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## FISCAL IMPACT REPORT

SPONSOR: Miera DATE TYPED: 03/01/01 HB HJM 46  
 SHORT TITLE: “Medicaid in the Schools” Program SB \_\_\_\_\_  
 ANALYST: Taylor

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
		See Narrative			

(Parenthesis ( ) Indicate Expenditure Decreases)

Duplicates SJM 45

### SOURCES OF INFORMATION

LFC Files  
 Human Services Department (HSD)  
 Health Policy Commission (HPC)  
 State Department of Education (SDE)

### SUMMARY

#### Synopsis of House Joint Memorial

House Joint Memorial 46 requests the Human Services Department (HSD) to pay school districts participating in the Medicaid in the Schools programs for administrative claims as submitted by the districts and to comply with the joint powers agreement provisions applicable to participating school districts. The resolution further requests that HSD make payments expeditiously-- by the end of the current school budget calendar. It requests that HSD, SDE, participating school districts and the federal Health Care Financing Authority [sic] (HCFA) enter into mediation to develop a clearly written interpretation of the “Brown Guide” and a jointly developed training process for school district staff. It requests that HSD and SDE submit a joint report to the Legislative Finance Committee (LFC) and the Legislative Education Committee (LESC) that can be reviewed and acted upon prior to the next legislative session. Finally it requests that copies of the memorial be provided to the HSD, SDE and HCFA.

The memorial’s preamble notes that: school districts have entered into joint powers’ agreements with HSD and SDE to participate in the MITS program; school districts are allowed to seek reimbursement for administrative activities; payments to school districts are subject to federal

review and repayment of unsubstantiated claims is the responsibility of the school districts; and that HSD has withheld or partially paid administrative payments for the second, third and fourth quarters of FY 2000, and the first and second quarters of FY 2001.

### **FISCAL IMPLICATIONS**

The memorial has no direct fiscal implications, and the fiscal implications of the problems the memorial addresses are muddled. The school districts claim that they would be on the hook should the federal government find inappropriate use of funds, and so there is no risk to the state. HSD claims otherwise, saying that the state would be responsible and thus funding for the Medicaid program could be shorted. However, HSD also quotes from the joint powers agreement a provision that says the school districts and SDE agree to hold HSD harmless "in the event the federal government disallows federal financing participation for any reimbursement made pursuant to this agreement."

SDE reports that MITS funds approximately 210 positions, including nurses, counselors, psychologists, pathologists, other specialists and administrative clerks. School districts have testified that if the issue is not resolved soon, they will have to lay off many of these people as they cannot absorb the costs out of other funds.

### **ADMINISTRATIVE IMPLICATIONS**

The memorial requests that HSD, SDE, HCFA and representatives of the school districts enter into mediation to develop a clear interpretation of the "Brown Guide" and to develop jointly a training process. HSD's bill analysis reports that they believe that it would be premature to revise the Brown Guide before new guidelines are provided by HCFA. However, the memorial does not request new guidelines, but it requests a clear interpretation of current guidelines. HSD also writes that they since October 2000, they have made more intensive training available to school districts.

### **TECHNICAL ISSUES**

The memorial refers to the Health Care Financing Authority. The proper name for the agency is the Health Care Financing Administration.

### **OTHER SUBSTANTIVE ISSUES**

- SDE reports that 36 of the 79 participating school districts have filed a writ of mandamus with the state Supreme Court to resolve outstanding claims. The Supreme Court has taken the request under advisement. SDE also reports that the MITS program has generated approximately \$10 million in FY99 that schools used to improve health and health related services. They note that there has been some progress in resolving outstanding claims and payment issues. Thirty-three of the 133 claims received between October 1999 and June 2000 have been resolved.
- HSD writes that their regulations make all Medicaid services subject to review for medical necessity and program compliance. They say that school districts have agreed to abide by federal regulations and state policies, and to hold HSD harmless "in the event the federal government disallows federal financial participation for any reimbursements made pursuant to this agreement."
- The MITS program could be expanded to cover additional services, most notably nursing services at no cost to the state since school districts would pay the state share of the program

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and leverage federal dollars at a rate of approximately 3:1. HSD has reported that they are interested in amending the state plan to allow for such an expansion, but only after current issues with school districts are resolved.

BT/njw