



2007 – Medicaid Issues Brief

Medicaid Payments for School-Based Administrative and Transportation Costs

President Bush has once again recommended the elimination of the Medicaid reimbursement for transportation costs for health services delivered to Medicaid-eligible children and for school-based administration costs which can include outreach for enrollment purposes, and the coordinating or monitoring of medical care. The budget proposal for the Department of Health and Human Services and the Center for Medicare and Medicaid Services (CMS) states “these are costs not traditionally paid for through Medicaid.”

Nationally, it is estimated the Medicaid expenditures for school-based services totaled about \$2.9 billion in FY 2005. About \$2.1 billion of these expenditures were for direct services in schools (including transportation) and \$834 million was for administrative activities. In California, this equates to approximately \$117 million for direct services and \$176 million for administrative activities. The Medicaid reductions being proposed would shave an estimated \$77 billion from government health programs for seniors and the poor. By changing the regulations for school-based administrative and transportation costs, it is estimated that the President could get about \$4 billion in savings over five years.

This is a major reversal in federal policy and court precedent utilized since 1988. Elimination of this reimbursement opportunity once again increases the burden on local school districts to cover costs while denying school districts funding that is entitled to them under law.

Schools play a key role in identifying children for Medicaid and connecting them to the appropriate services in schools and communities. The loss of administrative and transportation reimbursements would severely hurt school districts’ abilities to provide needed services to students and could reduce the number of eligible children who are identified for Medicaid services.

CSBA opposes any effort to eliminate reimbursement for school-based administration and transportation costs under Medicaid. School districts should not be treated differently than health clinics and should be guaranteed reimbursement for Medicaid eligible services for Medicaid-eligible children.