



## Stakeholder's Guide to Implementing the Change in the Free Care Policy

The change in the free care policy presents an important opportunity to increase access to and resources for school health services. While the [December 2014 State Medicaid Director letter](#) clarified that school health services delivered to the general student population, not just those included in student Individualized Education Programs (IEPs), are eligible for Medicaid reimbursement, action is required from states and school districts to implement this change. The following framework highlights key steps you can take to develop and implement a plan for leveraging the change in the free care policy to support increased access to comprehensive and coordinated school health services.

### Understand your state regulatory environment

#### Understand your state Medicaid plan

A state Medicaid plan is an agreement between a state and the federal government describing how the state administers its Medicaid program. It gives an assurance that a state will abide by federal rules and may claim federal matching funds for its program activities. The state Medicaid plan sets out groups of individuals to be covered, services to be provided, providers that can seek reimbursement for delivering those services and the methodologies for reimbursement.

When a state is planning to make a change to its Medicaid program, states send state plan amendments (SPAs) to the Centers for Medicare and Medicaid Services (CMS) for review and approval.

In many states, implementing the change in the free care policy will require a SPA. Many state Medicaid plans have codified the free care policy by explicitly stating that school districts may only seek reimbursement from Medicaid for health services delivered under a student's IEP. In order to bill for eligible Medicaid health services delivered to the general student population, these states will need to submit a SPA to CMS.

In addition, it is important to look at the services and providers that are eligible for reimbursement in a state Medicaid plan. While many school health services will be eligible for reimbursement under state Medicaid plans, it is important to look at what a state Medicaid plan says related to behavioral health services, case management and care coordination and additional services that may go beyond the scope of eligible Medicaid services. More importantly, you must look at which providers are eligible for reimbursement under a state Medicaid plan and consider how this aligns with the providers that are currently delivering school health services within a school district. For example, while school nurses and school psychologists may be recognized providers within a state plan, the state plan might not allow social workers or occupational therapists to bill Medicaid. SPAs can be submitted to address these issues and expand the scope of services and the types of providers recognized within a state Medicaid plan.

Key questions to ask when looking at your state Medicaid plan include:

- What does the current state Medicaid plan say about school health services? Is the scope of services school districts can bill for limited to those included in a student's IEP?

- What health services are eligible for Medicaid reimbursement? How do these services align with the services currently being delivered in your school district?
- What providers are eligible for Medicaid reimbursement? How do these providers align with the providers who are currently delivering health services in your school district?
- Are there additional barriers you have identified in your school district that can be addressed through a SPA?

To access your state Medicaid plan, [visit your state Medicaid agency's website](#). If your state Medicaid plan is not easily accessible via the state Medicaid agency's website, you can reach out to your state Medicaid agency using the contact information provided [here](#) or your state school nurse consultant using the contact information provided [here](#). Additional information regarding your state plan and SPAs can be found on CMS' website [here](#).

### Understand your state legislative environment

In addition to understanding your state Medicaid plan, it is important to look at any barriers to implementing the change in the free care policy that are created by state laws. A small number of states have codified the free care policy in state law, in addition to their state Medicaid plan. For example, the state of Maryland has a state law which limits school districts to billing for school health services included in a student's IEP. While this is not the case in most states, it is important to reach out to state decision makers to determine if state law will present a barrier to implementation of the free care policy. This can be done by reaching out to your local legislator or the state committee that is responsible for issues related to Medicaid and children's health.

While state law can present a barrier to implementation of the change in the free care policy, it can also serve as an important tool for catalyzing action around the implementation of the change in the free care policy. For example, the state of California passed a state law requiring their state Medicaid agency to move forward with implementing the change in the free care policy. In addition, state law can be used to address additional barriers related to implementation of the free care policy that cannot be addressed within a state Medicaid plan. This might include state licensing requirements for school health providers or issues related to third party liability.

### Understand additional barriers or opportunities

#### *Medicaid managed care*

It is important to consider how implementation of the free care policy aligns with the ongoing transformation of the nation's health care system, specifically the shift of Medicaid to managed care. Over 40 state Medicaid programs were contracting with managed care organizations to deliver care to Medicaid enrollees. This means that over half of all Medicaid beneficiaries nationally receive most or all of their care from managed care organizations. States are also rapidly expanding their use of managed care organizations to reach larger geographic areas and serve more medically complex beneficiaries.

School health services can directly support many of the target goals managed care organizations need to meet for children and youth and therefore recognizing school health services through the Medicaid managed care system should be a natural fit. It is important to reach out to the managed care organizations serving your area to discuss the important role that school health services can play in helping managed care organizations meet their accountability measures, such as delivering Early and Period Screening, Diagnosis and Treatment (EPSDT) services and behavioral health services. There are many examples of

school districts contracting with local managed care organizations to deliver certain health services. For example, Los Angeles Unified School District has become a contracted provider with California's Child Prevention and Disability Program, which allows them to seek reimbursement from Medicaid for nurse practitioners and physicians performing comprehensive physical exams.

Alternatively, a number of Medicaid managed care states have decided to create carve outs for school health services and reimburse school health services under the "traditional" fee-for-service model rather than through the managed care model.

It is important to determine if your state Medicaid program currently contracts with managed care organizations to deliver care to Medicaid beneficiaries and identify the managed care organizations serving students in your district. For more information on whether or not your state is a Medicaid managed care state visit the Kaiser Family Foundation's site [here](#). In addition, the Kaiser Family Foundation's [Medicaid Managed Care Tracker](#) provides state-level and managed care organization level information related to Medicaid managed care organizations in each state.

### *Third-party liability*

An additional issue to consider when implementing the change in the free-care policy is third party liability. Under Medicaid law and regulations, Medicaid is generally the health payer of last resort. This means that Medicaid pays for health care only after a beneficiary's other health care resources have been exhausted.

In general, private insurers do not recognize school districts as health care providers and therefore will not provide payment for their claims. If a private insurance company denies a school district's claim submitted to it, it is expected to issue a statement denying coverage. This denial should then trigger payment from Medicaid for the service. However, private insurers do not recognize schools as health providers and will neither pay for the services schools have administered nor issue the appropriate denial form required for Medicaid payment. As a result, school districts are left to absorb the cost of the Medicaid-eligible health services they provide to students with dual health coverage.

It is important to clarify that the requirement to bill third party payers only applies to Medicaid enrolled students who also have a third party insurer. Approximately 13% of Medicaid recipients have dual coverage at any given time and, as a result, the issue of third party liability does not apply to the majority of children that receive coverage through Medicaid.

While the December 2014 State Medicaid Director letter clarified that schools are not considered to be legally liable third parties, it specifically stated that schools are not exempt from the requirement to bill legally liable third-parties prior to billing Medicaid for students with dual coverage.

Additional guidance is needed from CMS regarding third-party liability requirements. However, these requirements should not serve as a barrier to billing for school health services delivered to students whose sole coverage is Medicaid.

### **Understand the current school health services environment**

Developing an understanding of the current school health services environment within a school district is critical step towards supporting the effective implementation of the change in the free care policy. This is a key component in the development of a school district plan that will meet the health needs of students, ensure the appropriate infrastructure is in place to move forward

with increased Medicaid billing and service delivery and make a strong case to both the local health and education sectors about the importance of increasing access to school health services.

### Assess student health needs

A key step towards developing a plan for increasing access to school health services and programming within a school district is assessing student health needs. Understanding the student health conditions in a given community is necessary to determine the types of health services a school should consider delivering and the types of providers needed to deliver those services. This will help inform the analysis of the state Medicaid plan and support increased access to resources for the school health services that are most needed within a community.

Key sources of data that can be used to identify student health needs include:

- School health information cards: Students across the country submit health cards to the school they are enrolled in at the start of each school year. These cards include key information regarding student health conditions, immunizations and medications. Compiling this data can provide key information regarding the health of students in a given school and can be used to inform the delivery of school health services and programming.
- Public health data systems: City and county departments of public health track and share key data regarding the health of the individuals they serve. This data can typically be broken down by age group, race, gender and zip code and can serve as an important tool in identifying the primary health conditions among children in a given area.
- Hospital community health needs assessments: Non-profit hospitals are required to conduct community health needs assessments once every three years in order to maintain their non-profit status. These assessments are used to guide their investment in the communities they serve. As a result, non-profit hospitals serving a given school district have data that can help schools better understand the health needs of their students.

In addition to using this data to develop a school health services delivery model, this data can be used to make the case to both the health and education sectors for the important role that school health services can play in meeting the goals of the health and education sectors. The primary health conditions identified through this analysis can be linked to indicators that resonate with educators and health providers.

### Understand the current school health infrastructure

It is also important to understand the current school health infrastructure within a given district. This includes the number and types of school health providers currently working within a district, a district's billing infrastructure and the capacity of a school district to bill for additional health services. While many school districts do have the infrastructure in place to increase the delivery of school health services in their district and bill for additional services, this is not the case in other school districts. Determining a school district's capacity to deliver and bill for additional services is necessary to develop a plan for implementing the change in the free care policy.

While the change in the free care policy presents an important opportunity for increasing access to comprehensive and coordinated care, school districts might decide to start with billing for a specific set of services that will have an impact on their overall revenue and are within their current capacity to bill. For example, if asthma is identified as a leading health condition among a student population, a school district could decide to focus their efforts on billing for asthma management services. Or, a school district might decide to focus on seeking reimbursement for

health services included in students' 504 plans (a written management plan outlining how a school will address the individual needs of a child and allow the child to participate safely and equally alongside their peers). In the case that a school district has the capacity to significantly expand the health services they are delivering and billing for, it is critical to ensure that appropriate training is provided to staff and that Medicaid requirements are being met.

It is also important to note that a school district's health infrastructure might include school-based health centers. Since the majority of school-based health centers are not overseen by school districts, the change in the free care policy is not expected to have a significant impact on revenue for health services delivered by school-based health centers. With that being said, the expansion of school health services and providers under the change in the free care policy can co-exist with school-based health centers and support their activities. For example, if a school has a school-based health center and is able to use increased resources from implementing the change in the free care policy to hire a full-time school nurse, the school nurse can work in partnership with the school-based health center to coordinate care and refer students to the school-based health center.

#### Develop a school health services model

Once student health needs have been assessed and there is an understanding of a district's capacity to deliver and bill for school health services, a model for delivering school health services under the change in the free care policy can be developed.

The school health services delivery model should prioritize addressing the leading student health conditions identified through the student health needs assessment. Health services that schools are well positioned to deliver that are typically included in state Medicaid plans include:

- Physical examinations
- Immunizations
- Case identification and management including the identification and management of chronic diseases
- Behavioral health services
- Dental, vision and hearing services
- Acute and urgent care, including follow-up treatment.
- Occupational therapy services
- Teen pregnancy and prenatal care
- Family planning and sexually transmitted infection treatment
- Food allergy and anaphylaxis treatment

After determining which services should be included in your school health service delivery model, you should identify the providers needed to deliver these services and compare them to the school health providers currently working within your district. Key questions that should be considered and addressed when developing a school health services delivery model include:

- What services are currently being provided in the district and who is providing them? What are the best practices and lessons learned from the current model?
- What technology are school health providers using to bill Medicaid for health services included in student's IEPs? What additional training will be needed to increase capacity to bill for school health services?
- What community partners are supporting the district's school health services model and what role do they play?

- What is the proposed reimbursement model? What level of reimbursement is needed to offset the cost of building capacity around billing and increasing staffing?
- What will be the process for quality assurance?
- Does the school district want to contract with local managed care organizations to deliver a specific set of services? If so, how should that contract be structured?
- Does the school district want to deliver the school health services on their own or contract out for the delivery of the services?

It is critical to engage key stakeholders in the development of this plan including current school health providers and community partners.

## **Engage decision makers and allies**

### Identify key decision makers to engage

Identifying and engaging key decision makers throughout this process is important to the success and long term sustainability of efforts to implement the change in the free care policy. Building support from both health and education decision makers at the state and local levels will help ensure the success of efforts to change a state's Medicaid plan or state laws related to school health services.

At the state level, it is important to reach out to your state department of education and state Medicaid agency and make the case about why school health services matter and how they can benefit both the health and education sectors. In addition, it is important to identify key decision makers that care about both health and education outcomes, including state legislators and the Governor's office, that can play an important role in building broader support for implementation of the change in the free care policy.

At the local level, it is important to reach out to key leadership at the school district, departments of health and public health and the Mayor's office to discuss the importance of increasing access to school health services and the opportunity at hand. In addition, city council members can serve as important advocates for implementing this change, especially if the schools in the area they serve stand to benefit from increased access to school health services.

### Identify allies at the state and local levels

At the state level, state stakeholder organizations, such as state chapters of the teachers unions, the state school nurses association, the state PTA association and the state association for school based health centers, can play an important role in supporting state level changes that are needed to implement the change in the free care policy. In addition, these state level stakeholder organizations can play an important role in spreading the word about the change in the free care policy and building on the ground support for implementation of the change.

At the local level, key allies might include local health providers, local United Ways, public health agencies, the school district and school stakeholders, including school nurses, teachers, principals and parents. In addition to building support for implementation of the change in the free care policy and increased access to school health services, these local allies can help inform the school health services delivery model.

It is also important to determine if a state or local school health coalition already exists. Many states have coalitions that meet regularly to identify and support opportunities for advancing

school health. Working with these coalitions and utilizing their existing relationships is a highly effective strategy for leveraging opportunities to increase access to school health services.

#### Identify new opportunities for partnerships

The change of the free care policy presents a tremendous opportunity to create new and strengthen existing partnerships between health and education that support the delivery of school health services. With the transformation of the health care system, local health providers are working to identify and implement new strategies that increase access to comprehensive and coordinated care for the populations they serve. Schools can play a key role in meeting this goal and health providers are increasingly looking to partner with community organizations, such as schools, to meet the health needs of the individuals they serve.

Local health providers can work with schools to address some of the infrastructure needs that might prevent a school district from fully leveraging the change in the free care policy. For example, in Toledo, OH ProMedica (a regional health care network) is partnering with Toledo Public Schools to put a full-time school nurse in all district elementary schools. In addition, in Austin, TX, Dell Children's Hospital has a long standing partnership with Austin Independent School District. Through this partnership, Dell Children's Hospital provides professional development and training to school nurses, provides liability insurance and assists with additional human resource needs.

Given the community benefit requirement for non-profit hospitals and the new accountability metrics for managed care organizations, it is important for school districts to contact their local health systems to explore the possibility of a partnership to ensure they have the capacity to fully leverage the change in the free care policy. This might include reaching out to a hospital's director of community benefits to determine where they are in their community health needs assessment process and if there is an opportunity to participate, contacting local managed care organizations to discuss health services schools are well positioned to deliver or reaching out to local health care systems for assistance with establishing billing infrastructure and providing the associated training.

### **Build for the long term**

#### Evaluate the impact

In order to ensure the long term sustainability of efforts to expand access to and billing for school health services under the change in the free care policy, it is important to evaluate the impact of the new program. This evaluation should include an assessment of the impact on health and education outcomes. Key indicators to evaluate might include rates of chronic absenteeism (the percent of students missing 10% or more of school days for any reason, excused or unexcused), percent of students returning to class after visiting a school health provider, number and type of health services delivered by school health providers, the amount of revenue generated from the school Medicaid claiming program, the ratio of students to school nurses, school psychologists and other school health providers, and the percent of school health provider time spent delivering Medicaid reimbursable services.

In addition, school districts should speak with their local managed care organizations to determine what their accountability metrics are and collect data that can help make the case that schools can help managed care organizations meet these metrics. For example, if managed care organizations are held accountable for the percent of children who are on schedule with their EPSDT services, schools could track the number of EPSDT services they

deliver and build the case for the role schools can play in helping managed care organizations meet this metric.

#### Develop a plan for addressing additional student health needs

An assessment of student health needs should be conducted periodically to determine if additional health services need to be added to the school health service delivery model. In addition, if a school district decides to move forward with implementation of the change in the free care policy by billing for a smaller scope of services at first and then expanding to a larger scope of services, they should develop a plan to gradually expand the type of services being delivered. This might include developing additional SPAs to add more services or school health providers to the state Medicaid plan.

#### Leverage opportunities presented by the broader transformation of the health care system

It is important to assess new and emerging opportunities for increasing access to school health services that are presented by the transforming health care system. For example, as new Accountable Care Organizations are established in a community, you should reach out to these entities to discuss the importance of school health services and the role they play in meeting children's health needs.

There are also state and local funding opportunities available through the Affordable Care Act which can potentially be used to support pilot efforts to increase access to school health services.

The change in the free care policy presents a tremendous opportunity to increase access to school health services and support the goals of the health and education sectors. Understanding your state regulatory environment, assessing your current school health infrastructure, identifying and engaging partners and decision makers and building for the long term are all critical steps to ensuring the effective implementation of this change in your state and community.



