



**COLORADO**  
Department of Health Care  
Policy & Financing

November 1, 2014

The Honorable Crisanta Duran, Chair  
Joint Budget Committee  
200 East 14<sup>th</sup> Avenue, Third Floor  
Denver, CO 80203

Dear Representative Duran:

Enclosed please find a legislative report to the Joint Budget Committee from the Department of Health Care Policy and Financing on the School Health Services Program.

FY 2014-15 Request for Information 7 states:

*Department of Health Care Policy and Financing, Other Medical Services, Public School Health Services -- The Department is requested to submit a report by November 1 of each year to the Joint Budget Committee on the services that receive reimbursement from the federal government under the S.B. 97-101 public school health services program. The report is requested to include information on the type of services, how those services meet the definition of medical necessity, and the total amount of federal dollars that were distributed to each school under the program. The report should also include information on how many children were served by the program.*

There are two programs under the Department's purview that provide funds for health services provided to students: The School-Based Center Program and the School Health Services Program. The School Health Services program provides health services as required in a child's Individualized Education Program or Individualized Family Service Plan and the School Based Health Center Program provides primary care and mental health services. This report pertains to the School Health Services Program.

If you require further information or have additional questions, please contact the Department's Legislative Liaison, Zach Lynkiewicz, at [Zach.Lynkiewicz@state.co.us](mailto:Zach.Lynkiewicz@state.co.us) or 720-854-9882.

Sincerely,

A handwritten signature in black ink that reads "Susan E. Birch".

Susan E. Birch, MBA, BSN, RN  
Executive Director  
SEB/slh



Cc: Senator Pat Steadman, Vice-Chair, Joint Budget Committee  
Representative Jenise May, Joint Budget Committee  
Representative Bob Rankin, Joint Budget Committee  
Senator Mary Hodge, Joint Budget Committee  
Senator Kent Lambert, Joint Budget Committee  
John Ziegler, Staff Director, JBC  
Eric Kurtz, JBC Analyst  
Henry Sobanet, Director, Office of State Planning and Budgeting  
Bettina Schneider, Budget Analyst, Office of State Planning and Budgeting  
Katherine Blair Mulready, Health Policy Advisor, Governor's Office  
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John Bartholomew, Finance Office Director, HCPF  
Suzanne Brennan, Health Programs Office Director, HCPF  
Dr. Judy Zerzan, Client and Clinical Care Office Director, HCPF  
Chris Underwood, Health Information Office Director, HCPF  
Tom Massey, Policy, Communications, and Administration Office Director, HCPF  
Jed Ziegenhagen, Community Living Office Director, HCPF  
Rachel Reiter, External Relations Division Director, HCPF  
Zach Lynkiewicz, Legislative Liaison, HCPF



Legislative Request for Information 7 states:

*Department of Health Care Policy and Financing, Other Medical Services, Public School Health Services -- The Department is requested to submit a report by November 1 of each year to the Joint Budget Committee on the services that receive reimbursement from the federal government under the S.B. 97-101 public school health services program. The report is requested to include information on the type of services, how those services meet the definition of medical necessity, and the total amount of federal dollars that were distributed to each school under the program. The report should also include information on how many children were served by the program.*

## **EXECUTIVE SUMMARY**

This report is presented to the Joint Budget Committee (JBC) of the Colorado General Assembly in response to Legislative Request for Information 7. Under the Individuals with Disabilities Education Act, Section 504 of the Rehabilitation Act of 1973, and Title 22, C.R.S., public school districts are required to provide certain medical services for public school children. Additionally, school districts provide some level of health screening, nursing services and other medical support services for students. When delivered to a Medicaid eligible student, some of these services qualify for Medicaid reimbursement. The School Health Services Program administered by the Department of Health Care Policy and Financing (the Department) allows Colorado public school districts, Boards of Cooperative Education Services, and the Colorado School for the Deaf and the Blind (hereinafter collectively referred to as School Health Services Program Providers or providers) to access such federal Medicaid funds. There are two programs under the Department's purview that provide funds for health services provided to students the School Health Services Program and the School-Based Health Center Program. The programs differ in that the School Health Services program provides health services as required in a child's Individual Education Program (IEP) or the Individualized Family Service Plan (IFSP) and the School Based Health Center Program provides primary care and mental health services. A more in depth explanation of the two programs can be found on pages 2 and 3 of the report. Legislative Request for Information 7 requests information on the following:

- **Types of Health Services Delivered and Number of Children Served**

Within the capacity of the specific School Health Services Program Provider, providers can receive reimbursement from Medicaid for health services that are medically necessary and provided to Medicaid eligible clients as prescribed in the client's IEP or IFSP. Covered services may include direct medical services, including rehabilitative therapies, Early and Periodic Screening, Diagnostic and Treatment (EPSDT) services, Targeted Case Management and Specialized Non-Emergency Transportation services. During FY 2013-14, 16,500 eligible children with an IEP or IFSP received school health services reimbursed through Medicaid. Participation by Medicaid-eligible clients is optional.

- **How Services Meet the Definition of Medical Necessity**

For a School Health Services Program Provider to receive Medicaid reimbursement the service must meet the definition of medical necessity. A determination of medical

necessity is made through the referral and authorization process. Where required by Medicaid regulations, a qualified practitioner of the healing arts refers a client for services. The client's IEP or IFSP, when developed according to the Colorado Department of Education procedures, serves as authorizing documents. The Department provides technical assistance and oversight monitoring to ensure providers comply with the requirement.

- **Federal Dollars Distribution to School Districts**

For FY 2012-13, 52 School Health Services Program Providers received Medicaid reimbursement totaling \$20,174,776. As the original expenditures of the medical service were incurred by a public entity using local tax dollars or General Fund appropriated to educational institutions, the Medicaid reimbursement is entirely federal funds. The federal funds are made available to deliver new and expanded primary and preventative health services to Colorado's public school children identified and specified under the providers' Local Services Plan (LSP). The LSP written by the school district, with community input, describes the type and cost of services to be provided with the funds. In FY 2012-13 the most common area to use the funds according to a provider's LSP was to fund additional nursing services for all students.

## **BACKGROUND INFORMATION**

There are two programs under the Department's purview that provide funds for health services provided to students: the School-Based Health Center Program and the School Health Services Program. This report pertains to the School Health Services Program.

### **School-Based Health Center Program**

The School-Based Health Center Program was created in 1987 to assist in the establishment, expansion, and ongoing operations of school-based health centers (SBHCs) in Colorado. SBHCs are clinics operated within a public school, charter school, or State-sanctioned General Educational Development (GED) building that provide primary health care and mental health services that compliment services provided by school nurses.

Establishing a school-based health center is a community-driven process that requires multiple partnerships - between school districts, the medical and mental health communities and local and state funders - to be effective. The Colorado Department of Public Health and Environment does not run these clinics, but rather sets standards and provides some funding. SBHCs that enroll as Medicaid or Child Health Plan Plus (CHP+) providers receive reimbursement from the Department for their Medicaid claims and through CHP+ managed care organizations for their CHP+ services.

### **School Health Services Program**

The School Health Services (SHS) Program was established in 1997 via SB 97-101 and allows public school districts, Boards of Cooperative Educational Services (BOCES), and state K-12

educational institutions (hereinafter collectively referred to as School Health Services Program Providers or providers) to receive federal Medicaid funds for amounts spent providing health services to students who are Medicaid eligible and have an Individualized Education Program (IEP) or Individualized Family Service Plan (IFSP). (Note: health services required in a child's IEP or IFSP are not covered by the SBHC Program, which provides primary health care and mental health services.) In addition, SHS Program Providers may receive reimbursement for Medicaid administrative activities that directly support efforts to identify and enroll potentially eligible children and their families into Medicaid.

The SHS Program Providers incurs the original expenditures using local tax dollars or appropriated General Funds which draw federal matching Medicaid funds through the certification of public expenditures (CPE) mechanism. To draw federal Medicaid funds through CPEs, SHS Program Providers must participate in a federally-approved quarterly time study and submit quarterly and annual cost reports.

Under Colorado statute, SHS Program Providers are required to use the Medicaid funds received to fund student health services for all students. Each participating SHS Program Providers must develop a LSP with community input to identify the types of health services needed by its students and must submit an annual report that describes exactly how the Medicaid revenue was spent in accordance with its LSP.

The SHS Program is administered jointly by the Department and Colorado Department of Education. The Department draws and disburses the federal Medicaid funds, conducts the federally-approved time study, administers the quarterly and annual cost report and certification processes, and conducts on-site reviews to ensure compliance with federal requirements. The Department of Education provides technical assistance related to the development of a LSP and annual report and reviews and approves the LSP.

## **PROGRAM OVERVIEW**

The SHS Program delivers additional health services to Colorado public school children each year without additional General Fund expenditures. Using the disbursed federal funds within a health service delivery process established through the LSP, school districts have been able to address some of the health care needs unique to their communities. Additionally, the SHS Program has helped improve learning environments by providing students increased access to health care services and improving the quality of school health services. Program funds have been expended to deliver services in the areas of greatest need to:

- Increase school nursing services;
- Improve and enhance the quality of school health services;
- Increase access to health care services for the uninsured and underinsured; and
- Provide health services where none were previously available.

During FY 2013-14, 50 school districts or BOCES contracted with the Department to receive Medicaid reimbursement for providing school health services to eligible clients. Other school

districts, choosing not to contract with or bill the Department directly, participate in the program as a member of a BOCES. A BOCES is created when two or more school districts decide they have similar needs that can be met by a shared program. A BOCES may help school districts save money by providing opportunities to pool resources and share costs. As a result, school districts may receive Medicaid funds without having a direct contract with the Department, as the BOCES is the contracting entity and listed as the School Health Services Program Provider in this report. Further, school districts may bill directly for some services, such as transportation, while the BOCES provide and bill for the other services, such as direct services, on behalf of the school districts. In these cases, the number of school districts directly billing the School Health Services Program will vary each year and the program has no information as to how the Medicaid reimbursement is distributed from the BOCES to the school district.

On July 23, 2008, after lengthy negotiations with the federal Centers for Medicare and Medicaid Services (CMS), the Department received approval of State Plan Amendment (SPA) 05-006. SPA 05-006 was necessary to ensure federal compliance of the SHS Program Providers regarding provider qualifications, coverage and reimbursement. The increased administrative responsibilities due to the federal compliance requirements may have hindered provider participation in the program.

Under the approved SPA, all SHS Program Providers are required to participate in a quarterly random moment time study to determine the percentage of allowable time spent providing Medicaid claimable School Health Services. However, by utilizing a time study, providers receive a payment based on the actual cost incurred for providing Medicaid services, rather than through a fixed rate established by the Department. For FY 2012-13, 52 providers were reimbursed a total of \$20,174,776 for direct services, Targeted Case Management (TCM) and Medicaid Administrative Claiming (MAC). For FY 2013-14, these providers have received interim payments in the amount of \$13,693,387 for direct services and TCM and \$2,220,268 for MAC. During FY 2012-13 these funds were used to provide additional health services to all students in the participating districts. The most common areas that were funded statewide through the providers' LSPs were additional nursing services at \$3,547,191, additional mental health services at \$1,433,401, additional health technicians/clinic aid hours at \$1,226,600, and outreach to the uninsured at \$849,463.

Prior to receiving a final payment based on the actual cost incurred for providing Medicaid services, SHS Program Providers submit claims and receive interim payments for providing services to eligible clients. After the fiscal year ends, each provider is required to complete a cost report documenting their total Medicaid allowable costs for delivering School Health Services and certifying their public expenditures. The cost report reconciles interim payments made to the provider during the fiscal year against actual costs. If the provider's interim payments exceed the actual, certified costs of providing School Health Services, the provider must return the overpayment amount to the Department. If the provider's actual costs exceed the interim payments they received then the Department will pay the federal share difference to the provider. This cost reconciliation and settlement process is based on a cost allocation methodology approved by CMS. The cost reconciliation and settlement that most recently occurred was in FY 2013-14 for FY 2012-13.

Beginning with FY 2011-12, interim payments associated with claims submissions are based on a monthly rate rather than procedure code specific rates. The Department utilized an interim payment methodology based on historical costs. Under the interim payment methodology, SHS providers received payments on a monthly basis based off their total costs identified in the approved cost report from prior years. Additionally, quarterly financial reporting is required by all providers to allow the Department to monitor providers' costs mid-year and adjust interim payments as necessary.

In addition, the Department reimburses for administrative claiming to SHS Program Providers for the time spent in administrative activities that directly support efforts to identify and enroll potentially eligible children and their families into Medicaid. MAC reimbursements are made quarterly through a claim that consists of payroll costs for staff that provide direct medical or health related services (Direct Services), administrative and outreach activities. As school staff work with students on a daily basis, they are uniquely positioned to assist in enrollment of eligible students in Medicaid, to assist them in receiving the medical services and supporting administrative and outreach services they require, and to provide medically-necessary services. These administrative services form the basis for the MAC Program. MAC allowable activities include: Facilitating Medicaid Outreach, Facilitating Medicaid Eligibility Determination, Translation Related to Medicaid Services, Medical Program Planning, Policy Development and Interagency Coordination, Medical/Medicaid Related Professional Development and Training, Referral, Coordination and Monitoring of Medicaid Services. As detailed in Table 1, for FY 2012-13 four quarters were eligible for MAC reimbursement, and 48 school districts participated in MAC for reimbursement totaling \$1,819,399. In FY 2013-14, all 50 SHS providers participated in MAC; reimbursements received totaled \$2,220,268 for payments through the end of the third quarter.

**Table 1**  
**FY 2012-13 Medicaid Administrative Claiming Net Payments**

School Health Services Program Provider	FY 2012-13 MAC Net Payment July- September 2012 Quarter	FY 2012-13 MAC Net Payment October- December 2012 Quarter	FY 2012-13 MAC Net Payment January- March 2013 Quarter	FY 2012-13 MAC Net Payment April-June 2013 Quarter	FY 2012-13 Net Total MAC Payments	FY 2013-14 Net MAC Payments as of October 1, 2014
Adams 12 Five Star Schools	\$ 19,669	\$ 23,766	\$ 21,473	\$ 24,081	\$ 88,989	\$ 118,940
Adams Arapahoe School District #28J	\$ 39,598	\$ 31,098	\$ 30,236	\$ 36,452	\$ 137,384	\$ 213,909
Adams County School District # 14	\$ 6,844	\$ 7,814	\$ 7,751	\$ 9,246	\$ 31,655	\$ 47,696
Adams County School District # 50	\$ 1,453	\$ 1,307	\$ 2,897	\$ 5,272	\$ 10,929	\$ 18,818
Arapahoe County School District # 6	\$ 1,106	\$ 1,293	\$ 1,714	\$ 2,048	\$ 6,161	\$ 7,722
Boulder County School District # 2	\$ 49,101	\$ 49,010	\$ 38,865	\$ 45,764	\$ 182,740	\$ 206,032
Boulder County School District RE-1J	\$ 19,690	\$ 20,612	\$ 19,033	\$ 21,640	\$ 80,975	\$ 83,834
Buena Vista School District R-31	*	\$ 1,490	\$ 1,380	\$ 1,677	\$ 4,547	\$ 6,099
Cherry Creek School District #5	\$ 38,107	\$ 26,008	\$ 21,251	\$ 26,342	\$ 111,708	\$ 137,546
Colorado School for the Deaf and Blind	\$ 6,004	\$ 6,380	\$ 5,367	\$ 6,072	\$ 23,823	\$ 31,248
Colorado Springs School District # 11	\$ 7,273	\$ 6,523	\$ 6,024	\$ 6,712	\$ 26,532	\$ 46,949
Counties of Adams & Weld School District 27J	\$ 7,638	\$ 8,287	\$ 7,276	\$ 8,317	\$ 31,518	\$ 38,878
Counties of Archuleta & Hinsdale District JT	\$ 715	\$ 650	\$ 587	\$ 522	\$ 2,474	\$ 1,605
County of Rio Blanco, Meeker Public SD RE 1	\$ 94	\$ 162	\$ 91	\$ 123	\$ 470	\$ 471
Delta County Joint School District 50J	\$ 1,689	\$ 1,979	\$ 1,618	\$ 1,842	\$ 7,128	\$ 12,675
Denver County School District # 1	\$ 55,627	\$ 65,414	\$ 50,260	\$ 65,990	\$ 237,291	\$ 335,537
Douglas County School District #1	\$ 25,779	\$ 27,131	\$ 23,314	\$ 27,441	\$ 103,665	\$ 100,681
Eagle County School District RE 50J	\$ 1,772	\$ 1,695	\$ 1,565	\$ 1,846	\$ 6,878	*
El Paso County School District # 12	*	*	*	\$ 605	\$ 605	\$ 1,675
El Paso County School District # 14	\$ 243	\$ 188	\$ 271	\$ 344	\$ 1,046	\$ 1,239
El Paso County School District # 2	\$ 2,602	\$ 4,484	\$ 4,259	\$ 4,777	\$ 16,122	\$ 12,040
El Paso County School District # 20	\$ 14,330	\$ 15,102	\$ 10,552	\$ 7,293	\$ 47,277	\$ 22,832
El Paso County School District # 3	\$ 4,233	\$ 4,306	\$ 3,609	\$ 4,165	\$ 16,313	\$ 15,012
El Paso County School District # 38	\$ 2,637	\$ 2,486	\$ 1,898	\$ 2,353	\$ 9,374	\$ 8,490
Elbert County School District C-1	*	\$ 103	\$ 195	\$ 262	\$ 560	\$ 1,406
Falcon School District 49	\$ 16,812	\$ 22,241	\$ 16,691	\$ 19,676	\$ 75,420	\$ 78,278
Garfield County School District RE-1	\$ 12,543	\$ 13,958	\$ 10,182	\$ 4,105	\$ 40,788	\$ 21,779
Garfield County School District RE-2	\$ 4,515	\$ 3,590	\$ 3,256	\$ 3,858	\$ 15,219	\$ 16,427
Gunnison Watershed School District	*	*	*	*	*	\$ 678
Ignacio School District 11JT	*	*	*	\$ 147	\$ 147	\$ 981
Jefferson County Public Schools	\$ 41,012	\$ 39,941	\$ 33,983	\$ 41,797	\$ 156,733	\$ 160,916
La Plata County School District #10JT-R	\$ 4	\$ 71	\$ 138	\$ 225	\$ 438	\$ 974
La Plata County School District #9-R	\$ 825	\$ 1,488	\$ 1,569	\$ 1,861	\$ 5,743	\$ 3,812
Lake County School District R-1	\$ 319	\$ 361	\$ 327	\$ 382	\$ 1,389	\$ 2,329
Lamar School District Re 2	*	*	*	*	*	\$ 3,685
Larimer County School District #2J	*	*	*	\$ 4,043	\$ 4,043	\$ 73,631

School Health Services Program Provider	FY 2012-13 MAC Net Payment July- September 2012 Quarter	FY 2012-13 MAC Net Payment October- December 2012 Quarter	FY 2012-13 MAC Net Payment January- March 2013 Quarter	FY 2012-13 MAC Net Payment April-June 2013 Quarter	FY 2012-13 Net Total MAC Payments	FY 2013-14 Net MAC Payments as of October 1, 2014
Mesa County Valley School District 51	\$ 36,295	\$ 40,315	\$ 34,245	\$ 38,642	\$ 149,497	\$ 179,441
Montezuma County School District # 1	*	\$ 1,908	\$ 1,427	\$ 1,602	\$ 4,937	\$ 4,226
Montezuma County School District # RE-4A	\$ 932	\$ 2,433	\$ 1,762	\$ 1,885	\$ 7,012	\$ 8,506
Montrose County School District RE-1J	*	*	*	*	*	\$ 5,845
Otero County School District # 2	\$ 841	\$ 742	\$ 516	\$ 445	\$ 2,544	\$ 4,363
Otero County School District #1	*	*	*	*	*	\$ 3,100
Pikes Peak BOCES	\$ 806	\$ 1,612	\$ 2,727	\$ 3,099	\$ 8,244	\$ 14,156
Pueblo County School District # 60	\$ 9,334	\$ 9,910	\$ 6,292	\$ 5,989	\$ 31,525	\$ 30,755
Pueblo County School District # 70	\$ 17,813	\$ 14,736	\$ 12,680	\$ 14,826	\$ 60,055	\$ 55,205
Rangely School District RE4	*	\$ 273	\$ 216	\$ 248	\$ 737	\$ 4,599
Salida School District R-32-J	\$ 1,252	\$ 1,141	\$ 1,001	\$ 1,341	\$ 4,735	\$ 6,088
School District Fremont RE-1	\$ 1,376	\$ 955	\$ 1,201	\$ 1,615	\$ 5,147	\$ 4,995
South Routt School District RE-3	\$ 24	\$ 22	\$ 26	\$ 24	\$ 96	*
Teller County School District # 2	\$ 1,453	\$ 1,349	\$ 1,132	\$ 1,430	\$ 5,364	\$ 6,739
Teller County School District RE-1	\$ 167	\$ 130	\$ 92	\$ 193	\$ 582	\$ 656
Weld County School District #6	\$ 6,205	\$ 19,189	\$ 13,978	\$ 13,468	\$ 52,840	\$ 56,770
Total	\$ 458,732	\$ 483,653	\$ 404,927	\$ 472,087	\$ 1,819,399	\$ 2,220,268
* Provider did not participate in Medicaid School Health Services Program at this time						

## RESPONSE TO LEGISLATIVE REQUEST FOR INFORMATION 7

### Types of Health Services Delivered and Number of Children Served

Under the Individuals with Disabilities Education Act, Section 504 of the Rehabilitation Act of 1973, and Title 22, C.R.S., public school districts are required to provide certain medical services for public school children. Additionally, school districts provide some level of health screening, nursing services and other medical support services for students. When delivered to a Medicaid eligible student, some of these services qualify for Medicaid reimbursement.

SHS Program Providers can receive reimbursement from Medicaid for delivering services to Medicaid-eligible clients under the age of 21, as included in the Medicaid statute (Section 1905(a) of the Social Security Act) and as described in the Code of Colorado Regulations, 10 CCR 2505-10. School Health Services may include direct services that are covered under the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) benefit, including rehabilitative therapies; Targeted Case Management and Specialized Non-Emergency Transportation services. SHS Program Providers must provide services that are medically necessary and provided to clients as prescribed in the client's IEP or the IFSP<sup>1</sup>.

<sup>1</sup> The Individuals with Disabilities Education Act (IDEA), federal legislation on educating children with disabilities, defines how states and local education agencies are to meet their obligations to serve these students. The IEP and IFSP, required documents

Under EPSDT<sup>2</sup>, Medicaid must provide for screening, vision, hearing and dental services at intervals that meet reasonable standards of medical and dental practice established after consultation with recognized medical and dental organizations involved in child health care. Additionally, under EPSDT, any service that Medicaid is permitted to cover under federal law that is necessary to treat or ameliorate a defect, physical and mental illness, or a condition identified by a screen, must be provided to qualified clients regardless of whether the service or item is otherwise included under the Medicaid State Plan.

Rehabilitative therapies are those services which reduce a physical or mental disability and which may improve physical or mental health levels. Rehabilitative therapies must be recommended by a physician or other licensed practitioner of the healing arts.

Specialized Non-Emergency Transportation is reimbursable under Medicaid when provided on the same date of service that a Medicaid covered service, required by the client's IEP or IFSP, is received. Specialized Non-Emergency Transportation is provided to and from a client's place of residence and the school or the site of a Medicaid reimbursable service if the service is not provided at the school.

Targeted Case Management are services to assist with accessing needed medical, social, educational, and other services for clients who have a diagnosable physical or mental condition that has a high probability of impairing cognitive, emotional, neurological, social, or physical development. Services may include individualized strengths and needs assessments; service planning that provides an individualized written, comprehensive service plan based on needs identified in the assessments; service coordination, monitoring and advocacy; and crisis assistance planning.

School districts received Medicaid reimbursement for providing medical services, Targeted Case Management and Specialized Non-Emergency Transportation to 16,500 Medicaid eligible clients during FY 2013-14. Table 2 summarizes the type of services for which districts received Medicaid reimbursement in FY 2013-14 and the number of unique clients that received each service. From the prior fiscal year, the number of children receiving Medicaid services increased by 18% equaling an additional 2,530 children receiving Medicaid services. Of the service categories reported in Table 2, Speech Therapy services were the most utilized by clients. Speech Therapy services were provided and reimbursed for 12,137 clients. The client total for Speech Therapy services is an increase of 2,623 clients from FY 2012-13. Occupational Therapy services had the second highest utilization total for clients in FY 2013-14 with 4,407 clients being served. Targeted Case Management decreased from FY 2012-13 by 275 clients due to increased administrative tasks associated with providing the service as mandated by CMS in the revised SPA 05-006. It is important to note that of the 50 providers that participate in the SHS Program they account for over 80% of the total student population in the state of Colorado.

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under IDEA, spell out the specific special education and related services, including health services, to be provided to meet the student's needs.

<sup>2</sup> The Omnibus Budget and Reconciliation Act of 1989 (OBRA'89) amended Sections 1902(a)(43) and 1905(a)(4)(B) and created Section 1905(r) of the Social Security Act setting forth the basic requirements of EPSDT.

**Table 2**  
**FY 2013-14 Unique Clients Served by Medicaid Reimbursed Service**

<b>Medicaid Reimbursed Service</b>	<b>Unique Clients Served</b>
Audiology	172
Behavioral Health Counseling and Therapy	1,037
Behavioral Health Evaluation	120
Speech Therapy	12,137
Speech/Hearing Evaluation	1,050
Nursing Aide Services	557
Nursing Evaluation	534
Nursing Services	138
Occupational Therapy	4,407
Occupational Therapy Evaluation	724
Personal Care Services	2,579
Physical Therapy	1,773
Physical Therapy Evaluation	278
Motor Therapy - Orientation and Mobility	113
<b>Total Clients - Direct Services</b>	<b>16,462</b>
<b>Targeted Case Management</b>	<b>131</b>
<b>Transportation</b>	<b>1,757</b>
<b>Total Clients - All Services</b>	<b>16,500</b>
<small>Note: Total Clients–Direct Services, Targeted Case Management, Transportation, and Total-Clients All Services are unduplicated client counts in the respective category. Unduplicated client counts represent the number of unique clients who received a service in each category only. Totals are not the sum of categories. Unduplicated client counts presented in this table are based on those clients who had a paid claim with a date-of-service within the fiscal year and only claims processed up to three months after the end of the fiscal year have been included. Data Source: Medicaid paid claims from MMIS-DSS. Data Section, Department of Health Care Policy and Financing. September 15, 2014.</small>	

**How Services Meet the Definition of Medical Necessity**

School districts apply the Medicaid definition of medical necessity when identifying services for which they intend to claim reimbursement. The SHS Program defines a medically necessary service at 10 CCR 2505-10, Section 8.290.1, as a service that will, or is reasonably expected to:

*...prevent, diagnose, cure, correct, reduce or ameliorate the pain and suffering, or the physical, mental, cognitive or developmental effects of an illness, injury or disability; and for which there is no other equally effective or substantially less costly course of treatment suitable for the client's needs.*

Medical necessity is determined through the referral and authorization process. Where required by the Medicaid regulations, a qualified practitioner of the healing arts must refer a client for services. The client's IEP or IFSP, when developed according to the Colorado Department of Education procedures, serve as an authorizing document. Technical assistance is provided for school district providers to identify those services delivered at schools that meet the definition of medical necessity. In addition, medical file reviews and quality assurance monitoring by the Department ensure that district providers comply with Medicaid requirements.

### **Federal Dollars Distribution to School Districts**

As detailed in Table 3, during FY 2012-13, 52 SHS Program Providers received Medicaid reimbursement totaling \$18,355,377 for direct service and Targeted Case Management. Additionally, as noted in Table 1, providers received \$1,819,399 in MAC payments in FY 2012-13, and \$2,220,268 in MAC payments for FY 2013-14 to date.

As noted previously in this report, BOCES help school districts save money by providing opportunities to pool resources and share costs. As a result, school districts may receive Medicaid funds without having a direct contract with the program, as the BOCES is the contracting entity and listed as the SHS Program Provider. Additionally, school districts may bill directly for some services, such as transportation, while the BOCES provide and bill for the other services, such as direct services. In these cases, the number of school districts directly billing the SHS Program will vary each year and the program has no information as to the distribution of the Medicaid reimbursement from the BOCES to the school districts.

In FY 2013-14, claims submitted for Medicaid services by 50 SHS Program Providers resulted in interim payments and Medicaid reimbursement of \$13,693,387 which were exclusively federal funds. As the original expenditure of the medical service was incurred by a public entity using local tax dollars or General Fund appropriated to educational institutions, the Medicaid reimbursement is federal funds.

Additionally, a cost reconciliation process for SHS Program Providers was performed to reconcile interim payments made to the providers during FY 2012-13 against actual costs for that period as identified through the cost reporting process. This process is in accordance with the new cost allocation methodology approved by CMS in SPA 05-006. The cost reconciliation and settlement resulted in additional Medicaid reimbursement of \$6,184,675 which were exclusively federal funds reimbursed to 52 SHS Program Providers.

In accordance with statute, the SHS Program can retain up to ten percent of the federal funds to cover the Department's and the Colorado Department of Education's administration costs. Starting in FY 2013-14 for dates of services in FY 2013-14 the Department lowered its withhold percent to eight percent. In FY 2013-14, \$2,072,039 was retained by the Department to cover administration costs.

**Table 3**  
**FY 2012-13 Net Medicaid Reimbursement to School Health Services Program Providers**

District Legal Name	FY 2012-13 Net Medicaid Interim Payments	FY 2012-13 Cost Reconciliation Net Adjustment	Total Net Medicaid Reimbursement Paid for FY 2012-13	FY 2013-14 Net Medicaid Interim Payments
Adams 12 Five Star Schools	\$ 697,669	\$ 406,688	\$ 1,104,357	\$ 924,264
Adams Arapahoe School District #28J	\$ 1,257,412	\$ 1,286,987	\$ 2,544,399	\$ 1,579,740
Adams County School District #14	\$ 127,127	\$ 208,727	\$ 335,854	\$ 181,920
Adams County School District #50	\$ 153,605	\$ 169,510	\$ 323,115	\$ 168,588
Arapahoe County School District #6	\$ 92,642	\$ 84,620	\$ 177,262	\$ 118,500
Boulder County School District #2	\$ 720,706	\$ 48,723	\$ 769,429	\$ 594,441
Boulder County School District RE-1J	\$ 396,166	\$ 247,554	\$ 643,720	\$ 545,724
Buena Vista School District R-31	\$ 41,116	\$ 7,102	\$ 48,218	\$ 52,752
Cherry Creek School District #5	\$ 698,231	\$ 294,051	\$ 992,282	\$ 987,531
Colorado School for the Deaf and Blind	\$ 209,066	\$ (9,498)	\$ 199,568	\$ 220,896
Colorado Springs School District 11	\$ 205,826	\$ 36,248	\$ 242,074	\$ 198,612
Counties of Adams & Weld School District 27J	\$ 353,657	\$ 112,892	\$ 466,549	\$ 374,712
Counties of Archuleta & Hinsdale District JT	\$ 31,028	\$ 7,677	\$ 38,705	\$ 33,480
County of Rio Blanco, Meeker Public SD RE 1	\$ 5,195	\$ 8,860	\$ 14,055	\$ 9,084
Delta County Joint School District 50J	\$ 88,096	\$ (7,267)	\$ 80,829	\$ 42,144
Denver County School District #1	\$ 1,904,126	\$ 600,201	\$ 2,504,327	\$ 1,973,064
Douglas County School District #1	\$ 424,634	\$ 236,551	\$ 661,185	\$ 548,024
Eagle County School District RE 50J	\$ 19,721	\$ 70,404	\$ 90,125	*
El Paso County School District #12	\$ 49,864	\$ 27,643	\$ 77,507	\$ 54,912
El Paso County School District #14	\$ 35,694	\$ 2,732	\$ 38,426	\$ 33,276
El Paso County School District #2	\$ 120,355	\$ 55,418	\$ 175,773	\$ 115,740
El Paso County School District #20	\$ 281,448	\$ (4,493)	\$ 276,955	\$ 190,692
El Paso County School District #3	\$ 86,249	\$ 34,837	\$ 121,086	\$ 86,400
El Paso County School District #38	\$ 57,596	\$ 45,211	\$ 102,807	\$ 73,212
Elbert County School District C-1	\$ 37,463	\$ (20,512)	\$ 16,951	\$ 33,560
Falcon School District 49	\$ 272,506	\$ 276,318	\$ 548,824	\$ 300,000
Garfield County School District RE-1	\$ 58,590	\$ 27,808	\$ 86,398	\$ 64,008
Garfield County School District RE-2	\$ 59,249	\$ 89,520	\$ 148,769	\$ 85,752
Gunnison Watershed School District	\$ 16,006	\$ 10,026	\$ 26,032	\$ 24,624

District Legal Name	FY 2012-13 Net Medicaid Interim Payments	FY 2012-13 Cost Reconciliation Net Adjustment	Total Net Medicaid Reimbursement Paid for FY 2012-13	FY 2013-14 Net Medicaid Interim Payments
Ignacio School District 11JT	\$ 17,129	\$ (9,383)	\$ 7,746	\$ 16,112
Jefferson County Public Schools	\$ 1,124,334	\$ 632,313	\$ 1,756,647	\$ 1,158,992
La Plata County School District #10JT-R	\$ 6,480	\$ 19,555	\$ 26,035	\$ 16,812
La Plata County School District #9-R	\$ 55,555	\$ 9,345	\$ 64,900	\$ 61,152
Lake County School District R-1	\$ 17,734	\$ 10,868	\$ 28,602	\$ 22,560
Lamar School District Re 2	\$ 88,916	\$ 22,568	\$ 111,484	\$ 96,012
Larimer County School District #2J	\$ 257,926	\$ 77,684	\$ 335,610	\$ 196,128
Mesa County Valley School District 51	\$ 511,002	\$ 425,535	\$ 936,537	\$ 726,780
Montezuma County School District #1	\$ 55,357	\$ (6,286)	\$ 49,071	\$ 46,976
Montezuma County School District #RE-4A	\$ 6,986	\$ (2,401)	\$ 4,585	\$ 3,816
Montrose County School District RE-1J	\$ 103,788	\$ 66,532	\$ 170,320	\$ 114,060
Otero County School District #1	\$ 81,311	\$ (14,672)	\$ 66,639	\$ 63,862
Otero County School District #2	\$ 30,586	\$ (3,041)	\$ 27,545	\$ 22,542
Pikes Peak BOCES	\$ 145,421	\$ (15,389)	\$ 130,032	\$ 111,804
Pueblo County School District #70	\$ 248,584	\$ 252,817	\$ 501,401	\$ 396,204
Pueblo School District #60	\$ 250,106	\$ 36,905	\$ 287,011	\$ 256,587
Rangely School District RE 4	\$ 5,639	\$ 6,835	\$ 12,474	\$ 9,192
Salida School District R-32-J	\$ 74,434	\$ (903)	\$ 73,531	\$ 63,264
School District Fremont RE-1	\$ 135,378	\$ 61,240	\$ 196,618	\$ 142,356
South Routt School District RE-3	\$ 2,138	\$ 5,729	\$ 7,867	\$ -
Teller County School District #2	\$ 98,064	\$ 49,986	\$ 148,050	\$ 145,524
Teller County School District RE-1	\$ 19,267	\$ (3,130)	\$ 16,137	\$ 12,680
Weld County School District 6	\$ 333,526	\$ 207,430	\$ 540,956	\$ 394,320
Total	\$ 12,170,702	\$ 6,184,675	\$ 18,355,377	\$ 13,693,387

\* Provider did not participate in Medicaid School Health Services Program at this time

Note: FY 2012-13 cost reconciliation and settlement paid to providers in FY 2013-14. In accordance with SPA 05-006, during the fiscal year providers are paid interim payments for claims submission associated with providing school health services. After the fiscal year ends, each provider completes a cost report documenting Medicaid allowable costs for delivering the services and certifying their public expenditures. The cost report reconciles the interim payments made to the provider against the actual costs. If interim payments made to the provider exceed the actual, certified costs of providing services, the provider must return the overpayment amount. If the provider's actual costs exceed the interim payment they will receive the federal share difference. In FY 2013-14, \$6,184,675 of the federal funds were paid to providers as part of the cost reconciliation and settlement.