

Healthy Students Promising Futures

Expanding Michigan's School-Based Medicaid Program

A Healthy Students, Promising Futures Learning Collaborative Case Study

New opportunities exist to advance the role schools can play in supporting children's health and improving equity in health and education outcomes. The Healthy Students, Promising Futures Learning Collaborative (HSPF) is pleased to elevate promising practices and innovative models for leveraging these policy opportunities.

The U.S. Departments of Education and Health and Human Services launched HSPF in 2016 with support from Healthy Schools Campaign (HSC) and Trust for America's Health (TFAH). HSC and TFAH now lead HSPF, which brings together 16 states teams working to improve health and education outcomes by increasing Medicaid services in school and promoting safe and supportive learning environments. State teams include representatives from the state education agency, state Medicaid agency, school districts, and in some cases, state and local advocates, public health or others. HSPF provides state teams with training, technical assistance, peer-learning opportunities and connections to federal officials and national partners to learn how school health services are delivered and reimbursed, leverage policy opportunities to create more comprehensive and coordinated care in schools and build safe and supportive learning environments.

This case study highlights Michigan's work to leverage the reversal of the free care policy to expand the State's school-based Medicaid program. Beginning in October 2019, school districts in Michigan will be able to seek Medicaid reimbursement for services provided to all Medicaid-enrolled students (not only for health services included in a student's Individualized Education Program). This change presents an important opportunity to expand access to and resources for school health services, particularly behavioral health services.

The Opportunity

Michigan received approval from the Centers for Medicare and Medicaid Services (CMS) to expand its school-based Medicaid program in August 2019. This expansion, known as Caring for Students (C4S), builds on the existing School-Based Services program, and will bring more federal funding into the State to increase behavioral health and nursing services to all Medicaid-enrolled students.

Until 2014, Michigan (and all states) faced significant limitations on receiving Medicaid funding for services provided in school-based settings. Due to a federal Medicaid policy known as the “free care rule,” states were previously only able to obtain Medicaid reimbursement for services included in Medicaid-enrolled students’ Individualized Education Programs (IEPs) and in other limited situations. Although Michigan’s Medicaid program and school systems already have the infrastructure and processes in place to provide and bill for Medicaid services in schools, the Medicaid-reimbursable services were historically limited to those delivered to a small sub-group of students.

In 2014, CMS issued a State Medicaid Directors letter reversing the longstanding “free care rule”. Now states have more flexibility in their school-based Medicaid programs and can bill Medicaid for health and behavioral health services delivered to *all* Medicaid-enrolled students, not only those with an IEP. In order to take advantage of this option, some states need to submit a state plan amendment (SPA) to CMS; other states can implement this change administratively without a SPA¹. In the case of Michigan, the State needed to submit a SPA to CMS to expand its school-based Medicaid program and the types of providers eligible to bill for Medicaid services delivered in schools.

Since the CMS policy change was announced, Michigan state agency staff and school districts have been exploring how they could expand their School-Based Services program. And, as school districts struggle to meet the increased demand for mental health services in schools, Michigan leveraged this opportunity to expand access to mental health services in schools.

The approved SPA allows Michigan to seek Medicaid reimbursement for services provided to *all* Medicaid-enrolled students (not only services included in a student’s IEP). In addition, Michigan expanded the types of providers who can bill for Medicaid services in school-based settings (and for all Medicaid-enrolled students) to include physician assistants, certified nurse specialists, marriage and family therapists, behavior analysts, school social workers and school psychologists.

Implementing this new opportunity is a significant pathway to increasing access to Medicaid services in Michigan schools—especially access to behavioral health services. This landmark change was the product of years of work by a multi-sectoral group of agency staff, timely movement from the Michigan Legislature, and strong support from school districts.

¹ <https://healthyschoolscampaign.org/wp-content/uploads/2019/09/Final-Deck-for-School-Medicaid-101.pdf>

Michigan’s School-based Medicaid Program

Medicaid is an important source of health insurance for children in Michigan. As of November 2018, two in five children in Michigan were covered by Medicaid.²

Michigan has 57 Intermediate School Districts (ISD).³ Each of the 587 Michigan school districts belongs to an ISD and the ISDs are the Medicaid provider under which all claims are made. Each ISD must have an operational plan that sets forth the special education programs and related services to be delivered both at the ISD and school levels. This structure enables all districts in Michigan, regardless of their size, to participate in the School-Based Services program.⁴

Since its inception, the partnership between the State Medicaid agency and the ISDs has been strong. In part, this was because of an agreement between each party for sharing the federal Medicaid reimbursement the State received from the School-Based Services program: the ISDs would get 60% of the federal funds and the State Medicaid agency would receive 40%. This mutually beneficial—and agreed upon—arrangement encourages continued participation in the School-Based Services program.

The Michigan Medicaid state plan outlines the services that can be provided in school-based settings and the types of providers who can bill Medicaid for these services. Tables 1 and 2 below list the school-based health care services and qualified providers covered by Medicaid in Michigan prior to and after the expansion of the school-based Medicaid program.

Prior to the October 2019 expansion, Michigan Medicaid and participating ISDs could bill Medicaid for the services included in Medicaid-enrolled students’ IEPs -- and implemented successful processes for doing so. Michigan billed \$235,957,682 in direct school-based Medicaid services in 2016 and an additional \$16,565,676 in school-based Medicaid administrative services.⁵ In terms of the Medicaid dollars claimed, Michigan has one of the largest school-based programs in the country, due in large part to the strong infrastructure as well as the unique coordination across ISDs and between state agencies.

What Did Michigan Change with the State Plan Amendment (SPA)?

Michigan’s SPA received approval in August 2019 with an implementation date of October 2019. The C4S expansion program will cover all medically necessary services delivered to general education students. This is done through Medicaid’s comprehensive Early, Periodic, Screening, Diagnosis and Treatment (EPSDT) benefit which guarantees that all medically necessary services for children are covered by Medicaid. Once implemented, Michigan can receive Medicaid reimbursement for services provided to all students if:

² <http://files.kff.org/attachment/fact-sheet-medicaid-state-MI>

³ In Michigan ISDs are sometimes called Regional Educational Service Agencies (RESA), Educational Service Agencies (ESA), Regional Educational Service Districts (RESD) or Educational Service Districts (ESD).

⁴ https://www.aasa.org/uploadedFiles/Policy_and_Advocacy/Resources/AASA_Medicaid_Report_FINAL.pdf

⁵ <https://www.macpac.gov/publication/medicaid-in-schools/>

- The student is enrolled in Medicaid;
- The services provided are covered by EPSDT;
- Services are delivered by a licensed provider under their scope of practice (as outlined in the Medicaid state plan); and
- The State adheres to Medicaid-approved billing methodologies.

The SPA also enhances and clarifies the list of qualified providers in the Medicaid state plan who can claim for services provided to Medicaid-enrolled students. The newly added providers include nurse practitioners, physician assistants, clinical nurse specialists, marriage and family therapists, behavior analysts and assistant behavior analysts, school social workers and school psychologists.

Tables 1 and 2 detail the school-based providers and services before and after the approved SPA.

Table 1. Michigan’s Medicaid Approved School-Based Providers Before and After Approved SPA	
Before Approved SPA	After Approved SPA
Certified and registered occupational therapists	Licensed occupational therapists
Certified occupational assistants	Licensed occupational therapy assistants
Certified orientation and mobility specialists	Certified orientation and mobility specialists
Licensed physical therapists	Licensed physical therapists
Certified physical therapist assistants	Licensed physical therapy assistants
Licensed speech-language pathologists	Licensed speech-language pathologists
Teachers of students with speech and language impairments	Limited licensed speech-language pathologists*
Licensed audiologists	Licensed audiologists
Licensed psychologist	Licensed psychologist
Limited-licensed psychologist	Limited-licensed psychologist
	Certified school psychologist*
Licensed counselor	Licensed counselor
Limited-licensed counselor	Limited-licensed counselor
Licensed social worker	Licensed social worker
Limited-licensed social worker	Limited-licensed social worker
	Licensed school social worker*
	Limited-licensed school social worker*
Licensed psychiatrist	Licensed psychiatrist (M.D. & D.O.)
Licensed physician (M.D. & D.O.)	Licensed physician (M.D. & D.O.)
Registered nurse	Registered nurse
Licensed practical nurse	Licensed practical nurse
Aides (providing personal care)	Aides (providing personal care and behavioral support)
Bachelor’s degree case managers	Case managers
	Board certified behavior analyst*
	Board certified assistant behavior analyst*

	Licensed marriage and family therapists* Licensed physician assistant* Licensed nurse practitioner* Licensed clinical nurse specialist*
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*indicates newly added category of provider

Table 2. Michigan’s Medicaid Approved School-Based Services Before and After Approved SPA	
Before Approved SPA	After Approved SPA
Occupational therapy Physical therapy Speech language and hearing Psychological services Physician services Nursing Personal care Targeted case management Transportation	Occupational Therapy Physical Therapy Speech Language and Hearing Psychological services Physician services Nursing Personal Care Targeted Case Management Transportation Rehabilitative services** Medically necessary EPSDT services under the scope of practice by licensed practitioners**

**indicates newly added category of services

How did Michigan Leverage this Opportunity?

Stakeholders in Michigan have been interested in expanding their school-based Medicaid program since CMS issued the free care policy reversal. Many stakeholders across Michigan recognize the critical role that schools play in connecting students with needed health services. However, schools have limited financial resources. Finding additional, sustainable funding to support school health is critical—and Medicaid plays a role in that: Michigan receives \$0.64 from the federal government for every dollar spent on an eligible service to a Medicaid-enrolled person.

The free care policy reversal created an opportunity for a range of stakeholders to convene and work together to develop a plan to leverage this federal opportunity. The State team met to think through options on a regular basis and develop a plan.

Around the same time, the Michigan Legislature passed Senate Bill 149 that allocated \$31 million to provide licensed behavioral health providers in schools for general education pupils.⁶ The bill included \$1.3 million in funding to the Michigan Department of Health and Human Services (MDHHS)—the

⁶ Senate Bill 149, Section 31n <http://www.legislature.mi.gov/documents/2017-2018/billanalysis/House/pdf/2017-HLA-0149-61926B12.pdf>

agency that administers Medicaid—and it directed MDHHS to *seek federal Medicaid match funding for services provided to general education students* by submitting a SPA. MDHHS worked with the Michigan Department of Education and ISDs/RESAs to quickly design and submit a SPA in December 2018. CMS approved the SPA in August 2019. Implementation began in October 2019.

Senate Bill 149 also authorized the following allocations:

- \$5.0 million distributed to the existing network of child and adolescent health centers to place a licensed Master’s level behavioral health provider in schools that did not have services available.
- \$16.5 million to ISDs to provide mental health and support services to general education students, with \$294,500 provided to each ISD that submits a plan approved by the State.
- \$8.0 million for a behavioral health team pilot program, to be divided equally among ISDs with an approved plan to create school-based behavioral health assessment teams utilizing a “train the trainer” model.
- \$500,000 to ISDs on an equal per-ISD basis to administer the school-based behavioral services described above.

This funding was provided to school districts in the spring of 2019 and included behavioral health training for districts. Once the SPA is implemented, additional federal funds will support the increased provision of services in schools, and the new State funding provided in the legislation will be used for training and funding services that are not reimbursable by Medicaid.

As is typical, CMS requested clarifications on the SPA and worked with Michigan officials to address the requests for clarifications. CMS’ main request to the State was verification that school psychologists are as qualified as clinical psychologists to deliver services in schools. Michigan Medicaid revised the SPA to include school psychologists as rehabilitative providers and that change was approved by CMS.

CMS and Michigan are negotiating the details around their billing methodology and, in particular, their Random Moment Time Study (RMTS) notification and response timing. This conversation is ongoing and has taken place separately from the SPA to expand the school-based Medicaid program.

Implementation of the SPA

With the SPA approved, State and ISD officials are moving forward with implementation, building on their prior collaboration. Cross-agency work groups meet monthly to review and refine program components and establish timelines for program implementation. Importantly, there is dedicated funding for Medicaid and ISDs to train and educate school-based providers.

As a core part of their implementation plan, the C4S work groups are educating stakeholders about the policy changes, particularly the newly approved providers. The C4S work groups are doing targeted information sharing with key audiences via webinars, conferences and site visits, including a focused effort to educate general education school staff about the Medicaid requirements for plans of care and medical necessity. This work will continue over the fall of 2019--and will be an ongoing part of routine

staff training. Michigan also updated the school-based services section of the State Medicaid Provider Manual to support the implementation of C4S.⁷

The work groups are exploring how to integrate C4S with the existing School-Based Services program, including issues of workforce availability and student access to services. With additional funding, it should be possible to expand service capacity in schools --but it is important to carefully integrate the programs.

Finally, the financial arrangement between the State Medicaid agency and the ISDs was modified for the C4S program to ensure that ISDs have the support they need to expand their programs: ISDs will receive 95% of the federal share while State Medicaid will receive 5%. For services delivered as a part of the State's existing School-Based Services program, the financial arrangement will not change and the ISDs will still get 60% of the federal funds and the State Medicaid agency will receive 40%.

Why is Michigan a Good Model for Expanding School-based Medicaid?

At its core, the Michigan SPA successfully gave the ISDs the ability to claim for all Medicaid-enrolled students. In addition to promoting access to services for all students, this policy change underscores the role that schools can play in addressing the health and behavioral health needs of *all* students when they have the necessary resources. There are several additional factors that make Michigan a good example for how to successfully expand school-based Medicaid.

Focus on areas of greatest need

The focus of the C4S program is on the areas of greatest student need--school nursing and behavioral health. By focusing on areas of unmet need, stakeholders came together around a common mission -- expanding capacity to deliver services to meet student need.

Expanding to new providers

Schools employ or contract with a variety of providers to deliver needed services. These providers are licensed to deliver the services within their scope of practice, and are recognized by the Michigan Department of Education. But a state Medicaid agency's requirements for Medicaid providers do not always align with the state education agency's requirements. As a result, state Medicaid agencies do not reimburse all health professionals working in schools. In Michigan, this has been the case for a number of school-based providers, including school psychologists. This SPA ensured that the health and, in particular, the behavioral health providers who are delivering services in schools are recognized by Medicaid--and that the ISD can claim for their services. A portion of the cost of the services delivered to general education students will now be supported by Medicaid.

Strong and early collaboration

Stakeholders in Michigan realized the potential to expand school-based Medicaid years ago. At the same time, stakeholders recognized the critical need to fill in gaps in school nursing and behavioral

⁷ Michigan Medicaid Provider Manual: <http://www.mdch.state.mi.us/dch-medicaid/manuals/MedicaidProviderManual.pdf>

health services. Working together--across agencies and within departments--a strong State team came together that became the driving force of the C4S program. Notably, from the start, the State team included key partners from Medicaid, education and ISDs which led to buy-in and resulted in concrete, workable policy solutions. Today, the C4S team has regular meetings, strong coordination, and an invested group of team members which is anticipated to greatly improve the implementation process.

Ongoing communication with stakeholders and CMS

Communication between CMS and Michigan Medicaid was critical to the development of the final plan. CMS routinely works directly with state Medicaid agencies to support the development of state plans and provide clarity and guidance around how to structure SPAs. CMS has demonstrated investment in growing school-based Medicaid programs--and was very responsive to Michigan's request. They sought clarification and recommended improvements in the SPA (e.g., around RMTS and school psychologists) and worked closely with Michigan Medicaid to achieve the desired goals. Since the intra-State coordination around C4S was strong to begin with, Michigan Medicaid could easily work with State colleagues to address CMS' concerns and come to agreement. The open and frequent communications between all stakeholders helped the SPA approval process move quickly to final approval.

Financial investments

The State legislation dedicated funding to support the planning and implementation of C4S. While new and dedicated funding may not always be available, it can be critical to successful implementation, by supporting the agencies in planning and materials development and by funding provider and ISD training. This funding helped initiate C4S. Over time, thanks to the new federal investment through Medicaid, the C4S program will have a dedicated revenue stream to sustain it.

In addition, modifying the financial arrangement for the C4S program will help ensure ISDs have the support needed to expand their programs. This agreement was supported by all parties and support appropriate financial investments in expanding the school health program.

Early and ongoing training

With support from the C4S funding, Michigan is investing significant resources in outreach and education to ISDs, providers and other stakeholders about the new program, what it means, and what the requirements on schools and providers will be. By doing frequent trainings in advance of implementation, the State hopes to address many of the early questions and concerns that arise when implementing a new program.

Seized the Moment

The C4S program benefited from a lucky confluence of events. As Michigan legislators focused on the need to increase access to behavioral health services in schools, State officials were ready to provide concrete solutions. The hard work and years-long coordination ensured that a consensus proposal was available at the right moment.