



**HEALTHY SCHOOLS
CAMPAIGN**



State Efforts to Implement the Free Care Policy Reversal

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In 2014, the Centers for Medicare and Medicaid Services (CMS) issued a [state Medicaid director letter](#) reversing the long standing free care policy. This change allows states more flexibility in their school-based Medicaid programs by allowing school districts to bill Medicaid for health services delivered to all Medicaid-enrolled children, not just those with a special education plan documented by an Individualized Education Program (IEP). In order to implement this change, some states need to submit a state plan amendment (SPA) to CMS; other states are able to implement this change administratively without a SPA. Additional background information is available [here](#) and [here](#).

Since the policy change was announced, state Medicaid and education agencies have considered their options regarding expanding their school-based Medicaid programs to all students. Increasingly, states and school districts see expanding school-based Medicaid programs as an opportunity to bring in additional resources to expand access to health services for vulnerable students. And, as school districts consider how to meet increased demand for mental health services in schools, policymakers are considering every available option to build capacity at the state and local levels.

The chart below outlines some of the known actions to implement the reversal of the free care policy. Some of the information in this brief is based on informal conversations with policymakers and advocates. Further, the actions needed may differ state by state as outlined in a 2016 [National Health Law Program \(NHELP\) review](#) of Medicaid state plans and state Medicaid managed contracts.

States are increasingly pursuing changes to their school Medicaid programs recognizing the growing need to provide health services and supports to children where they spend the majority of their time: in school. Implementing the free care policy reversal is one pathway to increasing children's access to Medicaid services. As advocates, we continue to work with an array of stakeholders to ensure that children are healthy and ready to learn. Please reach out to us to learn more and share your experiences.

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Overview of Activity

Type of Activity	States
Approved SPA to implement free care policy reversal	Florida* ; Louisiana ; Massachusetts ; North Carolina
Implemented free care policy reversal (no SPA needed)	South Carolina
SPA submitted to CMS and pending approval	California ; Georgia ; Michigan
Considering SPA	Colorado ; Kentucky ; Nevada
Passed Legislation	California ^o ; New Hampshire
Pursuing Legislation	Florida* ; Massachusetts ^o ; Utah ^o

- * CMS approved Florida’s SPA in October 2017 to set the stage for expansion of Medicaid-billable services in schools to all children, however IEP restrictions remain in Florida statute and bills have been introduced to change state statute.
- ^o Legislation is not required in Massachusetts, California, or Utah in order to implement reversal of the free care policy; these states took/are taking legislative action for additional reasons. See chart below for details.

State Specific Updates

<p>California Passed state legislation and submitted SPA to CMS to expand Medicaid reimbursement to include services delivered to all Medicaid-enrolled students and add additional services.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> • Legislation (SB 276) passed to permit California to expand Medicaid reimbursement for school health services to all Medicaid-enrolled students. • Submitted SPA to CMS in 2015 and awaiting approval. 	<p>Policy Highlights</p> <p>Legislation was passed in California in fall 2015 to set the stage for implementation of the reversal of the free care policy. A SPA was submitted in September 2015 to CMS to expand the scope of services covered in schools, the types of eligible providers and to allow reimbursement for all Medicaid-enrolled students. The proposed SPA also revises the payment methodology from fee-for-service to the Random Moment Time Study (RMTS).</p>
<p>Resources</p> <ul style="list-style-type: none"> • Bill Text: SB 276 • California State Plan Amendment • Brief from the California School Based Health Alliance 	

<p>Colorado Testing financial impact of expanding Medicaid reimbursement to include services delivered to all Medicaid-enrolled students.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> Conducted RMTS expansion study January-February 2019. 	<p>Policy Highlights Conducted an expansion study for six weeks with eight districts participating. The study was based on a time study that looked at a number of factors including, Medicaid eligibility; time study response and notification time; and, existing allowable providers as well as other potential, eligible provider groups. State will determine whether or not to move forward with a SPA pending the results of the study.</p>
<p>Resources</p> <ul style="list-style-type: none"> Not yet available 	

<p>Florida SPA approved to expand Medicaid reimbursement to include services delivered to all Medicaid-enrolled students.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> SPA approved by CMS in October 2017. State legislation pending (SB 290). 	<p>Policy Highlights SPA approved that removes the IEP restriction and allows charter and private schools to bill Medicaid for services delivered to all Medicaid-enrolled students. The SPA states that services delivered to all Medicaid recipients requiring medically necessary services are eligible for reimbursement. However, the IEP restriction is codified in state statute and must be removed in order to implement the SPA. Legislation is currently pending that would remove the IEP restriction from the statute and pave the way to serving all Medicaid-enrolled students.</p>
<p>Resources</p> <ul style="list-style-type: none"> Florida SPA approval Bill text: SB290 Brief from Florida Policy Institute 	

<p>Georgia SPA submitted to expand reimbursement for school nursing services delivered to all Medicaid-enrolled students.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> Submitted SPA to CMS and awaiting approval. 	<p>Policy Highlights SPA similar to Louisiana’s SPA (see below) that would remove the IEP requirement for school nursing services and allow school districts to bill for school nursing services delivered to all Medicaid-enrolled students. SPA also revises the payment methodology from fee-for-service to Random Moment Time Study (RMTS). The SPA is pending.</p>
<p>Resources</p> <ul style="list-style-type: none"> Presentation by Voices for Georgia’s Children 	

<p>Kentucky Considering a SPA to expand Medicaid reimbursement to include services delivered to all Medicaid-enrolled students.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> Preliminary exploration underway. 	<p>Policy Highlights Kentucky is in active conversations around pursuing a SPA to implement the free care policy reversal.</p>
<p>Resources</p> <ul style="list-style-type: none"> Not yet available 	

<p>Louisiana SPA approved to expand reimbursement for school nursing services to all Medicaid-enrolled students.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> Approved by CMS in October 2015 and implemented. 	<p>Policy Highlights SPA approved that allows school districts to bill for school-based nursing services delivered to all Medicaid-enrolled students. Unofficial estimates suggest that in three years the school-based Medicaid revenue has tripled and the number of school nurses has increased by nearly 15% statewide.</p>
<p>Resources</p> <ul style="list-style-type: none"> Louisiana SPA approval 	

<p>Massachusetts SPA approved to expand reimbursement to all Medicaid-enrolled students and expand the scope of covered school services. State legislation pending that addresses reinvestment of school-based Medicaid revenue.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> • Approved by CMS in July 2017; implementation begins 2019-2020 school year. • State legislation introduced in January 2019 and currently pending. 	<p>Policy Highlights CMS approved a change that allows school districts in Massachusetts to bill for services delivered to all Medicaid-enrolled students. It also expands the services that are covered in a school-based setting. Notably, CMS approved a new formula for the state share as calculated by CMS. The new formula incorporates two categories of Medicaid-enrolled students: those with IEPs and those without IEPs. The payment rate to schools is the same for both populations.</p> <p>State legislation pending that will ensure Medicaid reimbursement from school-based services is reinvested in school nursing programming and services.</p>
<p>Resources</p> <ul style="list-style-type: none"> • Massachusetts SPA • Massachusetts School Based Medicaid Resource Center • Bulletin from MassHealth on expansion of school based Medicaid program • Analysis of SPA by Community Catalyst, Healthy Schools Campaign and National Health Law Program • Bill text: SD 1966 	

<p>Michigan SPA submitted to expand Medicaid reimbursement to include services delivered to all Medicaid-enrolled students.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> • Submitted SPA in December 2018. 	<p>Policy Highlights The SPA would expand Medicaid reimbursable services to additional Medicaid-enrolled students with the proper documentation of need.</p>
<p>Resources</p> <ul style="list-style-type: none"> • State's letter of intent to submit a SPA 	

<p>North Carolina SPA approved to expand Medicaid reimbursement to include services delivered to all Medicaid-enrolled students and expand the scope of covered services.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> • SPA approved January 2019. 	<p>Policy Highlights The SPA expands Medicaid reimbursable services to all Medicaid-enrolled students with the proper documentation of need. The SPA is specific to nursing, counseling, occupational therapy, speech/language therapy and physical therapy services. This SPA also adds vision screening services and clarifies the definition of hearing services.</p>
<p>Resources</p> <ul style="list-style-type: none"> • North Carolina SPA • Overview of North Carolina SPA • Analysis of North Carolina SPA • NC Legislative Report on Fiscal Impacts of Expanded Medicaid Coverage for School-Based Health Services 	

<p>New Hampshire Legislation passed in 2017 to expand Medicaid reimbursement to include services delivered to all Medicaid-enrolled students. State has yet to publish final rules needed to implement this expansion.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> • Legislation passed in March 2017 to expand the school Medicaid program; temporary rule put in place in August 2018, however final rules have not been published. 	<p>Policy Highlights Legislation passed and temporary rule implemented in August 2018 that allows the state Medicaid agency to reimburse schools for services provided to all Medicaid-enrolled students with a plan of care established by a school district, such as a 504 educational plan, as well as students with an IEP. The legislation also states the Medicaid to Schools program will allow schools to be reimbursed for services such as children’s behavioral health and the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit.</p>
<p>Resources</p> <ul style="list-style-type: none"> • Bill text: SB 235 • History of New Hampshire's Medicaid to Schools program 	

<p>Nevada Considering a SPA to expand Medicaid reimbursement to include services delivered to all Medicaid-enrolled students.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> Considering submission of SPA to CMS to expand reimbursement to include services delivered to all Medicaid-enrolled students. 	<p>Policy Highlights Not yet available</p>
<p>Resources</p> <ul style="list-style-type: none"> Not yet available 	

<p>South Carolina Expanded Medicaid reimbursement to include services delivered to all Medicaid-enrolled students/no SPA needed.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> No SPA needed; implementation under way. 	<p>Policy Highlights There were no restrictions in South Carolina’s state Medicaid plan related to the free care policy reversal. As a result, South Carolina allows districts to bill for eligible services delivered to all Medicaid-enrolled students.</p>
<p>Resources</p> <ul style="list-style-type: none"> SC Local Education Agency Provider Manual 	

<p>Utah Pursuing legislation to expand Medicaid reimbursement to include services delivered to all Medicaid-enrolled students.</p>	
<p>Free Care/SPA Status</p> <ul style="list-style-type: none"> Passed two pieces of state legislation in March 2019. 	<p>Policy Highlights Utah passed legislation, HB373, that requires the Department of Health to develop a proposal and submit a SPA to expand Medicaid reimbursement to include services delivered to all Medicaid-enrolled students. In addition, Utah passed legislation, SB106, that allows certain mental health services provided in Utah public schools to be billed to Medicaid.</p>

Resources

- [Bill text: HB373](#)
- [Bill text: SB106](#)

About the Authors

[Community Catalyst](#) is a national non-profit advocacy organization dedicated to quality affordable health care for all. Since 1997, Community Catalyst has been working to build the consumer and community leadership required to transform the American health system. With the belief that this transformation will happen when consumers are fully engaged and have an organized voice, Community Catalyst works in partnership with national, state and local consumer organizations, policymakers, and foundations, providing leadership and support to change the health care system so it serves everyone – especially vulnerable members of society.

[Trust for America's Health](#) (TFAH) is a nonprofit, nonpartisan organization that promotes optimal health for every person and community and makes the prevention of illness and injury a national priority. [Healthy Schools Campaign](#) (HSC) is a national non-profit organization dedicated to ensuring all students have access to healthy school environments where they can learn and thrive. HSC and TFAH co-convene the Healthy Students, Promising Futures Learning Collaborative with the goal of creating healthier students by increasing Medicaid services in schools and promoting safe and supportive school environments. Fifteen cross-sector state teams currently participate in the learning collaborative and include representatives from state education agencies, state Medicaid agencies, school districts, state and local advocates, public health agencies and others.