

CA POLICY BRIEF, *January 2011*

SB 231 Update: 2009 Report to Legislature

In April 2000 a federal agency ranked California in the bottom quartile for school-based Medicaid reimbursement per eligible child.¹ Since that time, the state's Department of Health Care Services (DHCS) has been working under mandate to increase California's average claim.

Senate Bill 231 Summary

Finalized in October 2001, Senate Bill 231 (SB 231) sought to reduce the gap between California and those states that were most successful at recovering Medicaid reimbursements for school-based healthcare services. SB 231 outlined specific requirements for DHCS to achieve this goal, most notably:

- **Increase** school participation in the LEA Program
- **Simplify** claiming processes for LEA Program billing
- **Modify** or eliminate unnecessary state plan and regulatory requirements that exceed federal requirements
- **Consult** regularly with an Ad-Hoc Workgroup consisting of CMS, CDE, health and education field experts, state legislative staff, representatives of urban, rural, large and small school districts (including COE), the Local Education Consortium (LEC), and LEAs
- **File** an annual report with the Legislature (outlining efforts made to satisfy all requirements, including those not listed here)

To fund the activities necessary to comply with SB 231 requirements, DHCS withholds 2.5 percent of all school Medicaid claims paid to LEAs, up to a maximum of \$1.5 million annually, and deposits these into a LEA Medi-Cal Recovery Account. Over the past nine years, DHCS has used these funds to support efforts aimed at increasing California's average claim and published two of the required annual reports detailing their activities.

2009 Report to Legislature

DHCS' [2009 report](#) on LEA Billing, released this past October, explains that the state's school Medicaid data, which shows a decline in reimbursement to \$137 per eligible child, is largely unreliable. Processing changes required as of July 1, 2006 by the federal Centers for Medicare and Medicaid Services (CMS) are cited as the primary reason that accurate data is unavailable, and no clear estimate as to when accurate measurements will be possible is given. Additional information contained in the report follows the mandates established by SB 231, and includes a summary of political challenges to the billing program; a comparison of California's billable services to other

¹ General Accounting Office, April 2000, Testimony Before the Committee on Finance, U.S. Senate: retrieved January 9, 2011 from: www.gao.gov/archive/2000/h600087t.pdf



states; and a summary of DHCS' efforts to improve billing in collaboration with LEAs and other interested parties through the LEA Ad-Hoc Workgroup.

Political Challenges

According to the report, the LEA Billing Program has faced serious political challenges since 2006. Between December 2007 and June 2009 schools nationwide nearly lost their access to Medicaid billing entirely, and significant restrictions on billable services remain in place. For example, CMS will not pay California schools for immunizations provided to Medicaid-covered students if the school has immunized anyone else free of charge. It also requires schools nationwide to prove that each health service provided to students with other insurance has been individually denied, rather than accept a blanket statement from a specific health plan provider that it will not reimburse school providers.

School Medicaid Reimbursement in Other States

The report's section on other states shows wide variation in school Medicaid reimbursement. Vermont received the highest funding in 2007-08 at \$740 per child, and the four states most comparable to California, based on cost of living and numbers of Medicaid eligible children, received \$221 to \$346 per child.² The following table shows California's performance according to the reportedly unreliable data for 2007-2008:

	2004-2005	2007-2008 ³	% Change
Total Federal Reimbursement, CA	\$63.9 million	\$62.5 million	-2%
Average Claim per Medicaid-Eligible Child, CA	\$142	\$137	-4%
Average Claim per Medicaid-Eligible Child, 'Comparable States'	\$418	\$292	-30%
National Ranking Percentile based on Claim per Medicaid-Eligible Child, CA	50%	46%	-8%

Additionally, one of the report's two appendices details 14 types of services that are billable in other states but not California, including dental care, respiratory therapies, physical therapy assistant services, and speech/language pathology assistant services.

Looking Ahead to the 2010 Report

Plans to improve California's school Medicaid program have been informed by a workgroup of local educational agency representatives and other interested parties. The report consists of 13 detailed recommendations from this group, and descriptions of 11 barriers to Medicaid reimbursement faced by schools. Currently, the report's only timetable includes two proposed changes to the state's program agreement with CMS (although one of the items is reported to be "on hold").

² These are New York (\$221), Illinois (\$269), Michigan (\$330) and Pennsylvania (\$346), as reported by DHCS.

³ According to DHCS, California's 2007-08 federal Medicaid reimbursement and total claims figures include incorrectly paid and denied LEA claims due to EDS claims processing issues.

