



# School-Based Medicaid Funding Updates 4.27.23

**Lisa Pofelski-Rosa** | Special Education Funding & Accountability Coordinator  
Principal Financial Specialist, Idaho State Department of Education

**Karren Streagle, Ph.D.** | Alternate Assessment/Low Incidence Disabilities/Medicaid Coordinator  
Idaho State Department of Education

**Almira Mackaben** | Medicaid Program Policy Analyst for School-Based Services  
Idaho Department of Health and Welfare, Division of Medicaid



***Idaho State Department of Education***

DEBBIE CRITCHFIELD, SUPERINTENDENT OF PUBLIC INSTRUCTION

# Spring 2023 School-Based Medicaid Updates Agenda



- School-Based Medicaid Overview
- Medicaid School-Based Services (SBS) Billing Process
- FMAP Changes & What it Could Mean for LEAs
- Idaho School-Based Medicaid “Housekeeping” for Tracking Funds
- Q&A



# School-Based Medicaid Overview



# The Basics of Medicaid



- Medicaid is a federal-state program that provides health insurance to millions of low-income Americans.
- It was established in 1965 as Title XIX of the Social Security Act to help states offer medical assistance to persons with low incomes.
- It is jointly financed by the state and federal governments.

# Medicaid vs. IDEA Funding



- An important difference between the two programs is that Medicaid is a *mandatory funding program* and IDEA is a *discretionary funding program*. In other words, the federal government will ensure needed funds are available for Medicaid services but is *not obligated to ensure needed funds are available for IDEA services*, even though all eligible individuals in the two separate programs must receive necessary services as defined by the programs.
- IDEA provides certain procedural rights and services, but not all of the funds for those services.
- IDEA also distinguishes between medical services and health services.
- IDEA specifically refers to the obligation of other public agencies to provide or pay for services to ensure a free appropriate public education for children with disabilities ([NAESDE inForum-School-based Medicaid for Children with Disabilities, 2006](#)).

# Federally-Guided Process



The federal government sets broad guidelines, but states have a great deal of flexibility in how they design and administer the Medicaid program. Within the scope of broad federal regulations, each state decides:

- who is eligible for coverage;
- the type, amount, and scope of covered services;
- which providers can obtain Medicaid reimbursement;
- and
- how much providers get paid for their services.



## Fee-for-Service Claiming

- Under fee-for-service claiming, Medicaid reimburses for the cost of direct services provided, such as an occupational therapy or counseling session.
- Schools in states that reimburse on a fee-for-service basis may be reimbursed for some or all Medicaid-eligible services, such as individual and group psychotherapy conducted by a certified Medicaid provider in the schools.

# Idaho Allowable Medicaid School-Based Services



- Assessment & Evaluation
  - Psychological Evaluation
  - Social History and Evaluation
- Children's Habilitation Intervention Services
  - Behavioral Intervention
  - Behavioral Consultation
  - Crisis Intervention
  - Habilitative Skill Building
  - Interdisciplinary Training
- Nursing Services
- Personal Care Services
- Psychotherapy
- Skills Building/Community-Based Rehabilitation Services
- Therapy Services
  - Occupational Therapy and Evaluation
  - Physical Therapy and Evaluation
  - Speech/Audiological Therapy and Evaluation
- Medical Equipment and Supplies
- Transportation Services
- Interpretive Services



# Medicaid Leveraging



Once LEA local match is received and processed by Medicaid, federal funds are released for payment. Then, Medicaid combines the local match funds with the federal funds to reimburse the school district at 100%. This is Medicaid Leveraging.



# Medicaid School-Based Services (SBS) Billing Process

The basics of seeking reimbursement for Medicaid SBS.



Karren Streagle, Ph.D. | Alternate Assessment/Low Incidence Disabilities/Medicaid Coordinator  
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# Always remember...



Medicaid is insurance.

*Medicaid is reimbursement  
for services already  
provided and paid for.*

# Phases of Medicaid SBS Reimbursement



## 1. Before Medicaid SBS are provided

- \* LEA becomes Medicaid provider
- \* IEP meets individual needs of the student
- \* IEP includes Medicaid requirements
- \* Parental one-time consent to bill Medicaid
- \* Physician referral/recommendation

## 2. Medicaid SBS provided and documented

- \* Medicaid SBS provided to student per IEP
- \* Medicaid SBS delivered by qualified provider
- \* Provider documents services on service detail report (SDR)
- \* SDR submitted to LEA Medicaid clerk, secretary, biller, etc.

## 3. Medicaid SBS claim submitted

- \* Claim submitted to Gainwell
- \* LEA may submit claims
- \* LEA may contract with vendor
- \* LEA retains documentation for 5 YEARS

## 4. Medicaid claim processed

- \* Gainwell posts weekly remittance advice (RA)
- \* LEA submits match fund payment
- \* LEA may maintain escrow account
- \* LEA receives payment

# Medicaid Billing Considerations



- LEAs not required to bill Medicaid
- LEAs may contract with billing vendor
  - LEA remains responsible for all claims submitted
- LEAs have up to 365 days to bill
- LEAs should bill regularly (bi-weekly, monthly, etc.)
- LEAs receive monthly *Medicaid Match Fund Statement*
- LEAs must submit match funds before claims are paid

# Other Medicaid Considerations



- Not all students in SPED are eligible for Medicaid
- Not all IEP services are billable
- IEP written to meet individual student needs
- IEP NOT written to maximize Medicaid billing
- Teachers, therapists, paraprofessionals, etc. must meet Medicaid provider qualifications
- Reimbursement only for services outlined in IEP

# Medicaid SBS Resources



- [Medicaid School-Based Service Providers webpage](#)
  - [Gainwell provider handbook](#)
  - [School-based services guidelines](#)
  - [Training, Resources, and Forms webpage](#)
- [School-Based Medicaid topic page](#)
  - [Medicaid SBS Reference Guide](#)
  - [Clarifications page](#) – repository of questions from the field
  - [Online Medicaid SBS Clarification form](#) – submit a question





# Implications of the Changes to Medicaid –

The Effect on School-Based Medicaid Reimbursements & Special Education Funding Models

-Lisa Pofelski-Rosa



# Medicaid Continuous Enrollment Ending



- Medicaid enrollment has increased since the start of the pandemic, primarily due to the continuous enrollment provision.
- As part of the [Consolidated Appropriations Act, 2023](#), signed into law on December 29, 2022, Congress delinked the continuous enrollment provision from the PHE, ending continuous enrollment on March 31, 2023.

# Medicaid Protections Ending



<https://healthandwelfare.idaho.gov/medicaidprotection>

## **What is Medicaid Protection and how does it impact your Medicaid coverage?**

- Medicaid Protection was put in place at the beginning of the COVID-19 pandemic and provided continued Medicaid coverage for individuals who may have otherwise been ineligible. Congress has recently passed a bill that ends this continued coverage requirement on April 1, 2023.
- This does not mean Medicaid coverage will automatically end on April 1, 2023 even if students are receiving Medicaid as a result of this special protection.

# Redeterminations Trending



- When the Idaho Department of Health and Welfare (DHW) determines eligibility for Medicaid for April 2023 and beyond, it will no longer keep ineligible individuals on Medicaid, as Medicaid Protection no longer applies.
- DHW began processing redeterminations for all individuals who are receiving Medicaid coverage under this protection beginning in February. This process will occur in phases every month through fall 2023 for individuals who are on Medicaid Protection.

MEDICAID PROTECTION STATISTICS\*  
- OUT OF 153,857 TOTAL PEOPLE IN  
MEDICAID PROTECTION

**43,419**

Re-evaluations processed

**15,837**

Determined eligible

**27,582**

Determined ineligible

# FMAP & Match Requirements



- Enhanced **Federal Medical Assistance Percentage (FMAP)**/reduced match requirements increased state spending for Medicaid. This was roughly 6.2 percentage points through March 2023.
- As part of the Public Health Emergency (PHE) Unwinding, the Centers for Medicare and Medicaid (CMS) are phasing out the Enhanced Federal Medical Assistance Percentage (FMAP) provided during the PHE.

# Enhanced FMAP Phasing Out Timeline



- The table below outlines the schedule for this phasing out of the Enhanced FMAP.
- Notice that of January 1, 2024, we will return to our pre-PHE FMAP amount.

Transition Period	FMAP Enhancement
Beginning of the PHE through March 31, 2023	6.2 percentage points (as under FFCRA)
April 1, 2023 through June 30, 2023	5.0 percentage points
July 1, 2023 through September 30, 2023	2.5 percentage points
October 1, 2023 through December 31, 2023	1.5 percentage points
January 1, 2024	FFCRA FMAP bump expires

# What Will Idaho's FMAP Be?



- The Federal Medical Assistance Percentages (FMAPs) are used in determining the amount of Federal matching funds for State expenditures for assistance payments for certain social services, and State medical and medical insurance expenditures. The Social Security Act requires the Secretary of Health and Human Services to calculate and publish the FMAPs each year.
- The Federal Medical Assistance Percentage (FMAP). FMAP varies by state, based on the state's per capita income. States with lower per capita income typically have a higher FMAP.
- By law, the FMAP cannot be less than 50%.



# Idaho's FMAP Over Time



- The **Federal Medical Assistance Percentage (FMAP)** is computed from a formula that takes into account the average per capita income for each State relative to the national average. Link to below data: [FMAP By State](#). The FMAPs reported on this table do not reflect the enhanced FMAP rates available to states through the end of December 2023.

▣ FMAP Percentage

▣ Idaho

Location	FY 2020	FY 2021	FY 2022	FY 2023	FY 2024
	FMAP Percentage	FMAP Percentage	FMAP Percentage	FMAP Percentage	FMAP Percentage
Idaho	76.54%	76.61%	76.41%	76.31%	69.72%

# How Does All of This Impact School-Based Medicaid?



- To bill for student school-based Medicaid services, the students must be covered under Medicaid. You may have fewer students qualifying to bill Medicaid for services.
- Reduced FMAP rates mean LEA match will increase. LEAs will net less reimbursement for School-Based Medicaid Services.
- It's not just the enhanced FMAP rates affecting Idaho, the income levels have also shifted. Idaho's 2019 pre-pandemic FMAP was based on lower per capita income levels.



# Best Practices for Medicaid Account Setup And Flow “Housekeeping”



# Key Players – Roles & Communication



Communication is key to a smooth balance in Special Education funding.

There are several important roles:

- **Superintendent:** Decides LEA will bill for Medicaid reimbursement.
- **Finance:** Sets up funding structure, budgets, tracks revenue & expense, fiscal compliancy & close outs.
- **Special Education Program:** Serves students, determines eligibility & claiming, notifies finance of staffing serving eligible students.
- **Billing:** Claim processing (could be in house or 3<sup>rd</sup> party). Billing is integral to the timing of revenue flow, which will affect your Maintenance of Effort, or IDEA Part B spending.



# Medicaid – The General Ledger



- School Finance is ultimately responsible for the accountability and reconciliation of school district funds.
- Medicaid reimbursement funds must be transparently displayed, tracked, utilized, and reconciled on a regular basis.
- The general ledger (GL) setup is integral to the efficiency, and compliance to the entire Special Education funding model.



**Remember the three main sources of funding for Special Education Programs?**

**They must also be spent in a specific order.**

1. General Funds (Meet MOE 1<sup>st</sup>)
2. Medicaid Eligible Expenditure Federal Reimbursements (pays before IDEA-zero out)
3. IDEA Part B Federal Entitlement Grants





# Ledger Fund Setup – Medicaid 260



**Fund:** 260

**Revenue function code:** 445900

**Expenditure function codes:** 521, 522, 616

**Object Codes:** Consider a *unique object code* for match that will stand out from your other services  
Example object coding for Match expense: 6163XX



Follow other object code general use guidelines



# Medicaid Funds = Federal Funds



## Two pieces of Federal legislation address how Medicaid reimbursements should be viewed as Federal Funds:

- 34 CFR §300.154(g)(2). *Reimbursements* from federal funds, e.g. Medicaid, will not be considered “State/local” for purposes of maintenance of effort.
- 2 CFR §200.502. Medicaid *expenditures* for providing patient care services to Medicaid eligible individuals are not considered federal awards expended unless a State requires the funds to be treated as federal awards expended because reimbursement is on a cost reimbursement basis.

The Idaho Medicaid State Plan reimburses LEAs’ Federal Medicaid dollars on a cost reimbursement basis; therefore, reimbursed Medicaid School-Based Services expenditures are *treated as a Federal award expended* in accordance with the uniform grant guidance.

## IDAPA 16.03.09 Medicaid Basic Plan Benefits

**IDAPA 16 – IDAHO DEPARTMENT OF HEALTH AND WELFARE**

**Division of Medicaid**

**16.03.09 – Medicaid Basic Plan Benefits**

**856. SCHOOL-BASED SERVICE: PROVIDER REIMBURSEMENT.**

Payment for health-related services provided by school districts and charter schools must be in accordance with rates established by the Department. (7-1-21)T

**04. Matching Funds.** Federal funds cannot be used as the State's portion of match for Medicaid service reimbursement. School districts and charter schools must, for their own internal record keeping, calculate and document the non-federal funds (maintenance of effort assurance) that have been designated as their certified match.

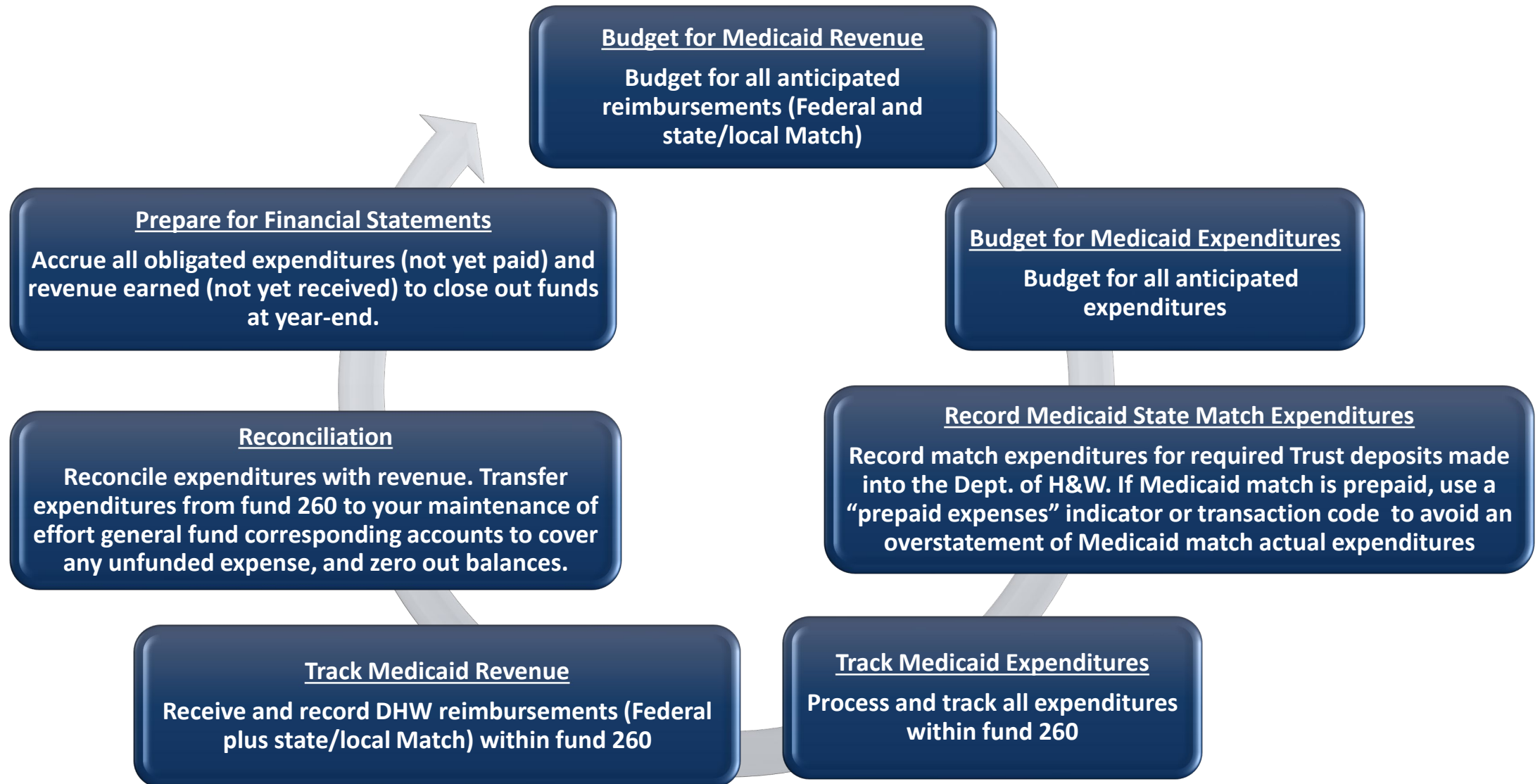


# Medicaid on the SEFA



- **Do I need to report Medicaid reimbursement on the Schedule of Expenditures of Federal Awards (SEFA)? YES!**
- Medicaid *expenditures* do not have to be included in the SEFA because they are not included in the threshold amount used to determine whether an entity must have a Single Audit. The [52 Federal Register 43713](#) clarified this issue by stating that Medicaid arrangements between the *States and providers* are not covered by the Single Audit Act. Since the State of Idaho has considered these funds *federal*, you **can add** the Medicaid information to the *notes to the SEFA* for full transparency and disclosure, even though they are not subject to the single audit, nor should count towards the threshold to determine a single audit.

# Medicaid Fund 260 Flowchart



# OSEP Memo 15-10 – State Match



## Medicaid State Match OSEP MEMO 15-10 (July 27, 2015)

<https://sites.ed.gov/idea/files/idea/policy/speced/guid/idea/memosdcltrs/osepmemo1510leamoeqa.pdf>



UNITED STATES DEPARTMENT OF EDUCATION  
OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

Date: July 27, 2015

Contact Person: Gregg Corr  
Telephone: 202-245-7309  
OSEP MEMO 15-10

### MEMORANDUM

TO: Chief State School Officers  
State Directors of Special Education

FROM: Melody Musgrove, Ed.D.  
Director  
Office of Special Education Programs (OSEP)

SUBJECT: Issuance of Guidance on the Final Local Educational Agency (LEA) Maintenance of Effort (MOE) Regulations under Part B of the Individuals with Disabilities Education Act (IDEA)

### Question A-9:

May LEAs use their local, or State and local, funds to meet both the LEA MOE requirement and a matching or MOE requirement for a separate Federal program (e.g., Medicaid or Vocational Rehabilitation)?

### Answer:

Yes. In fact, LEAs must include the amount of local only, or State and local, funds spent for the education of children with disabilities when calculating the level of effort required to meet the eligibility and compliance standards, even if those local only, or State and local, funds are also used to meet a matching requirement in another Federal program. The IDEA does not impose a matching requirement. In other words, an LEA that expends local, or State and local, funds for the education of children with disabilities **must include those funds in its LEA MOE calculations** regardless of whether it uses those same funds to comply with a matching or other MOE requirement (of course, an LEA that uses the local funds only method to meet the LEA MOE requirement need not include State funds in its LEA MOE calculations).



# Tracking Match in the General Ledger



## Key Concepts & Takeaways for Medicaid Match:

- Medicaid match must be paid with non-federal funds
- Medicaid match must be booked and recognized as an *expenditure line item*
- Medicaid match must be budgeted
- Medicaid match must be counted towards your Maintenance of Effort (MOE)

**\*\*\*REMEMBER MATCH RATES ARE GOING UP FOR FY24- WHICH COULD MEAN LESS REIMBURSEMENT AND POSSIBLY MORE EXPENSE TOWARDS IDEA GRANTS OR MOE.\*\*\***



## **If an LEA uses a Third Party Biller/Vendor for claiming, where do they pay the admin fee from?**

- Under the Idaho Medicaid State plan, the admin fee is not part of the state match. It is treated like an indirect cost to the program just like the cost of a business manager so LEAs do not bill Medicaid for Admin fees. Therefore, you cannot charge the Admin fee to fund 260(reimbursement account).



# Administrative Fee's continued



- 2 CFR § 200.403 Allowability of Costs. Administration fees for the Medicaid billing services are neither necessary for the Performance of the IDEA award, nor allocable to the award, or Maintenance of Effort (§ 200.405 Allocable costs).
- So, the Medicaid Admin fees cannot go in IDEA federal funds 257 or 258, they cannot go towards MOE 100-521,522,616 either. They must come out of General Fund (non federal). The [fiscal manual](#) shows this:

NEVER ALLOWED	<b>MEDICAID ADMINISTRATION SERVICES:</b> Costs for claiming Medicaid funds, including third-party administrators.	The costs for administering Medicaid services may not be charged to the IDEA grant because they are not necessary for the performance of the IDEA grant. 2 CFR 200 403-405
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- Example of where to charge this fee to: 100-6513XX

# Additional Medicaid Training Resources



Need More Medicaid Training?

[Taking the Mystery out of Medicaid WEBINAR—  
Fiscal Components Training \(in-depth\)](#)

[Taking the Mystery Out of Medicaid Handout](#)

# Frequently Asked Questions



- Why are schools seeking reimbursement money from Medicaid in the first place? Aren't they already receiving federal funding for special education?
- If a school isn't billing Medicaid, will that limit/impact the services that a child receives?



- In essence: schools are already paying to provide these services to students (the services that might be eligible for Medicaid reimbursement funding).
- Schools are legally required to provide these services to students. Since they're already paying for these services, any *reimbursements* they receive from Medicaid simply offsets the costs they're already paying and gives much-needed relief to districts that have to spend a large portion of their funding to properly care for students with special needs. (LESS IMPACT ON THE GENERAL FUND)

Source: Moe, M. (2021, November 3). FAQ: Medicaid in Education. CGM Global. [https://www.cgm.com/usa\\_en/articles/articles/faqs-medicaid-in-education.html](https://www.cgm.com/usa_en/articles/articles/faqs-medicaid-in-education.html)

# Questions?



# Thank you for making a difference in student outcomes!



**Lisa Pofelski Rosa** | Financial

Specialist Principal

Idaho State Department of  
Education

650 W State Street, Boise, ID 83702

208.332.6916

[lpofelskirosa@sde.idaho.gov](mailto:lpofelskirosa@sde.idaho.gov)

**Israel Silva** | Financial Specialist

Senior

Idaho State Department of  
Education

650 W State Street, Boise, ID 83702

208.332.6910

[isilva@sde.idaho.gov](mailto:isilva@sde.idaho.gov)

**Karren Streagle, Ph.D.** | Alternate Assessment/Low

Incidence Disabilities/Medicaid Coordinator

Idaho State Department of Education

[kstreagle@sde.idaho.gov](mailto:kstreagle@sde.idaho.gov)

**Almira Mackaben** | Medicaid Program Policy

Analyst for School-Based Services

Idaho Department of Health and Welfare, Division  
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