

School Based Health Services (SBHS) Medicaid Cost-Benefit Analysis Tool

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Contents

Overview	2
Step 1: Meet with State SBHS Medicaid Staff.....	2
Step 2: Define Billing Relationship Between Education Service District (ESD) and School District (If Applicable)	3
Step 3: Estimate the Volume of Eligible Services and Students.....	4
Step 4: Use an Estimated Cost Rate	4
Step 5: Find the Federal Reimbursement Rate	4
Step 6: Estimate Potential Reimbursement.....	5
Step 7: Estimate the Administrative Costs.....	5
Step 8: Calculate the Net Revenue	6
Conclusion	6
Appendix A	7

Overview

Medicaid is a state and federal partnership focused on funding health and medical services for enrolled beneficiaries. Oregon's School Based Health Services (SBHS) Medicaid program, also referred to as School Medicaid, allows an education agency (EA) to enroll as a school medical provider and leverage Medicaid for reimbursement for the cost of covered health services provided to Medicaid enrolled children and young adults. Participating in SBHS Medicaid reimbursement programs can be a great way of recouping costs. There are two programs in Oregon, administrative and direct:

- Medicaid Administrative Claiming (MAC) provides reimbursement for claimable activities related to the administration of Medicaid, such as referrals to medical, vision or dental services, assisting a student/family with enrollment in the Oregon Health Plan (OHP), and coordination of Medicaid services to OHP enrolled providers.
- Direct service billing provides EAs with partial reimbursement for covered health services provided to Medicaid-enrolled children and young adults aged birth through 21.

Implementing a SBHS Medicaid billing program can be a complex process that requires careful analysis and planning. This program can provide additional revenue for EAs, but it may incur implementation costs. Before deciding whether to participate in the program, or which program to participate in (i.e., MAC or direct services), EAs should take a strategic approach to implementation. In support of this approach, this document is intended to be a step-by-step guide for EAs to conduct a cost-benefit analysis for SBHS Medicaid billing.

Potential Benefits:

- EAs can obtain partial reimbursement for actual costs incurred for services already provided.
- SBHS Medicaid reimbursement may be used to fund additional FTE and health services and supplies.
- MAC and direct service billing are meant to be complementary. Participation in both programs provides a comprehensive approach to maximize reimbursement.
- With additional funding schools can better provide comprehensive health and behavioral health services, which improve outcomes for students. School health services are a critical component of the health care safety net for students.

The purpose of this tool is to provide EAs in Oregon with a structured, step-by-step guide to evaluate the feasibility and financial viability of participating in the SBHS Medicaid program. It is intended to equip EAs to make informed decisions about strategic program participation by estimating potential revenues, administrative costs, and net financial benefits.

Step 1: Meet with State SBHS Medicaid Staff

Meeting with staff from the Oregon Health Authority (OHA) and the ODE is essential for EAs to navigate the complexities of SBHS Medicaid billing and determine the most effective approach for implementation. State staff can provide critical guidance on the nuances of MAC and direct service billing, including their distinct reimbursement structures and operational requirements, and how the programs may be used in concert to optimize implementation and reimbursement.

State School Medicaid Team

Oregon Department of Education:

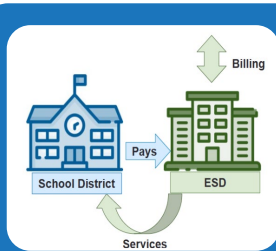
- Jennifer Dundon, School Medicaid Operations & Policy Analyst, jennifer.dundon@ode.oregon.gov
- Shelby Parks, School Medicaid Program Analyst, shelby.parks@ode.oregon.gov

Oregon Health Authority:

- Lasa Baxter, SBHS Medicaid Operations & Policy Analyst
 - medicaid.sbhs@oha.oregon.gov

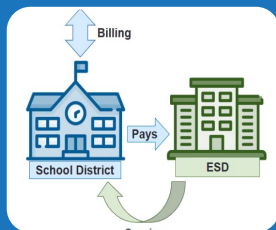
Step 2: Define Billing Relationship Between Education Service District (ESD) and School District (If Applicable)

[Guidance](#) from the OHA states that the school district responsible for providing a free appropriate public education (FAPE) has the first right to bill Medicaid. However, school districts and ESDs can enter into a Medicaid billing partnership. There are multiple ways that this can be structured, including:



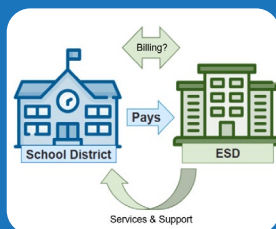
Example 1

- The school district contracts with the ESD and pays for covered health services.
- The school district allows the ESD to bill for the services. The ESD is enrolled with OHA and submits claims using their Medicaid Provider ID number and receives the reimbursement.
- The ESD offsets the school district's costs based on Medicaid reimbursement received.



Example 2

- The school district contracts with the ESD and pays for covered health services.
- The school district is enrolled with OHA and submits claims using their Medicaid Provider ID number.
- The school district receives the reimbursement directly.



Example 3

- The school district pays the ESD to provide health services staff, documentation support, Medicaid coordination, billing software, and staff training. Billing in this example could look as follows:
- The ESD submits claims using the school district's Medicaid Provider ID number. The ESD charges a service fee and remits the remaining reimbursement to the school district.
- The ESD submits claims using their Medicaid Provider ID and offsets service costs to the school district.

In the event of a billing partnership, OHA requires that the two education agencies execute an agreement to:

- Define the billing relationship and flow of funds to avoid duplication of billing.
- Clearly define service provision.
- Establish training and communication protocols.
- Identify software platform and/or integration of software platforms.
- Ensure compliance with education and Medicaid rules and regulations, including requirements related to:
 - Written notification and parent/guardian consent.
 - Practitioner documentation.
 - Data sharing and recordkeeping.
 - Audit responsibilities.
 - Payback in the event of an audit.
 - Medicaid cost setting.
 - Enrollment of billing and referring providers.

Step 3: Estimate the Volume of Eligible Services and Students

Review staffing and [Individual Plan of Care \(IPOC\)](#) data and use the bullet points listed below to get an idea of the potential service minutes that would be billable. This may be a stopping point if your EA does not have enough billable services/service time:

- The number of SBHS-recognized providers **employed or contracted by** the EA providing covered health services;
- The number of Medicaid enrolled students that have Individual Education Programs (IEPs)/other IPOCs with health services; and
- The estimated minutes of health services listed on the IEP/other IPOC per discipline.

Please note: There is no requirement to start billing for all services at once. An EA may choose to focus on services provided pursuant to the Individuals with Disabilities Education Act (IDEA), one service type (nursing), eligibility evaluations, or just one student with high costs, as a starting point for the implementation of a SBHS Medicaid program. Then, once a system is in place, add additional service types and IPOCs. For example, an EA may choose to begin billing for nursing services for students with IEPs in the implementation phase of their SBHS Medicaid program and then add billing for additional service types or plans.

Step 4: Use an Estimated Cost Rate

In Oregon, each EA develops unique rates, using their prior year audited costs by service type. There may be a significant range for each medical discipline's costs amongst EAs throughout the state. For example, 2024 costs reported to OHA for nursing reflect the cost per/hour ranged from \$32.55 to \$130.19. OHA can provide a list of current statewide cost rates.

Step 5: Find the Federal Reimbursement Rate

SBHS Medicaid is a federal/state partnership that involves a match payment. Leveraging occurs when a Medicaid provider submits claims to OHA to collect Federal Medical Assistance Percentages (FMAP) dollars for services provided (the federal dollars are a percentage of the Medicaid payment). This is

called Federal Financial Participation (FFP). There are two FMAP rates for SBHS direct services, Medicaid and Children's Health Insurance Program (CHIP), and one FMAP rate for MAC.

The FMAP rate is set by the federal government and updated every October. Use the [Oregon Medicaid Local Match Rates](#) to determine the current reimbursement rate. The FMAP rate stays consistent and usually sits around 34% match payment used to draw 66% reimbursement for SBHS direct services billing and is always 50% for MAC. The following direct service examples use 34% match and 66% FMAP.

Example:

An EA submits a SBHS direct services claim for \$1000. They would pay a match payment of \$340.00 and receive a reimbursement of \$660.00 in addition to the return of the match payment for a total remittance of \$1000. For additional information about the match process, please see the [Medicaid Leveraging \(Match\) Flow Chart](#).

Step 6: Estimate Potential Reimbursement

Use an estimated cost rate, service minutes, and FMAP rate to determine potential reimbursement per service type. Please note: this is an estimate for just one student with 1:1 nursing support.

Example:

Nursing Cost Per/Hour	Frequency of 1:1 Nursing Support	Nursing Cost Per/Hour x Service Hours Per/Week	FMAP	Paid Claim
\$89.68	<ul style="list-style-type: none"> 6 hours per day 5 days per week 	$\$89.68 \times 30 \text{ hours} = \$2,690.40 \text{ per week}$ $\$2,690.40 \times 24 \text{ weeks} =$ \$64,569.60 per year	34% Match: $\$64,569.60 \times .34 =$ \$21,953.66 66% Reimbursement: $\$64,569.60 \times .66 =$ \$42,615.94	\$42,615.94 reimbursement + return of match payment of \$21,953.66 for a total of \$64,569.60

Step 7: Estimate the Administrative Costs

Participating in the SBHS Medicaid billing program involves administrative costs, such as hiring and training staff, purchasing software, and other costs associated with managing the program. EAs should estimate the administrative costs associated with participating in the program. See Step 2 above for ideas about partnership between school districts and ESDs as a potential way to offset administrative costs. For example, an ESD may provide support for billing coordination, cost calculations, and documentation, or access to a billing submission platform, and/or SBHS-recognized providers. Partnering in this way may be one way to reduce administrative costs and startup costs.

Example:

In the first year of implementation the EA in Step 6 worked to develop internal procedures, enrolled with OHA as a School Medical provider, enrolled the nurse(s) providing the services to the child, and trained staff. They incurred an initial start-up cost of \$10,000.

Key Considerations:

- In year one an EA could start by implementing a Medicaid Administrative Claiming (MAC) program and utilize revenue generated in the first year to fund a SBHS Medicaid billing coordinator to support implementation of a direct service billing program.
 - **The amount of revenue generated will vary based upon several factors. Please contact OHA for information on how to calculate potential for MAC revenue.**
- An EA could also partner with their ESD for SBHS Medicaid billing support.
 - **The administrative cost of this would be determined by the contract between the ESD and the school district.**

Step 8: Calculate the Net Revenue

Use a calculation of the potential revenue versus the potential administrative costs to get a rough estimate of the return on investment (ROI) for your EA. Using the information generated in Step 6 and Step 7, the EA would see a net revenue of \$32,615.94 for one student. Please note: the initial match payment is included as a startup cost because it is an upfront expense, but it is returned when the EA receives the reimbursement.

Example:

Reimbursement Estimate	Administrative Cost	Net Revenue
\$64,569.60	\$10,000 startup + \$21,953.66 match payment= \$31,953.66	\$64,569.60-\$31,953.66= \$32,615.94 (plus return of match payment)

Conclusion

Before deciding whether to participate in the SBHS Medicaid billing program, EAs should take a strategic approach to implementation. By following the steps outlined in this document, EAs can estimate the revenue generated by direct services, the administrative costs associated with participation and potential ways to offset these costs, and the estimated net revenue.

If an EA decides to move forward with implementation, they should connect with the State Medicaid points of contact listed above and may want to complete a [readiness assessment](#). The ODE and the OHA can provide guidance, technical assistance and training, and answer questions as needed.

Appendix A

EAs may bill for covered health services provided by the following SBHS-recognized providers:

Nursing and Physician Services	Behavioral Health and Counseling Services
<ul style="list-style-type: none"> • Nurse Practitioner (NP) • Registered Nurse (RN) • Licensed Practical Nurse (LPN) • Unregulated Assistive Person (UAP) • Medical Doctor • Doctor of Osteopathic Medicine • Doctor of Podiatric Medicine • Physician Associates 	<ul style="list-style-type: none"> • Licensed Psychiatrist • Licensed Psychologist • Psychologist Associate • Psychology Technician • Licensed Clinical Social Worker (LCSW) and Clinical Social Work Associate • Licensed Professional Counselor (LPC) and LPC Associate • Licensed Marriage and Family Therapist (LMFT) and LMFT Associate • TSPC-Licensed School Psychologists, School Counselors, and School Social Workers
Rehabilitation and Therapeutic Services	Dental and Nutrition Services
<ul style="list-style-type: none"> • Occupational Therapist (OT) and Certified OT Assistant • Physical Therapist (PT) and Licensed PT Assistant • Speech-Language Pathologist (SLP) and SLP Assistant • Licensed Audiologists 	<ul style="list-style-type: none"> • Licensed Dentists • Expanded Practice Dental Hygienist • Licensed Dental Therapist • Licensed Dietitians