

# School Medicaid Cost-Benefit Analysis Tool

February 2024



## Contents

Overview .....	2
Step 1: Identify the Eligible Services and Students.....	3
Step 2: Estimate the Volume of Eligible Services and Students .....	3
Step 3: Use an Estimated Cost Rate .....	3
Step 4: Find the Federal Reimbursement Rate .....	4
Step 5: Estimate the Potential Revenue That Could be Generated .....	4
Step 6: Estimate the Administrative Costs .....	4
Step 7: Calculate the Net Revenue.....	5
Conclusion .....	5
Appendix A .....	6

## Overview

Medicaid is a state and federal partnership focused on funding health and medical services for enrolled beneficiaries. Since 1988, Medicaid has permitted payment for covered medically necessary services provided to children eligible under the Individuals with Disabilities Education Act (IDEA) pursuant to an Individualized Family Service Plan (IFSP) or an Individual Education Program (IEP). School Medicaid reimburses school districts for costs of covered health related services, supplementary aids and services, and program modifications and supports for school personnel. This reimbursement is provided to school districts for services already paid. Therefore, School Medicaid can be a great way of recouping costs.

Implementing school Medicaid billing can be a complex process that requires careful analysis and planning. This program can provide additional revenue for school districts, but it may incur implementation costs. Before deciding whether to participate in the program, school districts may want to consider conducting a cost analysis to determine whether the potential benefits outweigh the costs. This document is intended to be a step-by-step guide for school districts to conduct a cost-benefit analysis for school Medicaid billing.

### Potential Benefits:

- School districts can obtain partial reimbursement for actual costs incurred for services already provided.
- School Medicaid reimbursement may be used to fund additional FTE and health services and supplies.
- With additional funding schools can better provide health services, which improve outcomes for students. School health services are a critical component of the health care safety net for students.

## Step 1: Identify the Eligible Services and Students

The first step is to identify the health services that can be billed to Medicaid and the students who are eligible for Medicaid coverage. School districts should consult with the Oregon Health Authority (OHA) and the Oregon Department of Education (ODE) to determine which services are eligible. The OHA can also provide information about Medicaid Eligibility Rates (MER) within school district boundaries. (See Appendix A for additional information about billable provider types)

### State School Medicaid Team

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## Step 2: Estimate the Volume of Eligible Services and Students

Review school district staffing and IEP 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 school district does not have a sufficient amount of billable services/service time.

- The number of medically licensed staff qualified to bill Medicaid
- The number of Medicaid enrolled students that have IEPs with health related services
- The estimated service minutes of health related services on the IEP per/discipline

Please note: a school district may choose to focus on one service type as a starting point for the implementation of a School Medicaid program. Then, once the system is in place, add additional service types. For example, a school district may choose to begin billing for nursing services in the implementation phase of their School Medicaid program and then add billing for Occupational Therapy/Physical Therapy at a later date.

## Step 3: Use an Estimated Cost Rate

In Oregon, each school district develops unique cost rates, using their prior year audited costs, for each service type. There is a significant range across school districts throughout the state. For example, 2022 cost rates showed that nursing rates ranged from \$28.04 to \$112.15 per hour. The OHA can provide a list of current statewide cost rates.

#### Step 4: Find the Federal Reimbursement Rate

School Medicaid is a federal/state partnership that involves a match payment. Leveraging occurs when a Medicaid provider submits claims to the OHA to collect Federal Medical Assistance Percentages (FMAP) dollars for services provided (the federal dollars are a percentage of the Medicaid payment). This is referred to as Federal Financial Participation (FFP). There are two FMAP rates: Medicaid; and Children's Health Insurance Program (CHIP).

The FMAP rate is set by the federal government and is updated every October. Use the [Oregon Medicaid Local Match Rates](#) to determine the current reimbursement rate. The FMAP rate stays fairly consistent and usually sits around 34% match payment used to draw 66% reimbursement.

##### Example:

A school district submits a claim for \$1000. They would pay a match payment of \$335.80 and receive a reimbursement of \$664.20 in addition to the return of the match payment for a total of \$1000. For additional information about the match process, please see the [Medicaid Leveraging \(Match\) Flow Chart](#).

#### Step 5: Estimate the Potential Revenue That Could be Generated

Utilize the information compiled in steps two through four to calculate potential revenue.

##### Example:

A school district decides to focus on nursing services. The current average cost rate for nursing is \$75.13 per hour. If a school district has a student enrolled in Medicaid that requires 1:1 nursing services (based on 6 hours/day, 5 days/week), they could potentially receive \$2,253 per week for that student for nursing services alone. That would be approximately \$56,325 for one school year for one student. If you calculate in the FMAP (34%/66%), the school district would provide a match payment of approximately \$19,150 and receive a partial reimbursement of the \$56,325 total in the amount of \$37,174 in addition to the return of the original match payment.

#### Step 6: Estimate the Administrative Costs

Participating in the school Medicaid billing program involves administrative costs, such as hiring and training staff, purchasing software, and other costs associated with managing the program. School districts should estimate the administrative costs associated with participating in the program.

##### Example:

In the first year of implementation a school district would work to integrate technology platforms, develop cost rates, and train staff. They incur an initial start-up cost of \$50,000.

\*Medicaid Administrative Claiming (MAC) may be a way to offset additional startup costs. Please contact the OHA School Medicaid staff for more information about MAC.

## Step 7: 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 school district.

### Example:

Using the example in Step 6, a school district has an initial startup cost of \$50,000. For the school year 2021-2022 they receive a total Medicaid reimbursement of \$184,567. Net revenue would be \$134,567. This indicates that School Medicaid billing may be a viable option for the school district.

## Conclusion

Before deciding whether to participate in the school Medicaid billing program, school districts should conduct a cost-benefit analysis to determine whether the potential benefits outweigh the costs. By following the steps outlined in this document, school districts can estimate the revenue generated by the program, the administrative costs associated with participation, and the net revenue.

If a school district decides to move forward with implementation, they should connect with the State Medicaid points of contact listed above. The ODE and the OHA have the capacity to meet alongside school districts, provide technical assistance and training, provide guidance and answer questions as often as needed.

## Appendix A

School districts may bill for eligible covered services pursuant to an IEP/IFSP provided by the following medically qualified practitioners:

- Nurses: Registered Nurse, Licensed Practical Nurse, Nurse Practitioner, Psychiatric Mental Health Nurse Practitioner;
- Speech Language Pathologists (SLPs) and Speech Language Pathologist Assistants (SLPAs);
- Audiologists;
- Occupational Therapists (OTs) and Certified Occupational Therapy Assistants (COTAs);
- Physical Therapists (PTs) and Licensed Physical Therapy Assistants (LPTAs);
- Licensed Clinical Social Workers (LCSWs) and Clinical Social Worker Assistants (CSWAs);
- Oregon Board of Examiners Licensed Psychologists and Licensed Psychologist Associates;
- Oregon Board of Examiners Licensed Psychiatrists; and
- Physician.
- \*Transportation services are also billable