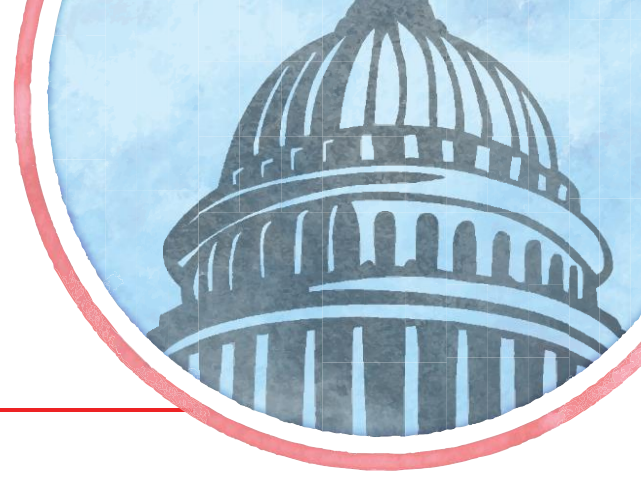


ISSUE BRIEF



Medicaid in Schools and Early Intervention Programs

RECOMMENDATIONS

CEC urges Congress to:

- **Oppose any bill that reduces Medicaid coverage for children's health services, especially those for children with disabilities and children in poverty.**
- **Oppose any bill that establishes block grants and per-capita caps or reduces federal Medicaid funding, resulting in shifting costs to states.**

BACKGROUND

The Council for Exceptional Children (CEC) opposes the American Health Care Act (AHCA) as passed by the House of Representatives on May 4, 2017, as it will jeopardize health care for the nation's most vulnerable children: children and youth with disabilities and those in poverty. The current version of the U.S. Senate draft bill contains many of the same provisions as the U.S. House of Representatives bill that also cap and cut Medicaid, jeopardizing health care for children and youth.

Restructuring Medicaid to a per-capita capped system will greatly undermine states' ability to provide America's neediest children access to vital health care necessary to ensure they are able to succeed in early intervention programs, schools, and beyond. Medicaid is a cost effective and efficient payer of essential health care services for children. Without Medicaid reimbursement, local education agency and early

intervention program budgets would be in serious jeopardy, unless state and local funds can fill the gaps. Under both the House-passed AHCA and the Senate's proposed Better Care Reconciliation Act (BCRA), the costs for health care coverage for children would significantly be shifted to the states, while the health needs and cost of care for children will remain the same or increase. States and local communities would have to compensate for this federal disinvestment in our children's health care.

Schools provide critical health care for children and youth. A primary responsibility of schools is to provide children and youth with high-quality educational services. Children cannot learn to their fullest potential with unmet health needs. As such, specialized instructional support personnel routinely provide critical health services to ensure all children are ready to learn and able to thrive alongside their

peers. Schools deliver services effectively and efficiently, because these are places where children spend their days. Increasing access to health care services through Medicaid improves health and wellness as well as educational outcomes for children and youth. Providing health and wellness services for children and youth in poverty and providing services that benefit children and youth with disabilities ultimately enables more children to become employable and to pursue higher education.

Existing programs stand to lose much of their Medicaid funding under the House-passed bill and Senate draft bill. School programs currently receive roughly \$4 billion in Medicaid reimbursements each year. In 2016, of the 47 states that reported using some form of Medicaid to support their IDEA Part C system, 31 states reported about \$704 million in Medicaid revenue, representing 54% of the federal funding that supports IDEA Part C in those states. The IDEA Infant & Toddler Coordinators Association (ITCA), in reporting these results, estimated that “if all states were able to report the amount of Medicaid revenue, it would be the single largest funder of early intervention services.”

Under the current proposals, states would no longer have to consider schools and early intervention programs as eligible Medicaid providers. This would leave these programs with the same obligation to provide services for children and youth with disabilities under the Individuals with Disabilities Education Act (IDEA), but potentially with no Medicaid dollars to provide medically necessary services. Programs would be unable to provide Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) to children and youth. Instead, screenings and treatment currently provided in schools and early intervention settings, if covered at all, might be delivered only in physicians' and therapists' offices, which may be less accessible for families, or in hospital emergency rooms, where costs are much higher. Basic health screenings for vision, hearing, and mental health may no longer be possible, making these issues more difficult to address and more expensive to treat. Moving health screenings out of programs also reduces access to early identification

and treatment, which can result in more costly treatment later.

The consequences of Medicaid per-capita caps will potentially be devastating for children and youth.

Significant reductions to Medicaid spending could have devastating effects on children and youth, especially those with disabilities. Many schools and early intervention programs rely on Medicaid reimbursement to assist in payment of related services and early intervention services required by federal law. Potential consequences of this critical loss of funds include:

- **Fewer health services:** Providing comprehensive physical and mental health services in programs improves accessibility for many children and youth, particularly in high-need and hard-to-serve areas such as rural and urban communities. In a 2017 AASA survey of school district leaders, half indicated they have recently taken steps to increase Medicaid enrollment in their districts. Reduced funding for Medicaid would result in decreased access to critical health care for many children and youth.
- **Cuts to general education:** Cuts in Medicaid funding would require states and districts to divert funds from other educational programs to provide services as required under IDEA. These funding shortages could result in program reduction or elimination in other areas of the education system.
- **Job loss:** School districts use Medicaid reimbursement to support the salaries and benefits of the staff performing eligible services. Sixty-eight percent of districts use Medicaid funding to pay direct salaries for health professionals who provide services for children and youth. Cuts to Medicaid funding would affect a program's ability to maintain employment for nurses, physical and occupational therapists, speech-language pathologists, social workers, psychologists, and many other critical personnel who ensure students with disabilities and other children and youth with a variety of educational needs are able to learn.

- **Fewer critical supplies:** Programs use Medicaid reimbursement for critical items such as assistive technology devices, wheelchairs, therapeutic bicycles, hydraulic changing tables, walkers, and lifts that are necessary for children to access curriculum with their peers without a disability.
- **Fewer mental health supports:** Seven out of ten students receiving mental health services receive these services at schools. Cuts to Medicaid would seriously impact the availability of these critical services and potentially leave children and youth without access to them.
- **Compliance with IDEA:** Medicaid reimbursement serves as a critical funding stream to help programs provide the IDEA specialized instructional supports children and youth with disabilities need to access a high-quality education with their peers. Loss of these Medicaid reimbursements will cause serious budget problems at the state and local levels across the nation.

Medicaid, as it is currently structured, provides access to important benefits for our nation's most vulnerable children. Schools and early intervention programs rely heavily on Medicaid reimbursement to meet the needs of their children and youth. Converting Medicaid to a per-capita capped system threatens to significantly reduce access to comprehensive physical, mental, and behavioral health care for children and youth with disabilities and those living in poverty.