



Cutting Medicaid: A Prescription to Hurt the Neediest Kids—2018 Addendum

In January 2017, AASA released [*Cutting Medicaid: A Prescription to Hurt the Neediest Kids*](#), a survey of 1,000 school leaders that detailed the educational and economic consequences of a potential 30 percent cut in Medicaid reimbursements.

Key findings included:

- Two-thirds of respondents indicated they use Medicaid funds to pay salaries of health care professionals who provide services for students. If a 30 percent cut were to occur, many districts would have to furlough or lay off school personnel who are paid for, in part or mainly through Medicaid reimbursements.
- The loss of Medicaid funding could result in new local tax levies or requests for higher taxes to subsidize special education programs and health services for students in poverty.
- Nearly half of respondents said they use Medicaid funds to expand health-related services for students.

This report was immensely helpful to AASA’s advocacy in 2017 as Republicans in the House and Senate flirted with a variety of proposals to cut the federal investment in Medicaid by 30 percent and reform Medicaid financing and end it as an entitlement program.

However, what became increasingly clear to AASA throughout the year is that moving away from a federal-state financial partnership and capping Medicaid funding at a set-amount per beneficiary would put States in an enormously difficult position. Specifically, when Governors, state legislatures and Medicaid directors realize they cannot maintain their Medicaid programs, tough funding choices will be required. These choices include: setting limits on covered benefits, reducing Medicaid reimbursement rates for providers, and limiting which providers can bill Medicaid. All these options will harm children—who comprise 40% of total Medicaid beneficiaries—who rely upon Medicaid for healthcare. However, the final option, limiting which providers can bill Medicaid should be of serious concern to school leaders.

Here’s how it could play out: as States look for savings and examine the entities that bill Medicaid currently (doctors, insurers, assisted living facilities, pharmaceutical companies, hospitals, clinics, schools) they notice that one of these entities is not traditionally considered a front-line healthcare provider: schools. As such a small piece of the Medicaid pie and one that serves a vulnerable, non-voting population, it’s easy to see how schools could lose their Medicaid dollars to prop-up other important healthcare providers.

Thus, knowing how districts would respond to a 30 percent cut to the Medicaid program became increasingly less relevant to our advocacy on Capitol Hill. Instead, the question we needed to answer was “What would happen if school districts lost all of their Medicaid funding?” In December 2017, we received responses to that question from over 500 school leaders in 46 states. Here is what we found:

What would happen if schools lose their Medicaid dollars?

School districts receive \$4 billion in Medicaid reimbursement annually. These dollars are used to support professionals in schools who provide services to special education students in accordance with their IEP as well as to provide basic health services for all students such as asthma and diabetes management as well as mental health services. You can read more about how districts use Medicaid dollars at aasa.org/medicaidcuts.

In December 2017, AASA asked school districts what would happen if they lost their Medicaid reimbursement due to a change in Medicaid's structure at the federal level.

THESE ARE THEIR RESPONSES



57%

will have **difficulty meeting special education mandates** in state and federal law without Medicaid funds and **24% will be unable**.



36%

will be **forced to reduce mental health services** and providers without Medicaid funding.



32%

will be **unable to intervene early in identifying and addressing health needs** for students without Medicaid funds.



29%

will have to **cut general education positions and programs** to compensate for Medicaid dollars.



26%

will have to **ask their community to raise local revenue** to compensate for lost Medicaid dollars.



25%

will have to **eliminate staff positions** that address student health needs.



25%

will have to **limit or end efforts to enroll children** in Medicaid/CHIP programs.



16%

will be **unable to provide services and programs for opioid impacted students**.

Data gathered from a survey of 500 superintendents and school leaders in 46 states.



57 percent of districts would have difficulty meeting special education mandates: Medicaid permits payments to districts for certain medically necessary services made available to children under IDEA through an Individualized Education Program (IEP) or Individualized Family Service Program (IFSP). Given Congress's 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 in the least restrictive environment possible. The ability of districts to supplement the IDEA funding stream with another federal funding stream—Medicaid—has made the difference in being able to provide many services for students with

disabilities and fully adhere to the requirements in IDEA. Without this funding from Medicaid, district leaders fear IDEA compliance would be jeopardized.

36 percent of districts would be forced to reduce mental health services and providers: Almost one in five children show signs or symptoms of a mental health disorder each year and more than 60 percent of children under the age of 17 experience some form of trauma. Of those children who can access therapy, 70 to 80 percent receive services in schools. Medicaid is a critical funding stream utilized by school districts to increase the number of students who receive mental health services. Access to school-based mental health services directly improves students' physical and psychological safety, academic performance, and social-emotional learning. As one school leader told us last year, "all of our social workers and mental health therapists are paid for with Medicaid dollars. We currently have a waiting list of children needing services. We don't need cuts, we need additional dollars so that we can hire more people to meet this ever-growing need."

32 percent of districts would be unable to intervene early in addressing health care needs: Schools can provide critical health care services directly to students if the care is eligible under Medicaid's Early and Periodic Screening, Diagnostic and Treatment (EPSDT) program. EPSDT ensures that children under the age of 21 who are enrolled in Medicaid receive age-appropriate screening, preventive services, and treatment services that are medically necessary to correct or ameliorate any identified conditions. EPSDT is key to ensuring that children and adolescents receive appropriate preventive, dental, mental health, developmental and specialty services. Districts that are reimbursed for EPSDT services are better equipped to address the basic healthcare needs of low-income students and ensure they receive appropriate physical, mental and developmental health services.

29 percent of districts would have to cut general education positions and programs: Medicaid reimbursement is helpful in that it mitigates the encroachment of special education spending on general education programs. Medicaid returns some funding to the district that can go back into the special education programs, reducing the need to dip into general education coffers to subsidize special education students and services. The loss of Medicaid dollars would mean districts would be forced to cut services where they can legally do so (general education positions and programs) to continue meeting the needs of students they must legally prioritize dollars to serve (special education students).

26 percent of districts would have to ask their community to raise local revenues: A lack of Medicaid funds would result in districts needing to raise more local revenue and/or scaling back other educational services to maintain current healthcare- and education-related programs and professionals. However, the districts serving the highest proportion of low-income students and families are the least able to raise taxes, especially given the changes in the recently passed tax reform bill. This makes backfilling Medicaid coffers through increased local taxes especially difficult.

25 percent of districts would have to reduce healthcare related positions: In many small communities, the school district is the largest employer. As districts seek to educate increasing numbers of students with significant health and learning needs, they employ a team of specialized instructional support personnel who can assist them in achieving this goal. School nurses, physical and occupational therapists, speech-language pathologists, school social workers, school psychologists, and many other critical school personnel are employed by the district to ensure students with disabilities and those with a variety of educational needs can learn. Many of these providers deliver services that are reimbursable through Medicaid, so the district uses its Medicaid dollars to cover the salaries of these personnel.

Without this funding stream, districts leaders are extremely concerned that school personnel positions would be eliminated or that the retention of these sought-after personnel would be compromised.

25 percent of districts would have to limit or end efforts to enroll children in Medicaid: Because many students are not signed up to receive Medicaid benefits despite being eligible for them, schools represent a critical door to health care that children desperately need and parents and families desperately want. School-based health enrollment does not come without challenges. Updating district systems to track uninsured students, connecting these students with trained district personnel who can assist them in receiving health coverage, and doing outreach with community partners to ensure students receive the care they need takes time and funding. Under a per-capita cap funding mechanism it is unknown whether states would continue to ensure children who are eligible for EPSDT services or whether district services would be reimbursed by Medicaid. Consequently, continuing or developing limited resources and personnel to enroll and expand health care coverage may not be a worthwhile investment for districts.

16 percent of districts would be unable to provide services and programs for opioid impacted students: The opioid epidemic has required school districts find new resources to care for and protect children impacted by opiates. Adding positions for social workers and mental health providers when children come to school traumatized by what they experienced over the weekend or the previous evening is becoming a necessity for many district leaders. In addition, a spike in the number of children requiring special education services due to being born opiate-dependent has also further stretched district resources. Some districts are also spending money on opioid response training for nurses and teachers, training staff to administer Naxolene and providing more comprehensive drug intervention programs.