

## **Medicaid Reimbursement Fact Sheet (CMS 2287-P)**

The Centers for Medicare and Medicaid Services published a proposed rule (CMS-2287-P) in the Federal Register on September 7, 2007, that would prohibit local schools from claiming federal reimbursement for school-based Medicaid administrative activities and for home-to-school transportation for special education students.

Proposed rule 2287-P seeks to cut more than \$3.6 billion in funding over five years that currently supports essential health-related education services. It would eliminate federal reimbursement under the Medicaid Program for the costs of school staff that performs a set of administrative activities, such as Medicaid outreach, referral to and monitoring of medical services. Federal Medicaid reimbursement for administrative services is critically important for ensuring that schools are able to provide the appropriate outreach activities to link children to medical services, identify those students who may need medical screening and provide referral services in the community.

Proposed Rule 2287-P would also prevent schools from claiming legitimate Medicaid transportation expenses. Transportation reimbursement is necessary to accommodate students with special needs by providing for accessible buses to transport children with disabilities to appropriate services and by providing bus aides as needed.

The CMS, under the U.S. Department of Health and Human Services, has consistently argued that the Program is fraught with fraud and abuse, citing examples in New York and Michigan. These claims have been strongly disputed in those states. In response, President Bush eliminated the funding in his 2008 Federal Budget, and CMS started developing the regulations. The good news is that the Democratic Congress has rejected the President's proposed cuts and supports legislation to tighten up program requirements instead. The battle will move to Congress, where it will need to get language into a "veto-proof" bill to prevent the regulation from being implemented.

The comment period ends on November 6, 2007. CMS is charged with reviewing the comments and preparing a final rule. CSBA, local, state and national education groups are preparing comments and taking a strong stand to keep the Program.

Schools cannot afford to continue providing the same level of federally mandated administrative services in support of the Medicaid program without adequate reimbursement of their costs. Because the proposed cuts adversely impact K-12 education and must be made up from local tax levies, they will increase local taxpayer costs for federally mandated services and result in cuts of local education programs and health care services for schoolchildren. The proposed cuts may also increase Medicaid Program expenditures due to increased emergency room use and late detection of preventable medical conditions.

## **Medicaid Reimbursement Q&A**

### **What is the impact of proposed rule CMS-2287-P?**

- The rule would impose a significant financial burden on local school districts, which is estimated to cost \$3.6 billion over five years. As a result, school districts would be forced to cut education services or replace lost Medicaid dollars with additional state and local taxpayer dollars.
- The proposed savings represent less than 0.2% of 2006 federal Medicaid expenditures—an insignificant impact on the federal budget. Conversely, the impact on schools would be far more significant. (Provide local data)
- At a time when the federal government is already woefully behind in their commitment to fund special education, this rule would make it more difficult for school districts to provide needed services to students with disabilities.
- The rule would deny federal payment for services such as outfitting buses with specialized equipment, transporting children to school for their medical appointments, identifying Medicaid-eligible students, and referring children to needed services in their community.
- The federal mandate to perform these services will not go away with CMS-2287. Instead, school districts will be forced to come up with the funds.

### **What does the Administration have against schools?**

- Despite statutory authority, case law and precedent that establish an irrefutable basis for schools to receive Medicaid reimbursement, CMS is set on prohibiting schools from receiving federal Medicaid dollars.
- CMS fails to recognize that schools play a key role in identifying children eligible for Medicaid and connecting them to needed services.
- The proposed rule would disqualify local school districts from receiving Medicaid reimbursement for performing the same activities that other local agencies do in administering the state Medicaid plan.
- Over the years, CMS has initiated a relentless barrage of requirements and program changes designed to discourage participation in Medicaid claiming and to reduce the level of reimbursement available to schools.
- CMS is being disingenuous and misleading about the reason for the elimination of these claims. In fact, the proposed rule contradicts its own previously issued guidance that allows schools to claim for these services.

### **What is the impact to California schools?**

- Over 500 school districts, county offices of education and community colleges in the state will lose millions of dollars annually.
- In FY 2006, the Department of Health Care Services paid local education agencies nearly \$95 million in federal Medicaid reimbursements for Medicaid Administrative Activities (MAA) activities.
- The proposed rule would prohibit local educational agencies from claiming federal reimbursements for the cost of transporting school-age special education students to receive Medicaid services at school.
- Reimbursements for both MAA and transportation would drop to zero if the rule goes into effect.