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## FISCAL IMPACT REPORT

ORIGINAL DATE 03/07/11

SPONSOR Stewart LAST UPDATED \_\_\_\_\_ HJM 50

SHORT TITLE Medicaid School Based Practice SB \_\_\_\_\_

ANALYST Earnest

### ESTIMATED ADDITIONAL OPERATING BUDGET IMPACT (dollars in thousands)

	FY11	FY12	FY13	3 Year Total Cost	Recurring or Non-Rec	Fund Affected
<b>Total</b>						

(Parenthesis ( ) Indicate Expenditure Decreases)

### SOURCES OF INFORMATION

LFC Files

#### Responses Received From

Human Services Department (HSD)

Department of Health (DOH)

### SUMMARY

#### Synopsis of Bill

House Joint Memorial 50 requests the interim Legislative Health and Human Services Committee study and compare current New Mexico Medicaid school-based services program practices with those of other states and consider strategies that will maximize Medicaid reimbursements and eliminate procedural barriers.

The committee is to solicit assistance from the Human Services Department, the Public Education Department, the Legislative Finance Committee, the Legislative Education Study Committee, the New Mexico Coalition of School Administrators and the Medicaid school-based program advisory committee, as well as from public schools and regional education cooperatives, licensed health care providers and other interested persons.

The committee is to present its findings and recommendations to the Legislature and the governor by November 1, 2011, including proposed action steps for administrative, legislative, regulatory, operational and financial initiatives necessary to implement efficient process and programmatic expansion maximizing federal reimbursements within the school-based Medicaid services program; and

## **FISCAL IMPLICATIONS**

The fiscal implications would be limited to the staff devoted by the agencies to assist the committee.

## **SIGNIFICANT ISSUES**

The Department of Health provided the following descriptions of the Medicaid School Based Services (MSBS) program and the School Based Health Clinics (SBHC).

The MSBS program was established in 1994 and is organized through the NM Human Services Department. For a school to receive reimbursement for services through the MSBS program, each Medicaid-eligible recipient must receive an Individualized Education Plan (IEP) or Individualized Family Service Plan (IFSP) that specifies the services required to treat (through correction, amelioration, or prevention of deterioration) his or her identified medical condition(s) (NM HSD, *NM Guide for School-Based Services, Revised August 2009*).

Federal Medicaid law does not mandate that schools be reimbursed for health and health-related services that are provided to Medicaid-eligible children; however, the Medicare Catastrophic Coverage Act of 1988 (P.L. 100-360) clarified that federal Medicaid matching funds are available and may be used for health-related services that are covered under the Medicaid State Plan when those services are provided under the auspices of the Individuals with Disabilities Education Act (IDEA) as part of an IEP or IFSP, as under the MSBS program in New Mexico. Federal Medicaid reimbursement for health and health-related services provided to students receiving special education, and for outreach and care coordination activities provided to all students, may be generated by local educational agencies (LEAs), Regional Educational Cooperatives (REC) or state funded educational agencies (SFEAs). These entities may draw down Medicaid reimbursement for the federal share of costs for health and health-related services that are provided to students who are Medicaid recipients. A number of public schools successfully draw the funds and use the money to pay for health-related services, including salaries for school nurses and health assistants.

SBHC services are not included in a school district's MSBS program. SBHCs are part of the Medicaid Salud Program and are credentialed as Medicaid providers. All services delivered through the SBHC, including early periodic screening, diagnosis and treatment services and behavioral health and oral health services, are directly billed on behalf of Medicaid-eligible youth. Services billed by an SBHC are distinct and separate from the reimbursement activities sought through the school district's MSBS program. The primary difference between the SBHC and MSBS program is that students seen through SBHCs are not required to have an IEP or IFSP to receive services.

HSD reports that New Mexico covers many more service codes and has higher Medicaid reimbursement rates than Montana. North Carolina reimburses their MSBS providers using CMS approved cost based rates. Cost based rates are an option for New Mexico and will require approval from the Centers for Medicare and Medicaid Services (CMS).

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Montana and North Carolina reimburse for educational assistants under the MSBS program and New Mexico does not. These providers are not allowed to bill under the current New Mexico State Plan. The Human Services Department would need to submit a State Plan Amendment to CMS to add educational assistants.

BE/svb