

## **Introduction**

### **FEDERAL PROGRAM HISTORY**

In January of 1988, an amendment was made to the federal Medicaid law allowing Medicaid claims to be made for the special education services provided by schools if they qualify as medical services. Below is the text of that amendment:

#### *Title XIX, Section 1903*

*c) Nothing in this title shall be construed as prohibiting or restricting, or authorizing the Secretary to prohibit or restrict, payment under subsection (a) for medical assistance for covered services furnished to a child with a disability because such services are included in the child's individualized education program established pursuant to part B of the Individuals with Disabilities Education Act <sup>(63)</sup> or furnished to an infant or toddler with a disability because such services are included in the child's individualized family service plan adopted pursuant to part H of such Act.*

This allows schools to submit Medicaid claims for services provided to students who require special education services. However, all of the usual requirements for Medicaid claims still apply.

### **VERMONT STATE PROGRAM HISTORY**

From the legislative and administrative perspective, Vermont school districts have been encouraged to participate in the Medicaid program to recover a portion of the special education costs that are already being incurred by school districts to provide special education services. The program in Vermont is called the School-Based Health Services program. The following is the Vermont statutory language:

#### *§ 2959a. Education medicaid receipts*

*(a) It is the intent of the general assembly that the state of Vermont shall maximize its receipt of federal Medicaid dollars available for reimbursement of medically-related services provided to students who are Medicaid eligible. It is further the intent that:*

*(1) Each supervisory union identify special education and other students eligible for Medicaid reimbursement and, to the extent possible, submit Medicaid bills for services reimbursement.*

*(2) The department of education and the agency of human services work with local school districts to maximize reimbursements including services to non-IEP students.*

*(b) A Medicaid reimbursement special fund is established within the department of education. Funds received by the state under this section shall be transferred to the Medicaid reimbursement special fund. The fund receipts shall be allocated in accordance with this section.*

*(c) At least annually, the commissioner of education shall pay to each supervisory union submitting Medicaid bills under this section, 50 percent of the reimbursed funds generated by the supervisory union's bill, excluding claims generated by state-placed students. Unless the*

*supervisory union has agreed to use the funds to operate a supervisory unionwide program or to distribute the funds in a different manner, upon receipt, the supervisory union shall distribute the funds to its member school districts based on how the funds were generated. The commissioner of education may withhold payment due a school district pursuant to section 2950 of Title 16 for a Medicaid-eligible state-placed student if the school district has not submitted a Medicaid claim for reimbursable services for that student.*

*(d) If the amount of Medicaid reimbursement funds received for services provided in the prior state fiscal year exceeds \$25,000,000, in addition to the 50 percent of said funds paid to supervisory unions submitting Medicaid bills, 25 percent of the amounts in excess of the \$25,000,000 shall be paid into an incentive fund hereby created in the department of education. These funds shall be used for an incentive payment to supervisory unions with student participation rates of over 80 percent in accordance with a formula to be developed by the department of education, in consultation with the Vermont Superintendents Association. For any incentive payments made subsequent to fiscal year 2007, the \$25,000,000.00 threshold of this section shall be increased by the percentage increase of the most recent New England Economic Project cumulative price index, as of November 15, for state and local government purchases of goods and services from fiscal year 2005 through the fiscal year for which the payment is being determined, plus an additional one-tenth of one percent.*

*(e) School districts shall utilize funds received under this section to pay for reasonable costs of administering the Medicaid claims process, and for prevention and intervention programs in grades pre-K through 12. The programs shall be designed to facilitate early identification of and intervention with children with disabilities and to ensure all students achieve rigorous and challenging standards adopted in the Vermont framework of standards and learning opportunities or locally adopted standards. A school district shall provide an annual written justification to the commissioner of education of the use of the funds. Such annual submission shall show how the funds' use is expressly linked to those provisions of the school district's action plan that directly relate to improving student performance. A school district shall include in its annual report the amount of the prior year's Medicaid reimbursement revenues and the use of Medicaid funds consistent with the purposes set forth in this subsection.*

*(f) Up to 30 percent of Medicaid reimbursements received under this section shall be available for agency of human services and department of education administrative costs related to the collection, processing, and reporting of education Medicaid reimbursements and statewide programs. The commissioner of education and the secretary of human services shall expend monies from the fund only as appropriated by the general assembly.*

*(g) Remaining reimbursed funds shall be deposited into the education fund.*

Billing Medicaid requires some merging of the medical model with special education service delivery. This manual was written to serve as a guide to help those involved work through the complexities.

## **Summary of the Medicaid School-Based Health Services Program**

The Medicaid School Based Health Services Program is used by the State to generate Medicaid reimbursement for medically related services provided to eligible students. Each school district can only submit claims for the students for which the district serves as the local education agency under the federal special education law (IDEIA) and is fiscally responsible. This includes students that are tuitioned by the school district to another school district whether in or out of the state of Vermont.

### **STUDENT ELIGIBILITY**

- Student must be receiving special education services as outlined in an IEP.
- Student must be enrolled in Medicaid.
- Student must be receiving Medicaid billable services.

### **RELEASE OF INFORMATION**

- In order to bill Medicaid, consent must be obtained from the student's legal guardian. There are three consent requirements:
  - A statement on the Medicaid application (obtained by the Medicaid agency)
  - A statement on the IEP
  - A Release of Information Form
- If the legal guardian checks the "I do not give permission" statement on the IEP, refuses to sign the Release of Information Form, or signs and checks the line to refuse consent for the release of information, the school district can not bill Medicaid.
- DCF has given a blanket Release of Information for students in DCF custody.
- 18 year olds must sign their own Release of Information Form upon turning 18, unless there is a court appointed legal guardian, in which case the court appointed legal guardian would sign the Release of Information Form.
- If the student is in joint custody of two legal guardians, the signatures and approval of both guardians is required on the Release of Information Form.

### **PHYSICIAN AUTHORIZATION FORM**

- In order to bill, Medicaid requires a Physician Authorization Form, which establishes that some of the IEP services are medically necessary.
- The family physician, nurse practitioner, doctor of osteopathic medicine, a physician assistant or a consulting physician who is under contract with the school district, can sign the authorization form.
- If the school district is using a consulting physician, the legal guardian must be notified in order for the school to release the student's information to the physician. The child's physician must be used if the legal guardian refuses to have the consulting physician review the records.

### **CLAIMS FOR SCHOOL-BASED HEALTH SERVICES**

- Annual IEP – The school district is allowed to bill a set amount for the case management involved in developing the student's annual individualized education plan (Blue Form). A limit of two IEP claims in a 275-day period will be reimbursed. No reimbursement is allowed for an initial IEP unless the student was on an IFSP.
- Special Education Reevaluation – The school district is allowed to bill a set amount for the case management involved in conducting a special education reevaluation (Pink Form). A

limit of one claim in every 910-day period will be reimbursed. No reimbursement is allowed for an initial special education evaluation unless the student was on an IFSP. No reimbursement is allowed when Form 8 is completed.

- **Billable Services:**
  - Case management
  - Developmental & assistive therapy
  - Mental health counseling (if not provided by a mental health agency)
  - Rehabilitative nursing services
  - Occupational therapy
  - Physical therapy
  - Speech, language & hearing services
  - Personal care
- **Level of Care** – For each service the hours provided in the billing period are entered on the Level of Care (LOC) form in order to establish a specific level of care. Services are weighted differently according to their medical relevance, the instructional group size, and whether a licensed professional or other staff member provides the service. The weighting system creates a value for the total units of service provided, the total units are classified as a level of care group 1, 2, 3, or 4. Services in excess of 42 units per week may be billed as outlier units. A monetary value is assigned to each level of care group and outlier unit.
- **LOC Periods** – There are nine LOC billing periods –August/September, October, November, December/January, February, March, April, May/June, Extended School Year (summer services).
- **Other Billing** – If a school district is paying for a residential placement at a PNMI facility the school district may bill using the treatment portion of the PNMI rate developed for the facility. Durable medical equipment (DME) claims have a specific paper process.

### **STAFF DOCUMENTATION**

- Documentation of each occurrence of service billed on the level of care form is required.
- The log documenting this service is signed by the provider and appropriate supervisor.
- The following services require documentation:
  - Related Services (physical therapy, occupational therapy, speech, language & hearing, vision, nutrition, mental health counseling, rehabilitative nursing services)
  - Developmental and Assistive Therapy
  - Personal Care
  - Case Management
- Professional staff members are also required to complete a provider certification agreement and provide proof of their current licensure or credentials.

### **SUBMISSION OF CLAIMS**

- For each billing period, the Medicaid clerk collects all required documentation and completes the LOC form.
- Medicaid clerks submit the LOC, IEP and Evaluation claims electronically to HP Enterprise Services.
- PNMI and Durable Medical Equipment claims are submitted on paper to the Department of Education.
- HP Enterprise Services receives the claims and processes them for payment.

- For claims submitted electronically, a weekly Remittance Advice (RA) is mailed to the supervisory union showing which claims are paid, denied, adjusted, or put into suspension (for manual review).
- The deadline for submitting claims is six months (183 days) from the beginning date of service.

## **RECORDS**

A Medicaid file will be maintained for each student, which will include:

- Release of Information Form
- Physician Authorization
- IEP and Evaluation (blue and pink) forms
- IEP (cover and service page, including checked Medicaid consent paragraph)
- Amendment Paperwork (cover page, service page and amendment document)
- Level of Care Form, documentation logs, and progress notes

## **GRANTS**

- Supervisory unions receive 50% of the federal Medicaid reimbursement earned for their claims.
- Reimbursement earned for claims for State-Placed Students is retained by the State.
- The reimbursement is received through Medicaid grants issued by the Department of Education.
- Supervisory unions are required to distribute the funds to its member school districts based on how the funds were generated unless the supervisory union board has agreed to a different distribution or to operate a union wide program.

*Under 16 V.S.A. §2959a (e) school districts are required to use State funds for: ...reasonable costs of administering the Medicaid claims process, and for prevention and intervention programs in grades pre-K through 12. The programs shall be designed to facilitate early identification of and intervention with children with disabilities to ensure all students achieve rigorous and challenging standards adopted in the Vermont framework of standards and learning opportunities or locally adopted standards. A school district shall provide an annual written justification to the commissioner of education of the use of the funds. Such annual submission shall show how the funds' use is expressly linked to those provisions of the school district's action plan that directly relate to improving student performance.*