

# *School Health Services Program and Free Care*

Shannon Huska  
School Health Services Program Administrator  
Department of Health Care Policy and Financing



**COLORADO**  
School Health Services Program

# *Free Care Overview*

- State Medicaid Director letter #14-006
- Chief State School Officers and State Health Officials letter January 15, 2016
- Allows states to expand services beyond IEP/IFSP student
- Must make changes to State Plan Amendment

# *Obstacles*

- Opening the State Plan
- Time Study
- Medicaid Eligibility
- Reimbursements

# *Free Care Considerations in a Cost Settlement Model*

Increasing reimbursement is focused on the following three factors:

- District Specific Costs
- Direct Medical Services Percentage
- IEP Student Utilization Ratio

# *District Specific Costs*

An increase to district specific costs can only be achieved by identifying additional providers. The following are important considerations regarding new providers:

- Providers must meet federal Medicaid licensure and certification requirements
- Provider's costs must be eligible to be included in the cost settlement (federal funds)
- Providers are included in the SPA and eligible to be reimbursed



# *Direct Medical Service Percentage*

- This percentage is currently captured under code 4B-IEPDM(IEP/IFSP Direct Medical Services).
- If Free Care services are added it would include services currently captured under 4A-NIEPDM (Non IEP/IFSP Direct Medical Services).
- This would continue to be a statewide percentage.



# *IEP Student Utilization Ratio*

This ratio is currently limited to include only those students that have an IEP. The following are considerations of adding Free Care and including students without an IEP:

- The ratio would decrease if the Non-IEP Free Care student population have a lower incidence of Medicaid enrollment
- Districts will need to be able to accurately identify the Non-IEP Free Care student population in order to calculate a modified IEP Student Utilization Ratio.
- Districts would need to ensure that appropriate documentation of medical necessity and service delivery is maintained for the Non-IEP Free Care student population
- Districts would need to address issues of consent



# *Phase One Free Care Analysis Overview*

General Assumption: No additional providers would be added to the cost pools, therefore allowable costs would not increase.

- Under the analysis conducted in this report, we have not focused on this area since data pertaining to the number of potentially eligible staff, their licensure/certification requirements, and potential eligible costs, are not available without additional data collection at the district level.

Data: 2015 Annual Direct Service Cost Report data was used for this analysis.

- Given that Colorado uses a Cost Settlement model, modifications to the program and the cost settlement calculations that could be made with the addition of Free Care services were used to create scenarios and a set of estimated options.



# *Phase One Free Care Analysis Overview (cont.)*

The Phase One Analysis is built on the assumption that there would be no additional providers added to the staff pool lists, and therefore the allowable reported expenditure amounts would not increase.

The two scenarios built around the two remaining factors:

- Direct Medical Services Percentage
- IEP Student Utilization Ratio



# *Scenario I*

## *Free Care Services Calculated as a Separate Line Item on the Cost Report*

Scenario I addresses the issue of Direct Medical Services Percentage by assuming the ability to calculate Free Care services as a separate line item on the Cost Report.

Assumptions:

- The existing Direct Medical Services Percentage would not be impacted
- Cost Settlement for Free Care services could be calculated as a separate line item
- A different student utilization ratio would be applied to the Free Care settlement and the existing IEP Student Utilization Ratio would continue to be applied to the Direct Medical Services settlement



# *Scenario 1 - Options*

## **Estimation Option 1A:**

- IEP Student Utilization Ratio Calculated as an Average between IEP Student Utilization Ratio and MER

## **Estimation Option 1B:**

- IEP Student Utilization Ratio Calculated with the MER



# *Estimation Option 1A*

## **Option 1A-IEP Student Utilization Ratio calculated as an Average between IEP Student Ratio and MER**

- This option assumes districts have the necessary documentation to identify the newly eligible students and provide them for Medicaid enrollment determinations.

### **Estimated Outcome:**

- The addition of Free Care services could generate and additional \$6.3M statewide in reimbursement annually

# *Estimation Option 1B*

## **Estimation Option 1B-IEP Student Utilization Ratio calculated with the MER**

- This option assumes districts are either not able to identify the students receiving Free Care services and/or their eligibility is much lower than expected. Based on that assumption, this option uses the MER used for MAC claims.

### **Estimated Outcome:**

- The addition of Free Care services could generate and additional \$5.2M statewide in reimbursement annually



# *Scenario 2*

## *Free Care Services Combined with IEP/IFSP Direct Services on the Cost Report*

Scenario 2 assumes that Free Care services must be combined with the Direct Services on the cost report.

Assumptions:

- CMS fails to approve the calculation of Free Care services as a separate line item on the Cost Report
- The Direct Medical Services percentage is a combination of the time derived from Code 4A-NIEPDM and Code 4B-IEPDM
- A single Student Medicaid eligibility ratio would need to be developed
- The ratio will be lower by adding Free Care services



# *Scenario 2 - Options*

## **Estimation Option 2A:**

- IEP Student Utilization Ratio Calculated as an Average between IEP Student Utilization Ratio and MER

## **Estimation Option 2B:**

- IEP Student Utilization Ratio Calculated with the MER



# *Estimation Option 2A*

**Option 2A-IEP Student Utilization Ratio calculated as an Average between IEP Student Ratio and MER**

- This option assumes districts have the necessary documentation to identify the newly eligible students and provide them for Medicaid enrollment determinations.

## **Estimated Outcome:**

- The addition of Free Care services could generate an additional \$1.7M statewide in reimbursement annually.

**8 out of 48 participating districts would see a decrease to their current reimbursement with decreases ranging from approximately \$1,700 annually to approximately \$70,000 annually**



# *Estimation Option 2B*

## Estimation Option 2B-IEP Student Utilization Ratio Calculated with the MER

- This option assumes districts are either not able to identify the students receiving Free Care services and/or their eligibility is much lower than expected. Based on that assumption, this option uses the MER used for MAC claims.

### Estimated Outcome:

- The addition of Free Care services would result in a *loss* of \$3.2M statewide in reimbursement annually.

**33 out of 48 participating districts would see a decrease to their current reimbursement with decreases ranging from approximately \$200 annually to approximately \$450,000 annually**

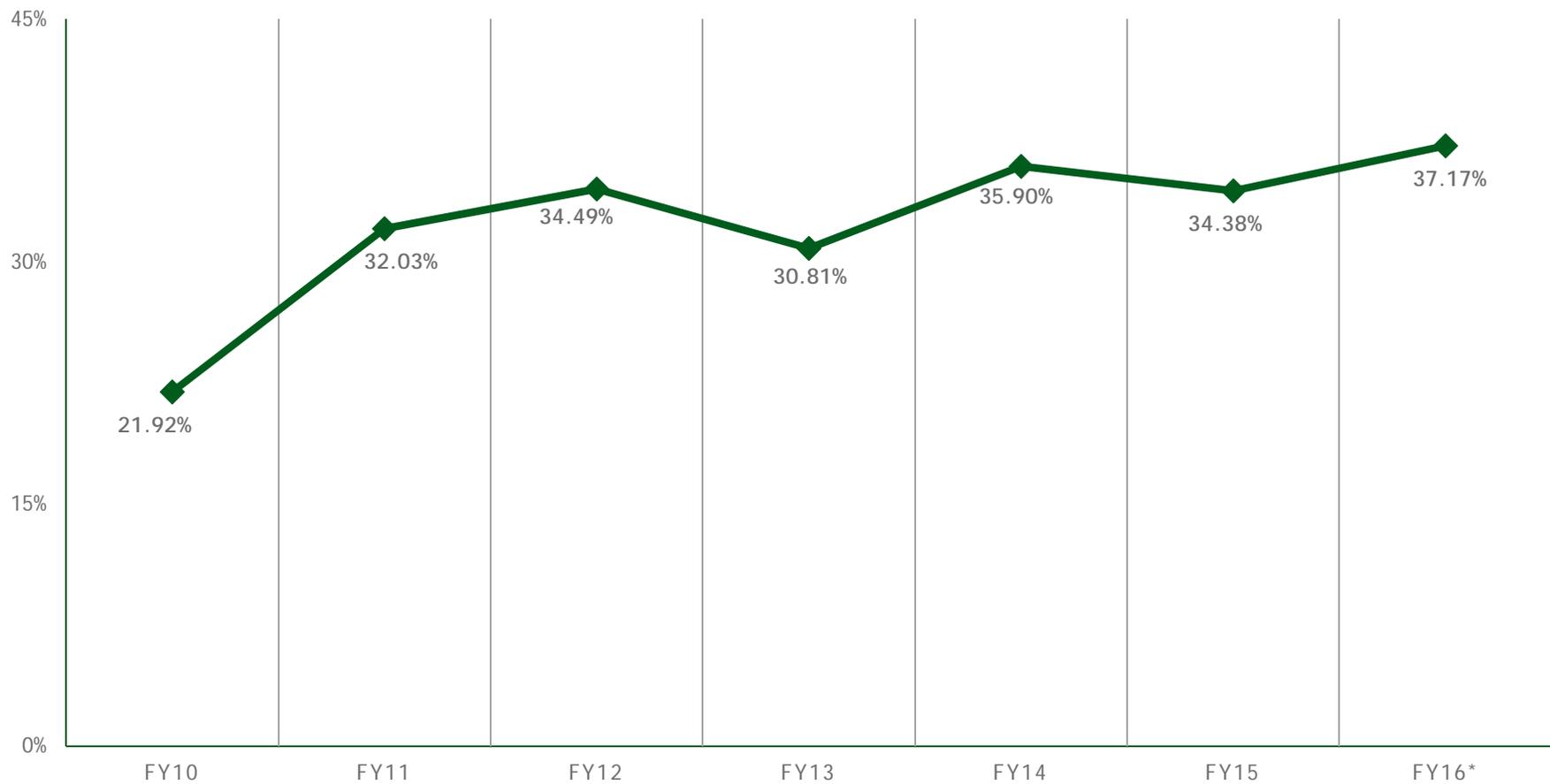


# *Items to Consider*

- Opening State Plan
- RMTS Percentages
- Current Reimbursement
- Medicaid Eligibility

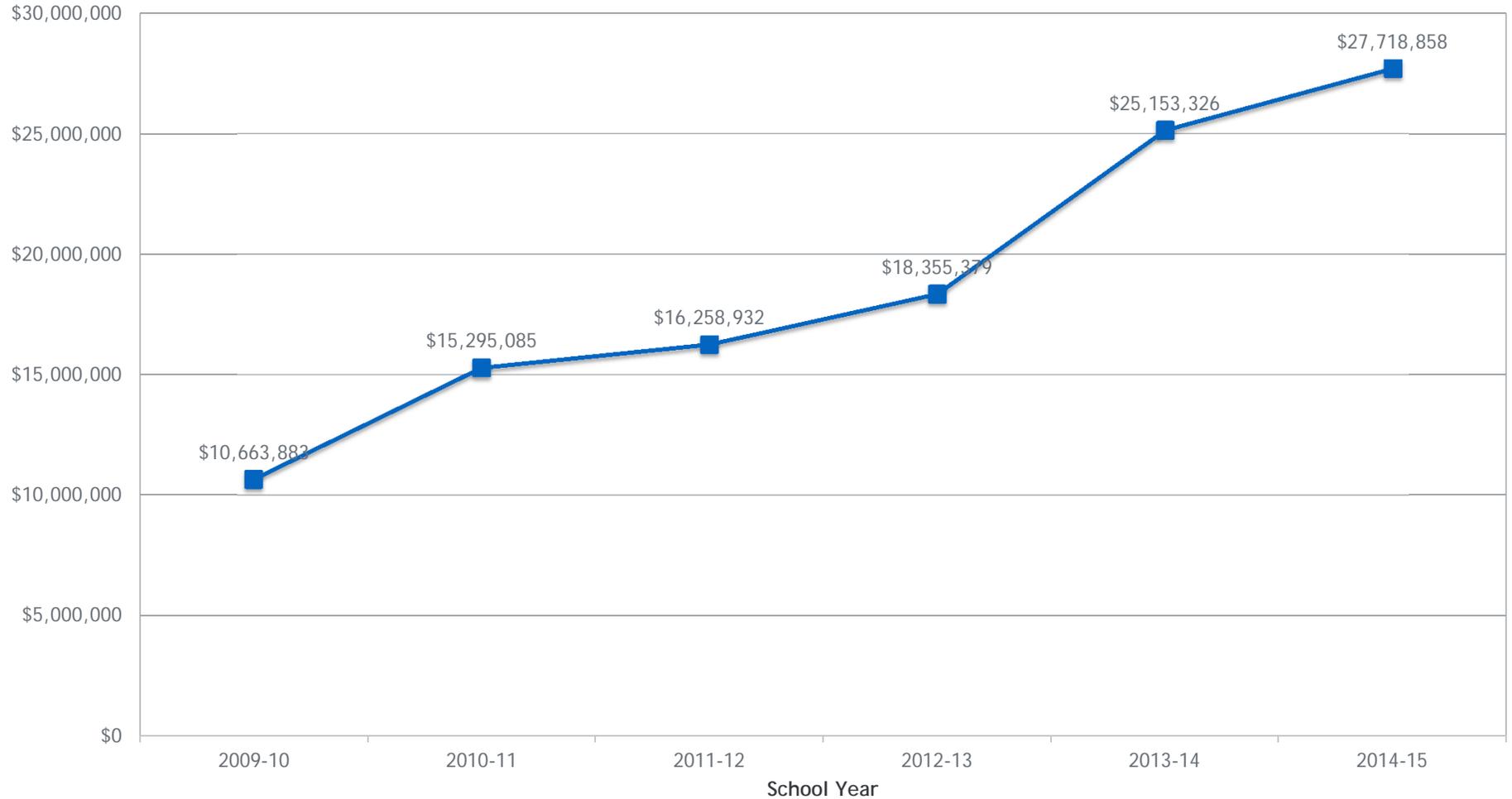
# *RMTS Percentages*

ANNUAL DIRECT SERVICE TIME STUDY PERCENTAGES



# Reimbursement

Annual Medicaid DS, TCM and Specialized Transportation Revenue  
(Federal Share less State Withhold)



# *Eligibility Percentage*

- Currently use IEP Student Utilization Ratio (December 1 count)
  - Averages about 50%
- Administrative Claiming uses Medicaid Eligibility rate (October 1 count)
  - Averages about 30%
- If open SPA for Free Care Services it is unknown what ratio we will use



# *Next Steps*

Conduct a Phase Two analysis to gather data and information to further evaluate the expansion of services.

Meet with a sample of districts to gather more detailed information

- Assess the number of students receiving Free Care services
- Review the providers currently delivering Free Care services
- Review and assess the process for documenting services

# *Questions*



# *Thank You*

The School Health Services Program is a joint effort between the Colorado Department of Education and Department of Health Care Policy and Financing.

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[www.colorado.gov/hcpf](http://www.colorado.gov/hcpf)

Shannon Huska  
School Health Services Program Administrator  
Department of Health Care Policy and Financing  
[shannon\\_huska@state.co.us](mailto:shannon_huska@state.co.us)  
303.866.3131



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