

Kansas Department of

Social and Rehabilitation Services

Janet Schalansky, Secretary

House Appropriations Subcommittee on
Medicaid Funding for the School for the
Blind and School for the Deaf
March 13, 2003

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Chairman Neufeld and members of the Subcommittee, thank you for the opportunity to appear today. I am Laura Howard, and I am the Deputy Secretary at SRS for the Division of Health Care Policy. SRS provided some written information to you on March 7th regarding Medicaid funding for the School for the Blind and School for the Deaf. I will re-cap some of that information and share some additional information with you today.

Local Education Agencies

Both the School for the Blind and School for the Deaf are enrolled in the Medicaid program as Local Education Agencies (LEAs). Agencies which are enrolled as LEAs may be reimbursed by Medicaid for services provided to students with disabilities who have an Individual Education Plan (IEP). There are two types of Medicaid funding for which LEAs are eligible to seek reimbursement: direct service provision and administrative claiming.

Students who attend school at LEAs and who are Medicaid eligible may receive medically necessary services in the school setting. The Schools are responsible for identifying students who may be Medicaid eligible, and SRS is responsible for determining their eligibility once the enrollment form has been received by SRS and enrolling them in Medicaid if they are eligible.

To the best of our knowledge, the children who attend the School for the Blind and School for the Deaf who are Medicaid eligible are receiving Medicaid services. The current student population at the School for the Blind is 65. Thirty of these students are Medicaid eligible, and the School for the Blind bills Medicaid for services provided to 28 of them. The School for the Deaf has a current enrollment of 153, 59 of whom are Medicaid eligible and for whom the School bills Medicaid.

Medicaid Reimbursement for Direct Services

LEAs, including both of these Schools, are able to bill Medicaid for medically necessary services provided in the school setting through a bundled rate procedure code. Services in this bundled rate include, but are not limited to:

- health screening
- vision services
- speech/language services
- physical therapy
- occupational therapy
- school nursing services
- behavioral rehabilitation services
- rehabilitative assistance
- medical transportation

The reimbursement rates for this set of services were determined as a result of a statewide study which calculated the average amount of services provided and the associated cost of providing those services for each individual disability type. Depending upon a child's primary disability a bundled rate code can be billed to Medicaid. There are 15 different disability codes that can be billed to Medicaid, however the code billed for each individual child must match with the primary disability listed on his/her IEP. The bundled rate code billed for each Medicaid eligible student at the School for the Blind is the Visual Impairment code, which has a reimbursement rate of \$284.54 per student per month. To date in calendar year 2003, Medicaid has paid claims to the School for the Blind totaling \$13,483. The School for the Deaf uses the Hearing Impairment bundled rate code to bill Medicaid. The rate for this code is \$384.21 per student per month, and a total of \$33,810 has been paid to the School for the Deaf under this code to date in calendar year 2003.

A change in the current payment process for the School of the Blind and the School for the Deaf would require a Medicaid State Plan amendment. This change would affect all enrolled Local Education Agencies statewide. Prior to the implementation of the bundled rates, all schools were paid on a fee-for-service basis, meaning that they were paid for each service provided to each student. Following the Maximus study, SRS proposed expanding the scope of covered services and introduced a new payment methodology for Special Education services. This initiative, supported by the Kansas Department of Education, resulted in the bundled rate payment and became effective July 1, 1997. The new payment methodology increased revenues for all enrolled Medicaid Local Education Agency providers.

From the information SRS has, it appears that the residential services provided by these two schools are more educational in nature than medical. Medicaid is allowed to pay only for those services that are medically necessary. The School for the Blind provides an extended day program during the week; currently 30 students participate in this program. Part of the evening activities provided are educational in nature, such as classes on cooking and activities of daily living. The School for the Deaf provides residential housing for approximately 75 students. These students participate in educational activities in the evening such as activities of daily living, independent living skills or educational courses. None of the services provided in the evenings at either School are reimbursed by Medicaid.

School District Administrative Claiming Program

Presently there are 194 Unified School Districts enrolled in the School District Administrative Claiming program, with 177 Unified School Districts actively participating. During FY 2002 and FY 2003, a total of \$4,751,078 (100% FFP) was paid to the Unified School Districts through the Administrative Claiming program. This program allows school districts to be reimbursed for some of their costs associated with school-based health and outreach activities which are not claimable under the bundled rate payment or under other Medicaid fee-for-service programs. Although the School for the Blind and School for the Deaf do not now participate in the Administrative Claiming program, they are eligible to participate in this program.

Conclusion

As I have described, the School for the Blind and the School for the Deaf are eligible to receive Medicaid reimbursement for the medically-necessary direct services they provide to students who are Medicaid eligible. It appears both Schools access Medicaid funds for these direct services to the extent they are able. The Schools are also eligible to receive Medicaid reimbursement for other services, such as school-based health and outreach activities, under the administrative Claiming program. Although they have not taken advantage of this option, our staff are more than willing to work with them to ensure they access the administrative funds for which they are eligible.

This concludes my testimony, and I am happy to stand for any questions.