

January 31, 2017

The Honorable Tim Murphy  
Chairman, Subcommittee on Oversight  
House Energy and Commerce Committee  
U.S. House of Representatives  
Washington, D.C. 20515

The Honorable Diane DeGette  
Ranking Member, Subcommittee on Oversight  
House Energy and Commerce Committee  
U.S. House of Representatives  
Washington, D.C. 20515

Re: Medicaid Oversight: Existing Problems and Ways to Strengthen the Program

Dear Subcommittee Chairman Burgess and Ranking Member Green:

On behalf of the undersigned member organizations of the Save Medicaid in the Schools Coalition, we would like to outline several ways that significant changes to Medicaid, such as converting it to a block grant, or instituting per capita caps, would most likely result in harm to our nation's most vulnerable children: students with disabilities and students in poverty. We are deeply concerned that critical services and professionals in school will be reduced or eliminated if proposals to refinance Medicaid are advanced. A per capita cap or attempt to shift Medicaid costs to states will undermine the entitlement of America's neediest children to access vital healthcare that ensures they have adequate educational opportunities and contribute to society. Given that children comprise less than 50% of Medicaid beneficiaries, but only about 19 percent of the costs for Medicaid, current proposals to cap or limit state funding are misguided and threaten to disproportionately harm children's access to care.

### **Schools Provide Critical Health Care for Students**

A school's primary responsibility is to provide students with a high quality education. However, children cannot learn to their fullest potential with unmet needs, including physical and/or mental and behavioral health needs. As such, school district personnel regularly provide critical health services to ensure that all children are ready to learn and able to thrive. Schools provide an efficient and impactful delivery system because they are where children spend their days. Increasing access to health care services through Medicaid improves health care AND educational outcomes. Providing health and wellness services and services that benefit students with disabilities ultimately enables more children to become employable and attend higher-education.

Since 1988, Medicaid has permitted payment to schools for certain medically necessary services provided to children under the Individuals with Disabilities Education Act (IDEA) through an individualized education program (IEP) or individualized family service program (IFSP). Schools are thus eligible to be reimbursed for direct medical services to Medicaid eligible students with an IEP or IFSP. In addition, districts can be reimbursed by Medicaid for providing Early Periodic Screening Diagnosis and Treatment Benefits (EPSDT), which provides Medicaid eligible children under age 21 with a broad array of diagnosis and treatment services. The goal of EPDST is to assure that health problems are diagnosed and treated as early as possible before the problems become complex and treatment more costly.

School districts use their Medicaid reimbursement funds in a variety of ways to help support the learning and development of the children they serve. In a 2017 survey of school districts, it was reported that two-thirds of Medicaid dollars are used to support the salaries of health professionals and other specialized instructional support personnel (e.g. speech- language pathologists, occupational therapists, school psychologists and school nurses) who provide comprehensive health and mental

health services to students. Districts also use these funds to expand the availability of a wide range of health and mental health services available to students in poverty, who are more likely to lack consistent access to healthcare professionals. Further, some districts depend on Medicaid reimbursement to purchase and update specialized equipment (walkers, wheel chairs, exercise equipment, special playground equipment, equipment to assist with hearing and seeing) and assistive technology for students with disabilities so they can learn alongside their peers.

### **The Consequences of Medicaid Block Grants or Per Capita Caps Will Potentially Be Devastating for Children**

Significant reductions to Medicaid spending could have devastating effects on our nation's children, especially those with disabilities. Due to the significant underfunding of IDEA, districts rely on Medicaid reimbursements to ensure students with disabilities have access to the supports and services they need to access a Free and Appropriate Education. If a per-capita cap or block grant were to be enacted, school districts would stand to lose much of their funding for Medicaid. A block grant could mean that districts would no longer have a dedicated funding stream based on reimbursement for the services they are providing to students. However, cuts to Medicaid will impact all students, not just those receiving special education services. The Center on Budget and Policy Priorities estimates that these structural funding changes could result in 30% reduction in Medicaid funding to states, and therefore, school districts. Potential consequences of this critical loss of funds include:

- Fewer services: Providing comprehensive physical and mental health services in schools improves accessibility for many children and youth, particularly in high needs and hard to serve areas such as rural and urban communities. In a 2017 survey of school district leaders, half indicated they have taken steps recently to increase Medicaid enrollment in their districts. Reduced funding for Medicaid would result in decreased access to critical healthcare for many children and youth.
- Cuts to general education: Cuts in Medicaid funding would require districts to utilize funds from other sources to provide the services as mandated under IDEA. The subsequent reduction from other sources would result in elimination of equivalent costing program cuts in "non-mandated" areas of regular education.
- Higher taxes: Many districts rely on Medicaid reimbursement to cover personnel costs for their special education programs. A loss in Medicaid reimbursement could lead to deficits in districts that require increases in property taxes or new levies to cover the costs of the special education programs.
- Job loss: Districts use Medicaid reimbursement to support the salaries and benefits of the staff performing eligible services. A 2017 AASA survey found 68% of districts use Medicaid funding to pay for direct salaries for health professionals who services for students. Cuts to Medicaid funding would impact districts' ability to maintain employment for school nurses, physical and occupational therapists, speech-language pathologists, school social workers, school psychologists, and many other critical school personnel who ensure students with disabilities and those with a variety of educational needs are able to learn.
- Fewer critical supplies: Districts use Medicaid reimbursement for critical supplies such as wheelchairs, therapeutic bicycles, hydraulic changing tables, walkers, weighted vests, lifts as

well as items that are very student specific and are necessary for each child to access the curriculum as closely as possible to their non-disabled peers. Replacing this equipment would be difficult if not impossible without Medicaid reimbursement.

- Fewer mental health supports: Seven out of ten students receiving mental health services receive these services at school. Cuts to Medicaid would further marginalize these critical services and leave students without access to care.
- Noncompliance with IDEA: Given the failure to commit federal resources to fully-funding IDEA, Medicaid reimbursement serves as a critical funding stream to ensure districts can provide the specialized instructional supports that students with disabilities need to be educated with their peers. NAME estimates that 1% of all Medicaid reimbursement goes to local school districts (between \$3-4 billion), which is roughly a quarter of the investment we make in IDEA (\$17 billion).

We urge you to carefully consider the important benefits that Medicaid, as it is currently structured, provides to our nations' most vulnerable children. Schools are often the hub of the community, and converting Medicaid to a block grant, or instituting per capita caps threatens to significantly reduce access to comprehensive health and mental and behavioral health care for children with disabilities and those living in poverty. We look forward to working with you to prevent unnecessary changes to this highly effective and beneficial program.

If you have questions about the letter or wish to meet to discuss this issue further, please do not hesitate to reach out to the coalition co-chairs via email: John Hill ([john.hill@medicaidforeducation.org](mailto:john.hill@medicaidforeducation.org)), Sasha Pudelski ([spudelski@aasa.org](mailto:spudelski@aasa.org)) and Kelly Vaillancourt Strobach ([kvaillancourt@naspweb.org](mailto:kvaillancourt@naspweb.org)).

Sincerely,

AASA, The School Superintendents Association  
Accelify, LLC  
American Occupational Therapy Association  
American Dance Therapy Association  
American School Health Association  
Association of Education Service Agencies  
Association of School Business Officials International  
Colorado School Medicaid Consortium (The Consortium)  
Council of Administrators of Special Education  
Easterseals  
Health and Education Alliance of Louisiana  
Judge David L. Bazelon Center for Mental Health Law  
Learning Disabilities Association of America  
Michigan Association of School Administrators  
National Alliance for Medicaid in Education  
National Association of School Nurses  
National Association of School Psychologists  
National Association of Social Workers  
National Association of State Directors of Special Education (NASDSE)  
National Center for Learning Disabilities

National Education Association  
National Rural Education Association  
Paradigm Healthcare Services  
School Social Work Association of America  
Society for Public Health Education