



Issue Brief

Leveraging Ohio's Medicaid School Program to Support School-Based Health Care

The Medicaid School Program (MSP) is a federal-state partnership program that supports schools in reducing students' health-related barriers to education. Through the program, participating school districts are reimbursed the federal share of expenses by Medicaid for qualifying medically necessary healthcare services provided to, at minimum, students with an Individualized Education Plan (IEP). The program plays a critical role in the delivery of school-based health care services.

Over the last decade, the MSP has undergone federal updates that allow states to expand the program to support school districts in providing a greater range of healthcare services to more Medicaid-eligible students. This brief provides an overview of the MSP, how the program currently operates in Ohio, the potential for expansion, and outlines key considerations and potential benefits of expanding the MSP to support sustainable, high quality, comprehensive, and integrated school-based health care services.

What is the Medicaid School Program?

The Medicaid School Program (MSP) is a federal-state partnership program that allows schools to be reimbursed the federal share by Medicaid for certain health-related services provided to eligible students. Historically, since the start of the program in 2008, eligibility was limited to the provision of medically necessary services for students with an Individualized Education Plan (IEP). Per federal education laws², schools are required to cover all necessary IEP services provided to students. The MSP helps schools offset a portion of the cost of providing some of these required services to Medicaid-eligible students by reimbursing the federal Medicaid share of the cost.

What is school-based health care?

School-based health care is a broad term that refers to improving student access to healthcare services in school settings.

Why focus on school-based health care?

Health is an important factor that contributes to a child's success both inside and outside of school. Students who are sick or who have unaddressed health conditions often cannot focus inside the classroom and are more likely to miss school altogether. School-based health care plays a critical role in improving children's access to healthcare services to keep students healthy, in school, and ready to learn. The research is clear, healthy students learn better and are, in turn, better equipped and supported to reach their full potential.¹



What is an Individualized Education Program (IEP)?

An IEP is a document that establishes and outlines the supports and services to be provided to a student with disabilities, so that the student can access their school's general education curriculum. IEPs are created by an IEP team, typically including a student's family, their school, and their healthcare provider(s). The IEP team examines a student's current level of educational achievement and their identified educational needs to develop goals and objectives for academic growth for the school year. IEPs are available to public school students who have one of thirteen conditions³ covered under the Individuals with Disabilities Education Act (IDEA) and require additional supports in school.

State Medicaid agencies hold an agreement with the federal Centers of Medicare and Medicaid Services (CMS), through their Medicaid State Plan, that describes how a state will administer the MSP. Within the parameters of federal and state law, the agreement includes which students, healthcare providers, and services are eligible for reimbursement through the MSP, and outlines states' reimbursement processes.

MSP reimbursement processes are complex and vary state by state. However, generally, CMS reimburses states for a portion of the eligible services provided to eligible students, then states pass on the federal funding to schools. This process takes place in accordance with the state's CMS agreement or State Plan. Notably, depending on the agreements in place, the state or the schools are responsible for covering the unfunded cost of services provided.

Over the last decade, CMS has issued guidance that provides states with the option to expand the scope of their MSP (see MSP program updates). As a result, state MSPs sit on a continuum across the nation. Some states have broadly expanded eligibility and services, some have extended eligibility beyond an IEP to certain groups of students, such as students with a 504 plan, and others continue to operate within the original scope of the program. As of October 2023, **25 states and D.C.** had implemented some form of MSP expansion.⁵

MSP program updates

2014 expanded School-Based Services policy update

In 2014, CMS announced an update to the Expanded School-Based Services policy (often referred to as the "Free Care Rule"). Historically, CMS guidance on "free care" limited Medicaid payment to services that were documented in a student's IEP, with some additional statutory and policy exceptions.⁴

The 2014 update allows Medicaid payment for any Medicaid covered services provided to Medicaid-eligible students when services are delivered by Medicaid-qualified providers. States are able to opt in to this updated scope by revising their Medicaid State Plan. Reimbursable services under the Expanded School-Based Services policy include student vision or hearing tests, health screenings, dental sealant application, as well as health care delivered by a school nurse or other members of a school health team.

2023 CMS guidance on MSP

In 2023, CMS released comprehensive guidance encouraging states to adopt more inclusive MSP policies and removing barriers to MSP expansion. The guidance, **Delivering Services in School-Based Settings: A Comprehensive Guide to Medicaid Services and Administrative Claiming** and abbreviated guide, **Medicaid SBS 101**, clarify that states have the option to expand their MSP to *any* Medicaid-eligible student and for *any* qualifying medically necessary healthcare service.

The guidance also outlines the types of healthcare providers and services that could be eligible for reimbursement through a state's MSP. In addition, the guidance includes new policies and flexibilities intended to lower the state's administrative burden for implementing the MSP. Similar to the 2014 update, in order to implement an expansion, state Medicaid agencies are required to amend their own policies and Medicaid State Plan agreement to reflect any new groups of eligible students and services/providers that will be covered through the MSP expansion.

How does Medicaid School Program operate in Ohio?

Ohio's MSP is jointly administered by the Ohio Department of Medicaid (ODM) and the Ohio Department of Education and Workforce (DEW).⁶ The Ohio MSP currently reimburses school districts the federal Medicaid share for medically necessary therapy services that are indicated on a Medicaid-eligible student's IEP.

In State Fiscal Year (SFY) 2022, the program provided services to 125,000 students with disabilities, totaling more than \$142 million dollars in reimbursement to school districts.⁷ In that same year, there were 1,832,117 MSP services rendered to Medicaid-eligible students.⁸ The three most common types of MSP services rendered were the treatment of speech, language, voice, and/or hearing processing disorders in a group setting (35%), followed by those services rendered in an individual setting (22%), and therapy services using functional activities (21%). The majority of services in SFY 2022 were provided to preschool and elementary school-aged students (63%), while 20% were provided to middle schoolers, and 18% were provided to high schoolers.

Ohio's SFY 2024-2025 budget allocated funding within ODM to support MSP expansion. ODM is currently leading a multistakeholder process to gather feedback on and inform potential MSP expansion, including:

- Extending the core MSP benefit package to additional students with disabilities/ documented need (for example, expanding beyond IEPs to 504 plans and individualized health plans).
- Updating the core MSP benefit package for this population to meet modern needs for nursing services and behavioral health services.
- Creating a limited benefit package of "public health services" available to all Medicaid-enrolled students.⁹

ODM has indicated plans to have MSP expansion updates take effect at the start of the 2025-2026 school year. To move forward, ODM must allow for a public rulemaking process to codify updates to MSP in the Ohio Administrative Code and have in place an approved, amended SPA incorporating the MSP updates within three months of school districts billing for services.

Current Ohio MSP program

The following services are currently eligible for reimbursement, provided they meet IEP and provider licensing requirements:

- Audiology
- Counseling
- Nursing
- Occupational therapy
- Physical therapy
- Psychology
- Social work
- Behavioral health
- Speech-language pathology
- Targeted case management
- Specialized transportation
- Medicaid Administrative Activities, including costs associated with outreach, coordination, and program planning¹⁰

Children ages 3 to 21 with an IEP and who are eligible for Medicaid may have certain services covered through Ohio's MSP.

Key considerations for MSP expansion

As Ohio moves forward with implementing MSP expansion, key questions to consider include:

Scope of service and provider expansion

- What school-based health care services are schools already providing to students that are not currently covered under Ohio's MSP program?
- What key school-based health care providers are not currently covered under Ohio's MSP program?
- Are there particular gaps in care among Medicaid-enrolled students that expansion of the MSP program can address (e.g., behavioral health, dental, etc.)?
- How may MSP expansion impact services provided by school districts to non-Medicaid eligible students?

Partnership

- How will MSP expansion integrate with and support health services that are being provided by other school-based health care models (i.e., services provided by school-based health centers, community behavioral health providers, school-linked health services)?
- How will MSP expansion impact and/or be affected by already existing healthcare provider workforce shortages?

Administration and funding

- How will schools fund their share of the cost of services provided under MSP expansion?
- What types of supports will schools need to act on MSP expansion (i.e., billing, claims processing, Medicaid credentialing)?
- How can the administrative complexity of the MSP program be reduced for school districts?
- Will MSP expansion create a greater cost burden on schools with high percentages of non-Medicaid eligible students with documented need?

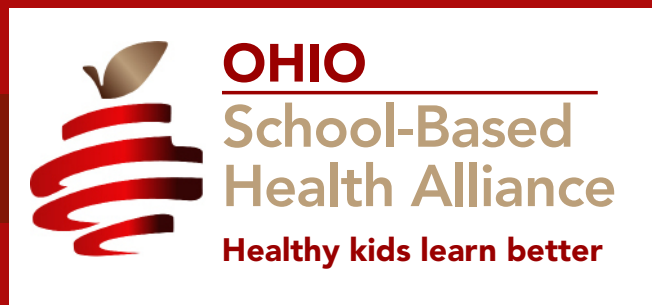
Healthy, well-educated children are the foundation for thriving Ohio communities and an economically vibrant state. Expansion of Ohio's MSP program provides a unique opportunity for Ohio to support a strengthened school-based health care infrastructure by:

- Increasing schools access to federal funding for the provision of a broader scope of health services delivered to students, including services that were being provided to Medicaid-eligible students but were not previously covered by the MSP program
- Enhancing schools' ability to deliver critical health services to a greater number of Medicaid-eligible students
- Providing schools with greater flexibility in structuring health services to best meet the needs of their students
- Addressing critical physical and behavioral health issues among Ohio's student populations

By strategically leveraging Ohio MSP expansion, schools will be better positioned to close gaps in outcomes and provide students with the services and supports they need to be healthy and ready to learn.

Notes

1. Michael, Shannon L., Caitlin L. Merlo, Charles E. Basch, Kathryn R. Wentzel, and Howell Wechsler. "Critical Connections: Health and Academics." *Journal of School Health* 85, no. 11 (2015): 740–58. <https://doi.org/10.1111/josh.12309>. See also Basch, Charles E. "Healthier Students Are Better Learners: High-Quality, Strategically Planned, and Effectively Coordinated School Health Programs Must Be a Fundamental Mission of Schools to Help Close the Achievement Gap." *Journal of School Health* 81, no. 10 (2011): 650–62. <https://doi.org/10.1111/j.1746-1561.2011.00640.x>.
2. 20 USC § 1400 et seq; Education for All Handicapped Children Act. Pub. L. No. 94-142b. 89 Stat. 773; Individuals with Disabilities Education Improvement Act of 2004. Pub. L. No. 108-446c. 118 Stat. 2647.
3. Individuals with Disabilities Education Improvement Act, 20 U.S.C. §§ 1400-1482.
4. 2014 State Medicaid Director (SMD) Letter #14-006: Medicaid Payment for Services Provided Without Charge (Free Care)
5. See School Medicaid Expansion: How (and How Many) States Have Taken Action to Increase School Health Access and Funding for a review of the ways different states have updated policy and Map: School Medicaid Programs for a map showing each state's status, both from Healthy Schools Campaign.
6. See the Ohio Department of Education and Workforce website or the Ohio Department of Medicaid website for more information about Ohio's Medicaid in Schools Program.
7. Ohio Department of Medicaid presentation on July 10, 2024.
8. Data provided by Ohio Department of Medicaid via email. November 18, 2024.
9. Ohio Department of Medicaid presentation on July 10, 2024.
10. Sue Zake, Yolanda Talley, "ODE-MSP Memorandum #2016-2." Ohio Department of Education, 2016, <https://education.ohio.gov/getattachment/Topics/Finance-and-Funding/Programs/The-Ohio-Medicaid-Schools-Program/2016-2-MSP-Eligible-Services-Memo.pdf.aspx>



Ohio School-Based Health Alliance

The Ohio School-Based Health Alliance ("Ohio Alliance") is the only statewide nonprofit, nonpartisan organization created to improve access to comprehensive, integrated health services by advancing and supporting the sustainability and expansion of school-based health care.



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