



Steps Taken to Maximize Federal Revenue for Exceptional Student Education Program

at a glance

The Department of Education and the Agency for Health Care Administration have taken most of the actions recommended by our 2004 report to maximize federal funding for the Exceptional Student Education program which serves children with disabilities. Projected Medicaid reimbursements to school districts for direct services for these children increased by \$3.4 million (48%) between 2004 and 2005. Florida's requests for changes in Medicaid reimbursement were denied by the federal government, but the Agency for Health Care Administration is modifying the Medicaid rate structure to allow adjustments for large counties and for inflation.

Scope

In accordance with state law, this progress report informs the Legislature of actions taken in response to a 2004 OPPAGA report.^{1, 2}

Background

To help prepare children with disabilities for employment and independent living, the federal Individuals with Disabilities Education Act (IDEA) requires that these children be provided a free, appropriate public education, including special education and related services designed to meet their unique needs. These services can include psychological, counseling, and medical services as well as physical, occupational, and speech therapy.

¹ Section 11.51(6), *F.S.*

² *Maximizing Federal Revenue Could Help Offset Costly Services for Children with Disabilities*, OPPAGA [Report No. 04-16](#), February 2004.

In Florida, children with disabilities receive medical and social support services from multiple state agencies as well as local school districts. Educational and related services composed the major portion of the cost of these services. These services can be costly, and are largely funded from state and local sources.

School districts can receive federal Medicaid reimbursement for some of these services through the Medicaid Certified School Match program, which funds direct services for qualified children, including physical, occupational, and speech therapy; mental health psychology services; mental health social work services; nursing services; and transportation.

Prior Findings

Our 2004 report concluded that Florida could increase federal revenue for services for children with disabilities in two ways. First, school districts could generate additional federal funding by maximizing their use of the Medicaid Certified School Match program, which allows districts to bill Medicaid for the medical and support services they provide to eligible children in the Exceptional Student Education program. Second, Florida could generate additional Medicaid funds if the federal government approved a request to authorize districts to bill for additional services.

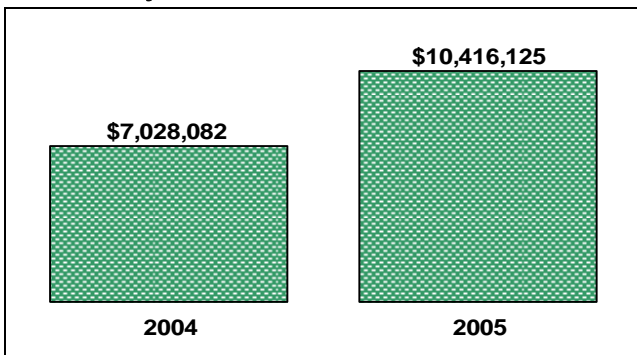
At the time of our 2004 review, most school districts were not claiming Medicaid reimbursement for all of the eligible services they provided to children served by the Exceptional Student Education program. While most (65) districts filed claims for administrative services during the first half of 2003,

only 42 districts had filed claims for direct services they provided, and these districts did not file claims for all the direct services they provided. Only 11 school districts filed claims in at least four of the five areas in which they were most likely to incur expenditures.³

Current Status

The Department of Education and the Agency for Health Care Administration have implemented most of our recommendations from our 2004 report. Medicaid reimbursements for direct services provided by school districts increased by \$3.4 million (48%) between 2004 and 2005 (see Exhibit 2). This exceeded our estimate of \$2.4 million in potential additional revenue.

Exhibit 2
Medicaid Direct Services Reimbursements
Increased by \$3.4 Million Between 2004 and 2005



Source: Department of Education.

However, recent federal changes have restricted Medicaid reimbursement for school district administrative activities that previously were billable. District reimbursements for administrative services fell by \$2.2 million between 2002 and 2003, the most recent years for which data is available.⁴

As we recommended, the Shared Services Network, which provides technical assistance on Medicaid reimbursement under contract with the Department of Education, has contacted individual districts that were not maximizing Medicaid revenue to offer suggestions and assistance to help them increase this funding. With the Agency for Health Care Administration, the network has

co-hosted an annual Statewide Medicaid and Schools Conference to provide information to school districts, and it has provided frequent updates to school districts on the Medicaid Certified School Match and Administrative Claiming programs and improvements in the Medicaid Tracking System. The network is currently developing a web-based Medicaid Tracking System in conjunction with the Leon County School District. This system will allow service providers such as therapists to easily check Medicaid eligibility and bill Medicaid for direct services, thus reducing the need for districts to pay administrative personnel for this task. The network plans to present this system to districts during the annual Statewide Medicaid and Schools Conference in October 2006.

The Department of Education provided funding to the Bradford County School District to implement a system to file direct service Medicaid claims. However, other small school districts that were not maximizing Medicaid reimbursement did not think this approach was feasible for them, due to personnel issues and limited potential revenue.

As we recommended, the Agency for Health Care Administration has addressed barriers that discourage school districts from filing for Medicaid direct services reimbursement. The agency also sought but did not receive federal approval for Medicaid plan changes that would modify documentation and eligibility requirements and increase districts' ability to obtain reimbursement for additional services. However, the agency has determined that federal approval is not necessary to increase reimbursement rates under the Medicaid Certified School Match program and it is taking action to do so. The agency is modifying the rate structure to create optional district-specific rates to assist large urban counties, as well as to allow rate increases based on inflation.

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³The five service areas are therapies, transportation, nursing, psychology, and social work.

⁴School districts have two years to submit claims for reimbursement of administrative services. As a result, 2003 is the latest year for which complete data is available.