health Care Authority (HCA) is the single state agency that oversees the Apple Health (Medicaid) program in Washington State. HCA is issuing this notification to provide background information on the history of federal and state school-based Medicaid reimbursement as well as how the new CMS guidance may impact HCA's school-based Medicaid programs.

Background

Per federal rules outlined in Section 1903 of the Medicare Catastrophic Coverage act, public schools have been eligible to receive Medicaid reimbursement for services pursuant to a Medicaid-eligible student's individualized education program (IEP) or individualized family service plan (IFSP), as well as Medicaid related administrative activities, since the late 1980s. Although paying for school-based services with Medicaid funding is optional, most states have a school-based services (SBS) program, albeit each state's SBS program is structured differently.

In 2014, CMS rescinded prior "free care" guidance which created an opportunity for schools to receive Medicaid reimbursement for non-IEP health services. Many states were required to submit a Medicaid State Plan Amendment (SPA) to allow their Medicaid agency to pay for SBS delivered outside of an IEP. Washington's Medicaid State Plan did not need to be updated as there was no language prohibiting local education agencies (LEAs) from receiving Medicaid reimbursement for non-IEP services provided in the school setting.

Current Landscape of Washington's School-Based Medicaid Programs

LEAs can receive Medicaid reimbursement for SBS through multiple [different avenues](#) as outlined below. LEAs can participate in whichever Medicaid reimbursement option best meets their needs. They also have the option to participate in these programs concurrently to maximize their Medicaid reimbursement:

- ***School-based healthcare services (SBHS) program.*** Medicaid reimbursement for special education health related services as outlined in a student's individualized education program (IEP) or individualized family service plan (IFSP). Services are reimbursed fee-for-service, even if the student is enrolled in a Medicaid managed care plan. Currently, approximately 200 school districts, 4 educational service districts (ESDs), and 2 charter schools participate in HCA's SBHS program.

SBHS program and contact information can be found on HCA's [SBHS program webpage](#)

- **Medicaid administrative claiming (MAC) program.** Medicaid reimbursement for administrative activities performed by school staff that support the goals of Washington's Medicaid State Plan. School staff participate in a random moment time study (RMTS) to track time spent performing eligible activities. Currently, approximately 41 school districts and 4 ESDs participate in HCA's MAC program.

MAC program and contact information can be found on HCA's [MAC program webpage](#)

- **Managed care organizations (MCO).** More than 85% of Washington's Apple Health (Medicaid) clients receive healthcare coverage through an MCO. LEAs with Medicaid-eligible providers who provide Medicaid-eligible services in the school setting may contract with MCOs to receive payment for non-IEP services. Currently, 7 ESDs and 1 school district are licensed behavioral health agencies (BHAs) and contract with the MCOs to receive Medicaid reimbursement for non-IEP behavioral health services they provide. MCOs can also pay for services provided in a school-based health center or clinic (SBHCs).

MCO billing and contact information can be found in HCA's [Medicaid School-Based Behavioral Health Services and Billing Toolkit](#)

New Guidance and Impacts to Washington State's School-Based Medicaid Programs

The new CMS guidance offers flexibilities and consolidates existing CMS guidance, making it easier for all schools, no matter their size or the resources available to them, to receive payment for delivering Medicaid-covered services. State Medicaid agencies can adopt flexibilities outlined in the guide to reduce the administrative burden for schools, making it easier to get paid for covered health services delivered to children enrolled in Medicaid and CHIP. Many of the flexibilities and options pertaining to Medicaid reimbursement for administrative and direct services are optional and have already been explored by HCA in the past. However, HCA continues to review the guide to identify additional flexibilities or changes that may be required or that may increase Medicaid funding for LEAs, while at the same time, reducing administrative burden.

Next Steps

Since the release of the guidance, HCA has been meeting with other state Medicaid agencies and our federal partners at [Healthy Schools Campaign](#), [Healthy Students, Promising Futures](#), and CMS. Many questions still need to be answered and clarification is needed from CMS on some of the flexibilities outlined in the guide. CMS has stated they will provide additional guidance and clarifications and are setting up a technical assistance center as state Medicaid agencies and state education agencies move forward in exploring the options outlined in the guide. In addition to meeting with other state Medicaid agencies and federal partners, HCA also plans to convene a workgroup to begin exploring additional Medicaid reimbursement opportunities for Washington LEAs. HCA is committed to partnering with stakeholders and LEAs to ensure all LEAs are able to access Medicaid funding for Medicaid-covered services provided in the school setting.

Sincerely,

Todd Slettvet
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