Seeing the Forest, Not the Trees:
Understanding School Medicaid

RISING LEADERS IN SCHOOL BUSINESS

Introductions

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Agenda

- Overview of School Medicaid Programs
- Recent Changes
- Medicaid State Financial Review
- ISBE Medicaid Resources
- District Examples
- Q & A

MEDICAID

Medicaid is a Federally funded program that provides Health Care Coverage for eligible low-income families and individuals, which is determined by various factors including family size, income, and the federal poverty level.

SCHOOL MEDICAID

Districts & Cooperatives in IL work within the Federal and State guidelines to receive reimbursement for a portion of costs required to provide direct medical/behavioral services and administrative services within the school setting.

Medicaid Federal & State Agencies

1
Federal Agency

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

2
State Agency

HFS
Illinois Department of
Healthcare and Family Services

3
Administrative Outreach Company

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4
Fee-for-Service Vendor

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Illinois School Medicaid Financial Review

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IL MEDICAID

The Illinois Medicaid population utilization rates:

FY 2022: 26.0% (3.69 million enrollees)
FY 2023 (Peak): 27.3% (3.98 million enrollees)
FY 2024: 24.7% (3.46 million enrollees)
FY 2025: 23.5% (3.26 million enrollees)
Current (2026 Estimate): 22.8% (7% drop post-unwinding stabilization)

MEDICAID/CHIP

Children Enrolled in Medicaid/CHIP In Illinois. Children historically make up nearly 38% of all Medicaid enrollees in the state.

HFS statewide enrollment records:
FY 2022: 1,499,514 children
FY 2023: 1,542,115 children
FY 2024: 1,487,024 children
FY 2025: 1,428,125 children

Illinois State School Medicaid Financials

Total State
School Medicaid Revenue

FY22 $283 Million

FY23 $315 Million

FY24 $324 Million

These figures include administrative outreach, interim services, and cost settlement payments.

Total Annual
Cost Settlement & Expansion Revenue

FY 2022 Payout (June 2024)
- $100 Million | 700 Districts

FY 2023 Payout (June 2025)
- $114 Million | 700 Districts

FY 2024 Payout (June 2026)
- $143 Million | 750 Districts

SPA

Changing the State Plan Amendment for School-Based Health Services (SBHS) represents a significant policy shift in Illinois school Medicaid, the largest in 20 years, effective from FY22.

SPA Submitted: July 1, 2021 (FY22) marked the start of transformation, retroactively effective.

Formal Approval: April 2023, CMS approved SPA #21-0008, overturning the "Free Care Rule" for broader access to reimbursable services.

Medicaid Expansion: Access expanded to all Medicaid-enrolled students with documented medical or mental health needs, including those with 504 Plans and IHCPs.

New Eligible Providers: LCPCs, LMFTs, and psychologists added to the school billing pipeline to address student mental health.

Financial Shift: A Cost Settlement Methodology implemented for calculating care costs led to significant new federal revenue for local school districts.

School Medicaid Programs

Administrative Outreach Program

This program focuses on accurately capturing the time staff spend on various activities during the school day, such as attending meetings, writing reports, direct services, and engaging in consultations.

Revenue generated from responses to the Time Study process.

Approved Providers

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District Administration

Roles & Responsibilities

Fee-for-Service

This program focuses on working directly with students, such as providing individual, group, or evaluation services.

Revenue generated from staff documenting direct services.

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Streams of Medicaid Revenue

- **Administrative Outreach**

  Quarterly Payments

  (Paid throughout School Year)

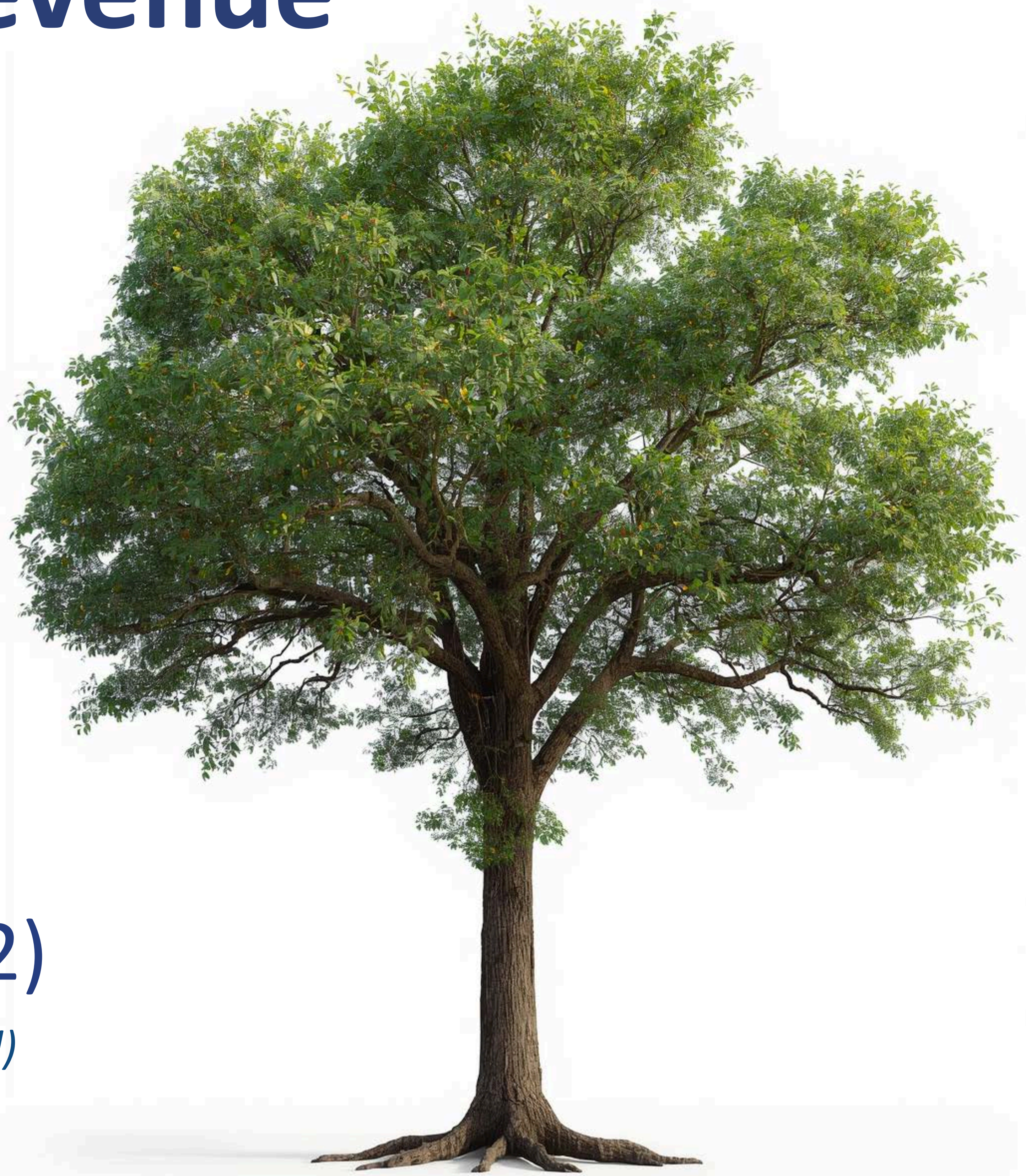
- **Fee-for-Service**

  Interim Payments

  (Paid throughout School Year)

- Cost Settlement Payments (Starting FY22)

  (Lump sum paid or recouped 2 years after school year financials are certified)



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Flow of Funding

CMS-Federal Agency

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Administrative Claims → **HFS-State Agency** ← Fee-for-Service Claims

District/Coop
Medicaid Vendor

↓ ↓

IL State Comptroller

↓ ↓

(4991) (4992)

Districts/Cooperatives

**Typical Process*

SHARED PROJECT

Historically, Medicaid was managed by Special Education Department.

With Expansion and Cost Settlement introduced, the workflow has expanded to a District-Wide project.

- **BUSINESS DEPARTMENT**
  *Understand and complete Quarterly & Annual Financial Reporting
- **SPECIAL EDUCATION DEPARTMENT**
  *Train/Monitor Direct Service Staff on Medicaid Claiming & Regulations
- **HUMAN RESOURCES**
  *Track Employment Records & Licenses/Certifications

Administrative Outreach Program

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Administrative Outreach General Overview

Salaries & Benefits for staff listed in the Cost Pool list.

Direct Service Personnel — *Cost Pool 1*

- Audiologist
- ISBE Licensed Counselors
- Hearing and Vision technicians
- Licensed Clinical Professional Counselors (LCPCs)
- Licensed Practical Nurses (LPN)
- Licensed Marriage and Family Therapists
- Medical Social Worker
- Occupational Therapist
- Occupational Therapy Assistant (COTA)
- Orientation and Mobility Specialists
- Physical Therapist
- Physical Therapist Assistant (CPTA)
- Registered Nurse (RN)
- School Psychologist
- Licensed Clinical Psychologist (LCP)
- Psychologist Interns
- Registered Behavior Technician(RBT)/Board Certified Behavior Analyst (BCBA)
- Speech/Language Pathologist
- Speech Assistant/Speech Aide

Administrative Services Service Providers Only — *Cost Pool 2*

- Educational Social Workers
- School Counselor
- Administrators
- Interpreters & School Bilingual Assistants
- Case Managers/Service Coordinators
- Clerical Support Staff
- Other Administrative Personnel

Other Direct Service Personnel — *Cost Pool 3*

- School Health Aides

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Data Entered in PCG Quarterly

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District/Coop Quarterly Time Study Claims, if Applicable

=

Quarterly Payment Amount

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Fee-for-Service Program

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Fee-for-Service Program Overview

Document Needed Services

IEP
504
Plan of Care
Prescriptions
Doctor's orders

Provide Services

Ensure that the recorded minutes align with the overall minutes documented in the plan.

Record Services in Medicaid Vendor Program

Services must be documented within 6 months from date of service. Vendor submits claim data to HFS.

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Annual Cost Settlement

Annual Cost Settlement Overview

Allowable Costs – **Interim Payments** = **Cost Settlement**

Allowable Costs

Based on expenses entered into the PCG system throughout the school year.

Interim Payments

Based on actual Fee-for-Service payments received during the school year.

Cost Settlement

Receive a lump-sum payment or recoupment notice once the school-year financials are processed.

Direct Service Total Costs Summary

Students with IEPs

Service Type	Staff Costs	Direct Medical Other Costs	Direct Medical Other Costs Offsets	Depreciation for Reporting Period	Net Direct Costs	Unrestricted Indirect Cost Rate	Indirect Costs	Net Direct Costs Plus Indirect Costs	Direct Medical Percentage	Application of DMP	IEP Ratio	Application of IEP Ratio	Medicaid Allowable Costs
Audiology Services	$0.00	$0.00	$0.00	$0.00	$0.00	13.13%	$0.00	$0.00	38.16%	$0.00	70.33%	$0.00	$0.00
Occupational Therapy Services	$241,927.98	$0.00	$0.00	$0.00	$241,927.98	13.13%	$31,765.14	$273,693.12	38.16%	$104,441.29	70.33%	$73,453.56	$42,059.51
Physical Therapy Services	$111,583.33	$0.00	$0.00	$0.00	$111,583.33	13.13%	$14,650.89	$126,234.22	38.16%	$48,170.98	70.33%	$33,878.65	$19,398.91
Psychological Counseling Services	$444,235.81	$0.00	$0.00	$0.00	$444,235.81	13.13%	$58,328.16	$502,563.97	38.16%	$191,778.41	70.33%	$134,877.76	$77,231.01
School Health Aide Services	$47,929.01	$0.00	$0.00	$0.00	$47,929.01	13.13%	$6,293.08	$54,222.09	15.91%	$8,626.73	70.33%	$6,067.18	$3,474.07
Nursing Services	$855,927.51	$0.00	$0.00	$0.00	$855,927.51	13.13%	$112,383.28	$968,310.79	38.16%	$369,507.40	70.33%	$259,874.55	$148,804.17
Speech - Language Pathology Services	$1,161,376.02	$0.00	$0.00	$0.00	$1,161,376.02	13.13%	$152,488.67	$1,313,864.69	38.16%	$501,370.77	70.33%	$352,614.06	$201,906.81
Orientation and Mobility Services	$0.00	$0.00	$0.00	$0.00	$0.00	13.13%	$0.00	$0.00	38.16%	$0.00	70.33%	$0.00	$0.00
Totals	$2,862,979.66	$0.00	$0.00	$0.00	$2,862,979.66		$375,909.22	$3,238,888.88		$1,223,895.58		$860,765.76	$492,874.48

EXAMPLE

Other Plans of Care Total Costs Summary

General Ed Students- Expansion

Service Type	Staff Costs	Direct Medical Other Costs	Direct Medical Other Costs Offsets	Depreciation for Reporting Period	Net Direct Costs	Unrestricted Indirect Cost Rate	Indirect Costs	Net Direct Costs Plus Indirect Costs	Direct Medical Percentage	Application of DMP	MER	Application of MER Ratio	Allowable Costs
Audiology Services	$0.00	$0.00	$0.00	$0.00	$0.00	13.13%	$0.00	$0.00	4.74%	$0.00	63.23%	$0.00	$0.00
Occupational Therapy Services	$241,927.98	$0.00	$0.00	$0.00	$241,927.98	13.13%	$31,765.14	$273,693.12	4.74%	$12,973.05	63.23%	$8,202.86	$4,696.96
Physical Therapy Services	$111,583.33	$0.00	$0.00	$0.00	$111,583.33	13.13%	$14,650.89	$126,234.22	4.74%	$5,983.50	63.23%	$3,783.37	$2,166.36
Psychological Counseling Services	$444,235.81	$0.00	$0.00	$0.00	$444,235.81	13.13%	$58,328.16	$502,563.97	4.74%	$23,821.53	63.23%	$15,062.35	$8,624.70
School Health Aide Services	$47,929.01	$0.00	$0.00	$0.00	$47,929.01	13.13%	$6,293.08	$54,222.09	2.32%	$1,257.95	63.23%	$795.40	$455.45
Nursing Services	$855,927.51	$0.00	$0.00	$0.00	$855,927.51	13.13%	$112,383.28	$968,310.79	4.74%	$45,897.93	63.23%	$29,021.26	$16,617.57
Speech - Language Pathology Services	$1,161,376.02	$0.00	$0.00	$0.00	$1,161,376.02	13.13%	$152,488.67	$1,313,864.69	4.74%	$62,277.19	63.23%	$39,377.87	$22,547.77
Orientation and Mobility Services	$0.00	$0.00	$0.00	$0.00	$0.00	13.13%	$0.00	$0.00	4.74%	$0.00	63.23%	$0.00	$0.00
Totals	$2,862,979.66	$0.00	$0.00	$0.00	$2,862,979.66		$375,909.22	$3,238,888.88		$152,211.15		$96,243.11	$55,108.81

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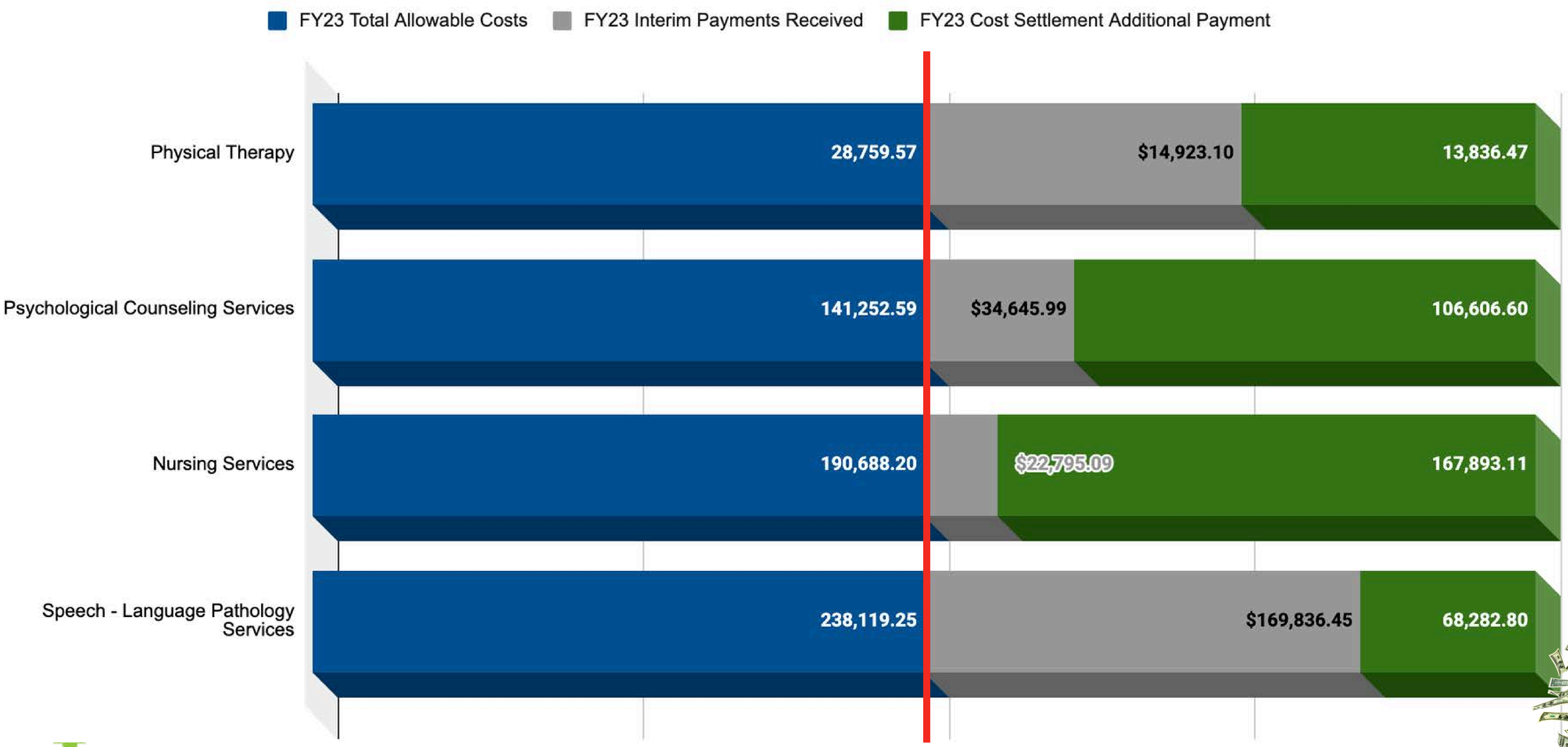

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Common Issues Impacting Medicaid Revenue

- Not entering data in the PCG program consistently and on time.
- Incorrect Staff Pool List
- Using Federal Funds to pay salary and benefits for direct service providers.
- Low RMTS percentage.
- Not following regulations for direct service billing.

Optimizing Medicaid Revenue

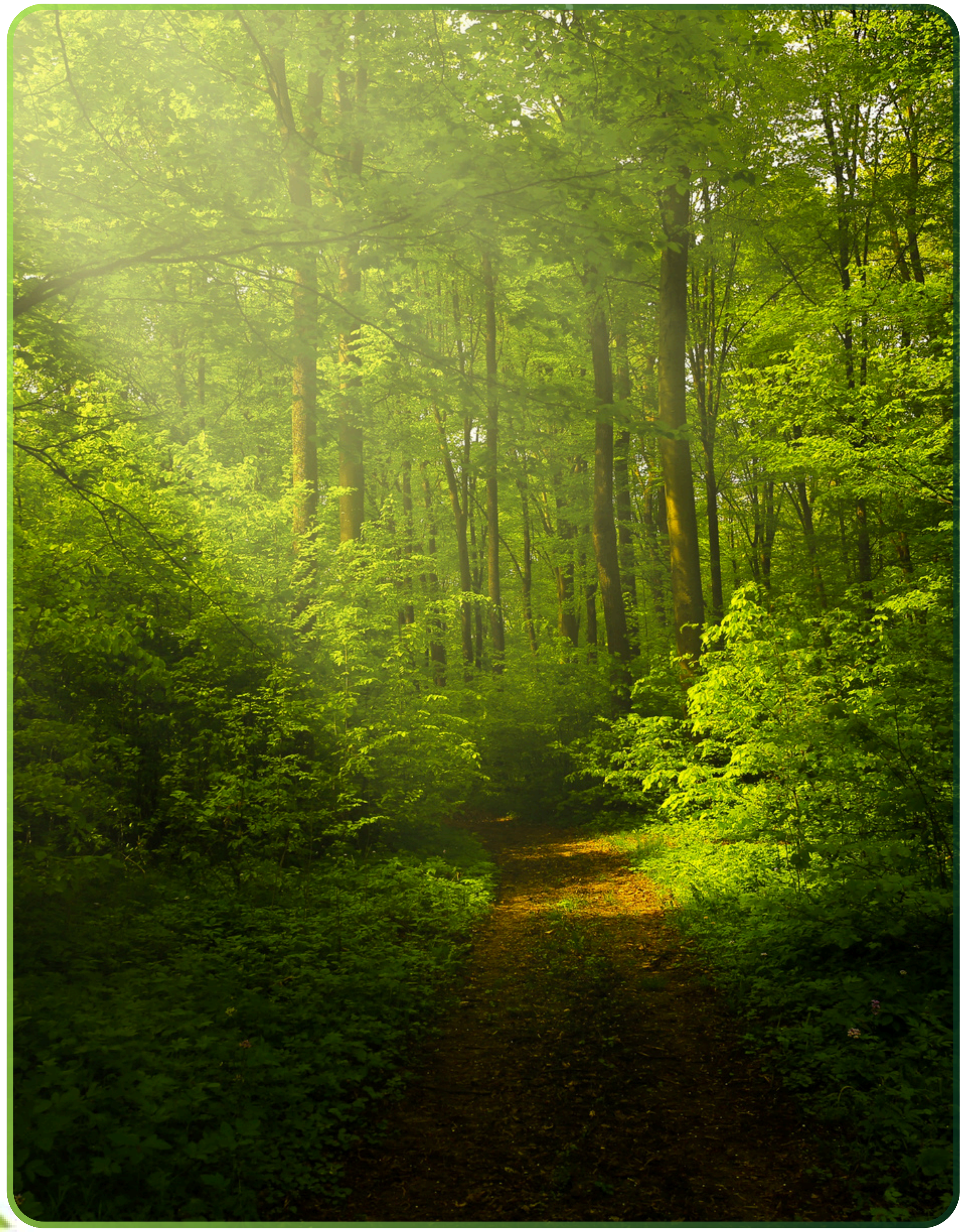
Acquire a thorough understanding of School Medicaid regulations and procedures by consistently participating in PCG training sessions throughout the academic year.

Review the Staff Pool list quarterly to ensure that staff members are assigned to the correct cost pool and that all eligible personnel are included.

Whenever feasible, refrain from utilizing Federal funds to cover the salaries and benefits of Direct Service staff.

Maintain open lines of communication with the Special Education, Business, and Human Resources departments to stay informed and connected regarding School Medicaid updates.

Medicaid Ecosystem



Medicaid is not a simple walk in the park, more like a walk in the forest. It can feel complex and easy to get lost in at first, but once districts understand the pathways, landmarks, and systems that connect Special Education, documentation, and reimbursement, it becomes a navigable and even rewarding system to work within.

Medicaid Ecosystem

Just as a forest thrives through the interconnected trees, roots, and living organisms, our Medicaid program flourishes through the collaboration of Special Education, the Business Office, Human Resources, and all stakeholders.

Every part plays a vital role - remove one, and the entire system is affected.

Understanding how these elements interact is key to navigating the landscape of educational healthcare support.

Together, we sustain a living, breathing ecosystem of support.

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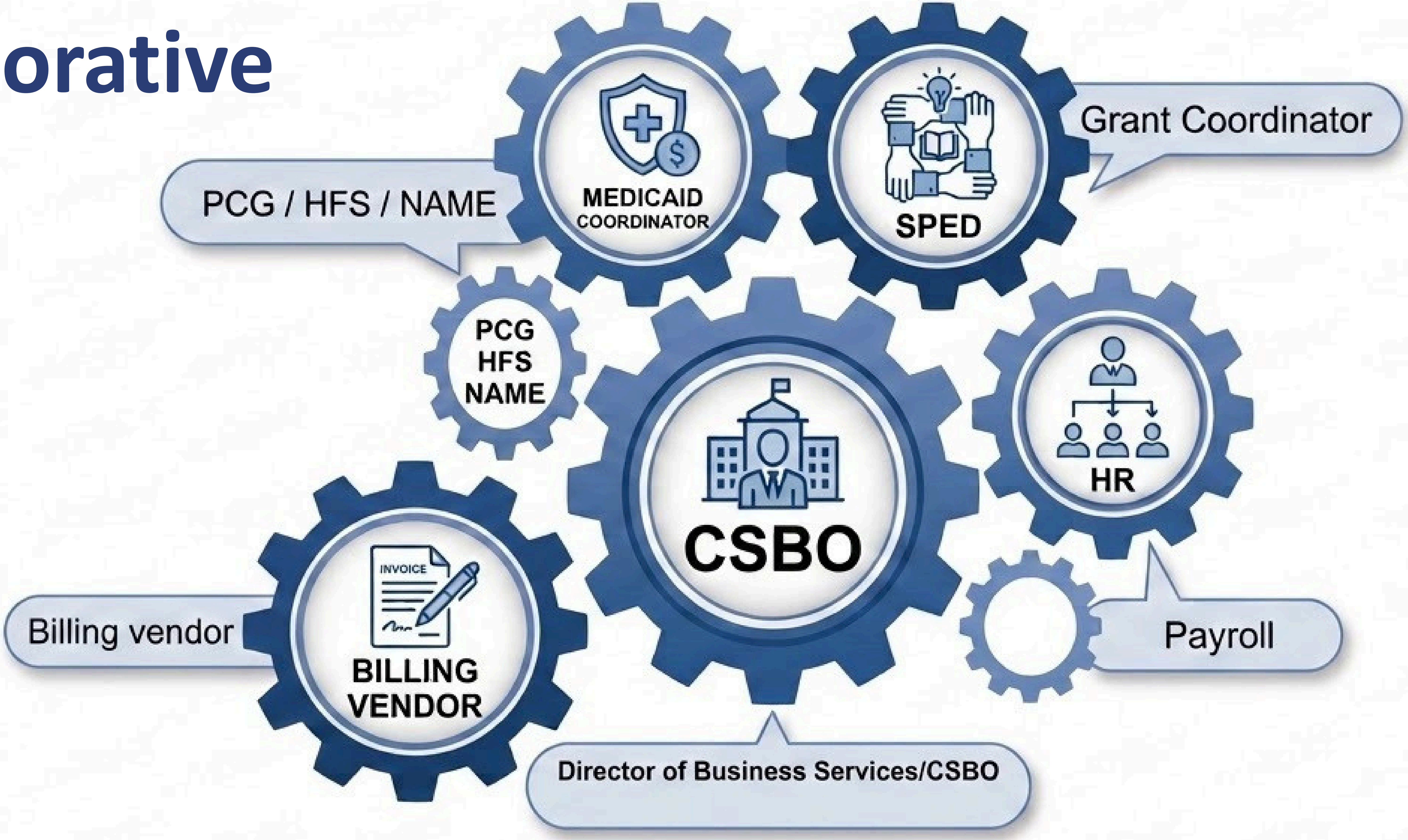
Collaborative

TEAM



Connect with your team

Identify your bridge person

Establish vendor communication

Coordinate with SPED, HR, Grants

Collaborate across departments

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Salary & benefits reporting

SUBS SICK CS		$1,855.00	10-1110-120-04-CSBO
SUBS PERSONAL CS		$105.00	10-1110-121-04-CSBO
MEEA Tier A - General Supervision/Internal Su		$665.00	10-1110-131-04-CSMS
Certified Salary - Spec Ed		$23,827.50	10-1205-112-04-CSBO
Subs Spec Ed		$70.00	10-1205-125-04-SPED
At Risk & RTI Subs - CS		$35.00	10-1280-125-04-SPED
ASSIST COACH Tier A-BASKETBALL		$2,100.00	10-1501-137-04-CLUB/SPORT
ASSIST COACH Tier A-VOLLEYBALL		$2,100.00	10-1503-137-04-CLUB/SPORT
Principal Directed Prof Dev Subs		$140.00	10-2210-125-04-CSMS
Stipends		$0.00	10-2210-130-00-4932-TITLE IIA
Stipends - Training		$742.50	10-2210-132-00-CURR
MEEA Tier A - Lunch Duty		$1,215.15	11-2560-131-04-CSMS
Life Ins LD CS	LIBP	$6.57	10-1205-221-04-CSBO
Medicare	MR	$25.66	50-1110-214-04-CSBO
TIER A-GENERAL SUPERVISIO (MR)	MR	$8.80	50-1110-214-04-CSMS
Certified Salary - Spec E (MR)	MR	$312.27	50-1205-214-04-CSBO
Subs Spec Ed (MR)	MR	$0.91	50-1205-214-04-SPED
At Risk & RTI Subs - CS (MR)	MR	$0.46	50-1280-214-04-SPED
HEAD COACH Tier A-BASKETB (MR)	MR	$28.48	50-1501-214-04-CLUB/SPORT
HEAD COACH Tier A-VOLLEYB (MR)	MR	$28.55	50-1503-214-04-CLUB/SPORT
Medicare	MR	$0.84	50-2210-214-00-4932-TITLE IIA
Curriculum Review Leader (MR)	MR	$9.95	50-2210-214-00-CURR
Prof Dev Subs (MR)	MR	$1.82	50-2210-214-04-CSMS
Lunch Supervision (MR)	MR	$15.92	50-2560-214-04-CSMS
Certified Salary - Spec E (THB	THS ER	$215.16	10-1205-217-04-CSBO
THIS	THS ER	$3.16	10-2210-217-00-4932-TITLE IIA
Curriculum Review Leader (THS	THS ER	$1.81	10-2210-217-00-CURR
Certified Salary - Spec E (TRB	TRS ER	$186.25	10-1205-211-04-CSBO
TRS - FED. Grant - Subs	TRS ER	$2.74	10-2210-211-00-4932-TITLE IIA
Curriculum Review Leader (TRS	TRS ER	$1.57	10-2210-211-00-CURR
	Total Charged	$33,706.07	

Exclude:

- Mileage reimbursement
- Professional Development stipends
- Lunch supervision
- Clubs/Athletics coaching
- Tuition reimbursement
- Cell phone reimbursement
- Federal Funds salary and benefits

salary $23,897.50 benefits $721.16

Key Questions

- Is your district running a top-tier Medicaid Program?
- Who and where do you keep documents in case of an audit or desk review?
- Who monitors the RMTS process?
- Do you review Remittance Advice pages?
- Do you know your district’s Medicaid revenue?

Evaluate your processes, utilize your resources, and strive for excellence in Medicaid compliance.

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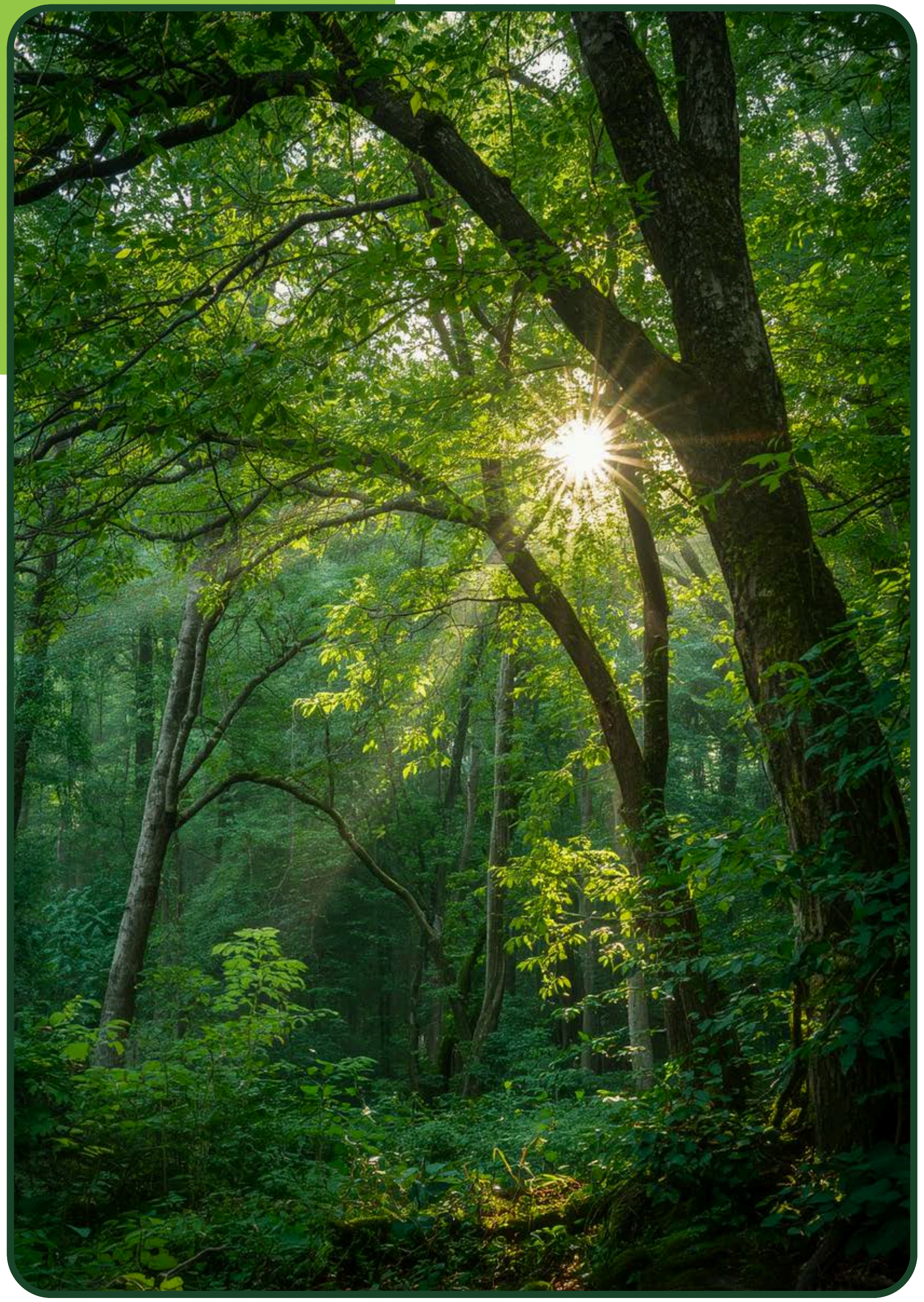

THANK YOU FOR JOINING US ON THIS JOURNEY THROUGH THE FOREST

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Let's collaborate!

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