



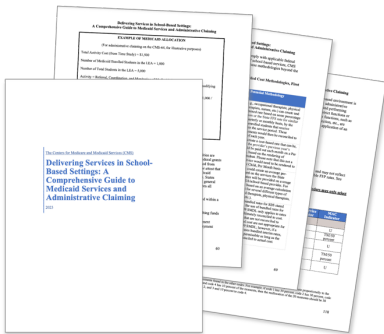
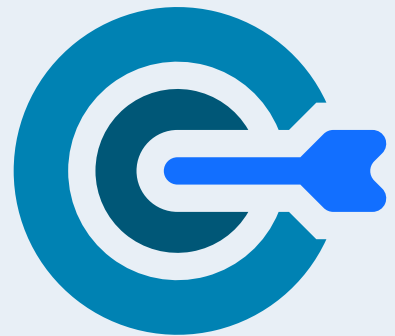
Medicaid SBS 101 Quick Guide



The Centers for Medicare & Medicaid Services (CMS) Medicaid School-Based Services (SBS) Technical Assistance Center (TAC) is available to support state Medicaid agencies (SMAs), state educational agencies (SEAs), and local educational agencies (LEAs) in operationalizing Medicaid SBS. Contact us at SchoolBasedServices@cms.hhs.gov.

This resource aims to provide SMAs, SEAs, and LEAs with a review of:

- ▶ CMS-issued guidance
- ▶ A high-level overview of Medicaid SBS concepts
- ▶ Flexibilities offered to states in SBS
- ▶ Definitions list of Medicaid SBS terms



The Bipartisan Safer Communities Act (BSCA) became law in June 2022. In accordance with Section 11003 of the BSCA, and in collaboration with the US Department of Education (ED), CMS released the following guidance:

- [2023 Delivering Services in School-Based Settings: A Comprehensive Guide to Medicaid Services and Administrative Claiming](#)
- An accompanying [CMS Information Bulletin \(CIB\)](#)

What are Medicaid School-Based Services (SBS)?

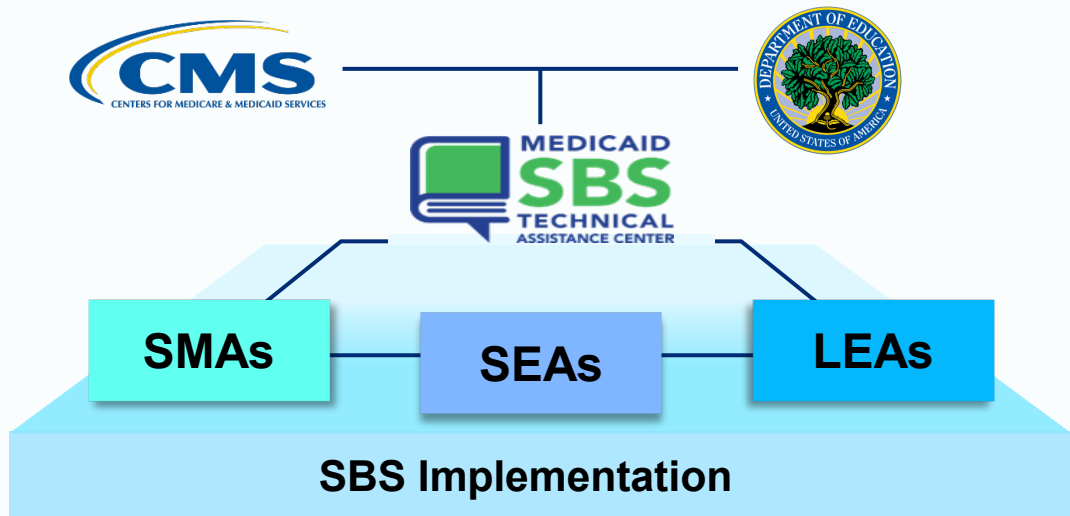
Medicaid SBS are healthcare services provided to Medicaid-enrolled children in school settings (or similar outpatient settings through school-based providers) and can be reimbursable by Medicaid. Schools can receive reimbursement to cover the costs of delivering covered Medicaid services provided by Medicaid-enrolled providers to children. The costs of certain administrative activities are also eligible for reimbursement.



A list of commonly used Medicaid SBS terms and their definitions can be found at the end of this resource.

Federal agencies involved in Medicaid SBS

CMS, in the U.S. Department of Health and Human Services (HHS), works collaboratively with ED to operate the TAC, address the interplay between laws delegated to CMS and ED, and assist SMAs, SEAs, LEAs, and other stakeholders to implement SBS.



CMS – Centers for Medicare & Medicaid Services

CMS is the federal agency in HHS that provides health coverage to more than 160 million people through Medicare, Medicaid, the Children’s Health Insurance Program, and the Health Insurance Marketplace. CMS and ED issued the updated comprehensive guide [Delivering Services in School-Based Settings: A Comprehensive Guide to Medicaid Services and Administrative Claiming](#).



ED – U.S. Department of Education

Congress established the Department of Education as a Cabinet level agency in 1980. Today, the Department supports programs that touch every area and level of education. The Department’s early learning, elementary, and secondary education programs annually serve more than 17,000 public school districts and more than 55 million students attending more than 98,000 public and 30,000 private schools. Department programs also provide grant, loan, and work-study assistance to more than 9.3 million postsecondary students at approximately 5,400 institutions of higher education. The Department’s mission is to promote student achievement and preparation for global competitiveness by fostering educational excellence and ensuring equal access. ED works in partnership with CMS to expand school-based health services.

TAC – Technical Assistance Center

The BSCA established the Medicaid SBS TAC to assist states in expanding the capacity of state Medicaid agencies, LEAs, and school-based entities. The Medicaid SBS TAC aims to reduce administrative burdens for schools to provide healthcare; support SEAs, LEAs, and school-based entities in obtaining payment for the provision of assistance under Medicaid; ensure ongoing coordination and collaboration between CMS and ED with respect to the provision of, and payment for, assistance under Medicaid by LEAs; and provide information to LEAs on how to use funding. More information about the Medicaid SBS TAC, including upcoming events, past events, and technical assistance materials can be found here: [Technical Assistance Center \(TAC\) | Medicaid](#)



Collaboration in the Medicaid SBS and State Medicaid Structure

SMAs, SEAs, and LEAs work collaboratively to administer the Medicaid School-Based Program within the parameters set by the SMAs.

SMAs

Convene and collaborate with the SEA, LEAs, public health authorities, and other stakeholders to identify Medicaid SBS needs and approaches.

- Create and implement the SBS system, including determining SBS claiming policies, practices and procedures
- Administer and supervise the Medicaid State Plan, Time Study Implementation Plan (TSIP), Public Assistance Cost Allocation Plan (PACAP), and others
- Develop Medicaid policies and determine what services are covered under Medicaid in the state

SEAs

- Administer state-level education policies and provide oversight to LEAs
- Can serve as a liaison between the SMA and LEAs¹
- Provide education and assistance to LEAs
- Provide state funding to LEAs, subgrant federal funds to LEAs, including the Individuals with Disabilities Act (IDEA)

LEAs

- Provide school-based health services to students who require them
- Ensure that a free appropriate public education (FAPE) is available to each eligible child.
- Implement SMA and SEA policies, provide Medicaid SBS procedural billing, and ensure proper documentation

Note: States may also have regional educational services agencies (ESAs).

SMA – State Medicaid Agency

An SMA is a state agency that is responsible for administering and supervising the state Medicaid plan. The SMA develops and enforces Medicaid policies to monitor federal and state regulations concerning Medicaid services across the state.

SEA – State Educational Agency

An SEA is the state board of education or other agency or officer primarily responsible for the state supervision of public elementary and secondary schools, or, if there is no such officer or agency, an officer or agency designated by the Governor or by state law.

LEA – Local Educational Agency

An LEA is a public board of education or other public authority legally constituted within a state for either administrative control or direction of, or to perform a service function for, public elementary schools or secondary schools in a city, county, township, school district, or other political subdivision of a state. An LEA can be an educational service agency or any other public institution or agency having administrative control and direction of a public elementary school or secondary school. The term LEA can include educational service agencies.

ESA – Educational Service Agency

An ESA is a regional public multiservice agency authorized by state law to develop, manage, and provide services and programs to LEAs, and is recognized as an administrative agency for purposes of the provision of special education and related services. This includes any other public institution or agency with administrative control and direction over a public elementary school or secondary school and entities that meet the definition of intermediate educational unit in section 602(23) of the Act prior to June 4, 1997. ESAs are also known as Educational Service Units (ESUs) or Boards of Cooperative Educational Services (BOCES) ([34 CFR § 300.12](#)).

¹The State Medicaid structure may differ across States. In some States, SMAs have direct contractual relationship with each LEA to govern how they will provide school-based Medicaid services.

New Policy Flexibilities

The 2023 publication [Delivering Services in School-Based Settings: A Comprehensive Guide to Medicaid Services and Administrative Claiming](#) introduced various flexibilities that may help reduce administrative burdens for LEAs. These flexibilities are available policy options, but states are not required to implement them.

The table below lists the new flexibilities offered as well as the topic areas under which they fall.

Topic Area	Flexibilities
Reconciled Cost Payment Methodology Using Certified Public Expenditures (CPEs)¹	<ul style="list-style-type: none">▪ Roster billing methodology▪ Per child, per month (PCPM) or Per service, per month rate▪ Option to not submit claims for each service (average cost per service monthly interim rate)▪ Clarifies restrictions on bundled interim payment rates
Rates using Intergovernmental Transfers (IGTs) or State Legislative Appropriations—not reconciled to cost	<ul style="list-style-type: none">▪ Enhanced fee schedule rates for SBS providers that exceed the community rate
Billing in general, for any payment methodology	<ul style="list-style-type: none">▪ When using CPEs, encourages states to ensure that 100% of the CPE payment goes directly to schools to pay for providers▪ Highlights how states can use Medicaid grant awards to support positions at SMAs and SEAs to support SBS▪ Highlights how states can use FFP to support positions at SMAs and SEAs to support SBS▪ Advises schools not to pay school-based health services contractors on a contingency fee basis
Documentation	<ul style="list-style-type: none">▪ Option to de-identify data
Allocations to Medicaid	<ul style="list-style-type: none">▪ Use of a general allocation ratio for all populations (number of Medicaid-enrolled students / Total number of students in the LEA) instead of specific ratios for specific populations. Many schools use a different allocation ratio for students with an IEP versus all other students. Under this flexibility, the LEA would forgo the IEP allocation ratio for the sake of simplification.▪ Using time study moments as a 1-step allocation methodology instead of a 2-step allocation methodology. states can construct time study activity codes to capture time spent on Medicaid allowable direct care services or administrative activities.
Time Studies using CPEs	<ul style="list-style-type: none">▪ Time study (e.g., RMTS) error rate (5% instead of 2%)▪ Time study notification and response window (up to 2-day advance notice and 2-day response)
Provider Qualifications	<ul style="list-style-type: none">▪ SBS provider qualifications
Third Party Liability (TPL)	<ul style="list-style-type: none">▪ Clarifies options for satisfying TPL requirements (e.g., “never covered”)



An overview of the new policy flexibilities can be found on [page 176](#) of the 2023 Comprehensive Guide.

¹ More information can be found in the Medicaid SBS TAC Webinar: “Understanding Rate Setting and Cost-Based Interim Payment Methodologies for Direct SBS,” which can be found here: [Past Events](#)

Medicaid SBS Acronyms and Definitions

The following are commonly used acronyms in Medicaid SBS together with their definitions.

BSCA	Bipartisan Safer Communities Act
	The BSCA, which was signed into law on June 25, 2022, directed HHS and ED to collaborate on issuing guidance to the states to support the delivery of medical assistance to Medicaid and CHIP beneficiaries in school-based settings. The BSCA established the TAC to assist states to expand the capacity of state Medicaid agencies, LEAs, and school-based entities.
CHIP	Children’s Health Insurance Program
	HIP is an insurance program that provides low-cost health coverage to children in families that earn too much money to qualify for Medicaid but not enough to buy private insurance. Each state offers CHIP coverage and works closely with its state Medicaid program. Some states administer their CHIP program as part of their Medicaid program; others administer the program separately (sometimes called S-CHIP).
CPE	Certified Public Expenditure
	CPE is a Medicaid financing mechanism that allows units of government, including a governmental provider (e.g., LEA, county hospital), to participate in financing the non-federal share.
CPT	Current Procedural Terminology
	CPT is a taxonomy of medical codes that is used to identify medical procedures and services.
EPSDT	Early and Periodic Screening, Diagnostic, and Treatment
	EPSDT provides a comprehensive array of prevention, diagnostic, and treatment services for low-income infants, children, and adolescents under age 21, as specified in Section 1905(r) of the Social Security Act. The EPSDT benefit is more robust than the Medicaid benefit for adults and is designed to ensure that children receive early detection and care, so that health problems are averted or diagnosed and treated as early as possible. The goal is to ensure that individual children get the health care they need when they need it—the right care to the right child at the right time in the right setting. EPSDT is a mandatory benefit in Medicaid, which applies in schools such that Medicaid must pay for EPSDT services in schools even if the state does not mention these services in school-based policies. More information about EPSDT can be found here: A Guide for States: Coverage in the Medicaid Benefit for Children and Adolescents and CMCS All-State Call: Early and Periodic Screening, Diagnostic, and Treatment (EPSDT)
FAPE	Free Appropriate Public Education
	FAPE refers to special education and related services for qualified students with disabilities that: <ul style="list-style-type: none">▪ have been provided at public expense, under public supervision and direction, and without charge;▪ meet the standards of the state educational agency;▪ include an appropriate preschool, elementary school, or secondary school education in the least restrictive environment in the state involved; and▪ are provided in conformity with the individualized education program required under Section 1414(d) of IDEA.

FERPA	Family Educational Rights and Privacy Act
	FERPA is a federal law that protects the privacy of student education records and applies to all schools that receive funds under an applicable program of the U.S. Department of Education. FERPA gives parents certain rights with respect to their children's education records. It affords parents the right to have access to their children's education records, the right to seek to have the records amended, and the right to have some control over the disclosure of personally identifiable information from the education records. More information to help parents understand their rights regarding their children's education records can be found here: A Parent Guide to the Family Educational Rights and Privacy Act (FERPA)
FFP	Federal Financial Participation
	FFP is the federal matching dollars states receive for submitting Medicaid- and CHIP-covered expenditures to the federal government for reimbursement. It is the federal government's share of a state's expenditures under the Medicaid program.
FFS	Fee-for-Service
	FFS is a service delivery model in which providers submit claims and receive payments for each service they provide. Under a FFS rate-based methodology, states can establish a fee schedule for each Medicaid-covered service. Alternatively, states may reimburse 100% of provider's incurred cost.
IDEA	Individuals with Disabilities Education Act
	IDEA is a law that makes available a free appropriate public education (FAPE) to eligible children with disabilities throughout the nation and ensures special education and related services to those children. Between IDEA and Medicaid, Medicaid is the payer of first resort for services included in an Individualized Education Program (IEP) or Individualized Family Service Plan (IFSP). IDEA Statute and Regulations can be found here: Statute and Regulations
IEP	Individualized Education Program
	An IEP is a written statement for each child with a disability that is developed, reviewed, and revised in meetings with the IEP Team, which includes the student, their parents, special education and regular education teachers, and other qualified LEA personnel, in accordance with IDEA Section 300.320 through 300.324. It outlines the plan or program developed for a child with a disability to ensure that the proper support, instructions, and services are available and provided to the child to address their academic, developmental, and functional needs. Some state's often use IEPs to serve as documentation for establishing medical necessity. information on what an IEP must include can be found here: Section 300.320 Definition of individualized education program – Individuals with Disabilities Education Act
IFSP	Individualized Family Service Plan
	An IFSP is a written treatment plan for an infant or toddler (birth to 2 years old) with a disability and the infant or toddler's family that is developed, reviewed, and revised. Similar to an IEP, it outlines the plan or program developed for an infant or toddler with a disability and their family, to ensure that the proper support, instructions, and early intervention services are available and provided to the infant or toddler to address their developmental and functional needs. More information about what an IFSP must include can be found here: Section 1436 – Individuals with Disabilities Education Act

MAC	Medicaid Administrative Claiming
	MAC allows costs associated with administrative activities (e.g., referral, care coordination and monitoring) that support the provision of medical services covered under the Medicaid or CHIP state plan to be eligible for reimbursement. Allowable MAC activities also include facilitating Medicaid enrollment and conducting Medicaid outreach. All MAC reimbursement is cost-based. Allowable costs incurred by a jurisdiction (e.g., an LEA) are matched with federal dollars through federal financial participation (FFP).
MMIS	Medicaid Management Information System
	Each state has its own MMIS. MMIS is an integrated group of procedures and computer processing operations (subsystems) developed at the general design level to meet principal objectives. The objectives of this system and its enhancements include the Title XIX program control and administrative costs; service to recipients, providers, and inquiries; operations of claims control and computer capabilities; and management reporting for planning and control.
MCP	Managed Care Plan
	An MCP is a health care delivery system organized to manage cost, utilization, and quality. Medicaid managed care provides for the delivery of Medicaid health benefits and additional services through contracted arrangements between state Medicaid agencies and managed care organizations (MCOs). MCPs generally provide patients with access to a selected provider network in which services are coordinated with a focus on prevention and early detection of illnesses and conditions. MCPs generally receive a monthly capitation payment by state Medicaid agencies for the provision of a specified package of services for enrolled beneficiaries.
PACAP	Public Assistance Cost Allocation Plan
	A state Medicaid agency can only claim FFP for costs in accordance with its approved public assistance cost allocation plan (PACAP) (45 C.F.R. § 95.517(a)). PACAPs are used to provide a narrative of how cost that is 1) incurred by a cognizant agency's direct federal awardee, and 2) benefits another direct federal awardee, will be properly allocated. State Medicaid agencies document costs and describe cost identification procedures in a PACAP. State Medicaid agencies that intend to claim for allowable administrative activities must have an approved PACAP as well as an SBS Claiming Time Study Implementation Plan (as defined below under "TSIP").
RMTS	Random Moment Time Study
	An RMTS is a type of time study methodology that can be used by states and LEAs to determine how much time eligible school staff spend performing Medicaid-reimbursable work activities.
SPA	State Plan Amendment
	When states make permissible program changes, they may need to submit a SPA for CMS approval to ensure that the Medicaid state plan is complete, accurate, and up to date.
TA	Technical Assistance
	The TAC provides TA to support state Medicaid agencies, state education agencies, local education agencies, and school-based entities with their Medicaid SBS programs. Technical assistance offerings on Medicaid SBS are provided through the TAC Mailbox SchoolBasedServices@cms.hhs.gov , large webinar events, small state cohort meetings, and resources.

TPL	Third Party Liability
	A third party is any individual, entity, or program that is or may be liable to pay all or part of the medical assistance expenditures for Medicaid-covered services furnished under the Medicaid state plan. State Medicaid agencies are required to take reasonable measures to determine the legal liability of the third parties that are liable to pay for services furnished under the Medicaid state plan. Such measures include specific requirements to identify and recover payments from liable third parties. These third parties, as defined in law, include health insurers, MCPs, group health plans, and any other party that is legally responsible to pay for care and services.
TSIP	Time Study Implementation Plan
	An SBS Time Study Claiming Implementation Plan (which includes a Medicaid Administrative Claiming Plan) details the SBS activities, including both administrative activities and direct medical services, performed by LEAs and the methods used to allocate SBS activities and services to the Medicaid program (such as an RMTS). TSIPs detail the methods and process the state Medicaid Agency will apply and perform to recognize the cost it has incurred to perform certain Medicaid state program administrative activities. The SBS Time Study Implementation Plan contains the elements that need to be approved in order for states to initiate SBS claiming. CMS requires SMAs to submit an SBS Claiming Time Study Implementation Plan that provides a comprehensive description of the mechanisms and processes for claiming Medicaid costs and for conducting a time study for administrative and direct services costs.



Find the most up to date resources on the [Technical Assistance Center \(TAC\) | Medicaid](#) website.