



## PA's School-Based ACCESS Program is jeopardized under proposed federal cuts to Medicaid

Pennsylvania public schools are currently at risk of losing millions of dollars in federal funding to help pay for mandated services for students with special needs.

The proposed repeal of the federal Affordable Care Act and elimination of Medicaid expansion, along with anticipated federal budget cuts, would substantially reduce Medicaid funding. Another part of the equation is a proposed shift in the distribution of funds to a per-capita cap or block grant system. If enacted, the changes have been estimated to increase Pennsylvania's costs and will have a dramatic, negative impact on the state's School-Based ACCESS Program that assists schools in providing the necessary services to children with disabilities.

The 2016-17 school year marks the 25th year of Pennsylvania's ACCESS program. Currently, more than 550 local education agencies (LEAs) participate in the ACCESS program, and there were 2.8 million paid claims for medically necessary health-related services documented for eligible students in 2014-15 (the most recent complete data). About \$143 million in program funds were received in 2014-15, with about \$12 million directed to preschool early intervention. The balance went to school-age special education and health-related services. A reduction in federal funding will jeopardize the ACCESS program and the ability of schools to comply with mandates under special education law to meet the needs of children.



## PA's ACCESS program

The School-Based ACCESS Program is a system that is used by LEAs, including school districts, intermediate units, charter schools, vocational-technical schools and preschool early intervention programs, to obtain funds for health-related services for special education students. Reimbursement is paid through the federal Medicaid program.

How is Medicaid tied to school-based programs? The Medicaid program was created in 1965 as a state and federal government program to provide health care coverage for eligible individuals, including low-income individuals and individuals with disabilities. Under the federal special education law, first enacted in 1975, schools are required to develop individualized education programs (IEPs) for each child with special needs, and to provide health-related services as necessary. In 1988, the U.S. Congress passed a law stating that federal Medicaid funds must be available to reimburse for the cost of health-related services found in a child's IEP. With that, states became eligible for federal reimbursement for the health-related services they provide to children who are eligible for Medicaid.

In response, the Pennsylvania Department of Education (PDE) developed the School-Based ACCESS program. It is the state's method of gaining medical assistance (MA) reimbursements to schools for the cost of mandated services provided to MA-enrolled children under 21 years of age. For schools to participate in the ACCESS program, they must first be enrolled as a provider in the MA program through the Department of Human Services (DHS).

ACCESS is a cooperative effort between the two departments, with DHS administering the program and claims submitted by LEAs. DHS works with two contractors to work with LEAs in submitting, reviewing and monitoring claims. Funds received from MA are maintained in LEA-specific accounts managed at PDE. To receive the funds, each LEA must complete a form and submit it to PDE for disbursement. The ACCESS program provides reimbursement for various direct services, including costs for salaried and contracted staff, training, equipment, materials and supplies, student curriculum, and tuition for certain placements. Funds received may not be used to supplant professional positions, transferred to the district general fund or used outside of the special education program.

Allowable health-related services include the following:

- Assistive technology devices
- Audiology services
- Hearing-impaired services
- Nursing services
- Nurse practitioner services
- Occupational therapy services
- Orientation, mobility and vision services
- Personal care services
- Physical therapy services
- Physician services
- Psychiatric services
- Psychological services
- Social work services
- Specialized transportation services
- Speech and language services

## Federal cuts and caps shift costs to state

Leaders in the U.S. House have announced that they plan to include either a Medicaid "per-capita cap" or a Medicaid block grant, or give states a choice between the two, as part of the legislation to repeal the Affordable Care Act. This reduction and restructuring would effectively shift significant costs to states.

A block grant would cap federal funding for a state's Medicaid program, with a state responsible for any costs above the block grant amount. A

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per-capita cap would limit federal Medicaid funding per beneficiary. In other words, the federal government would pay its share of a state's Medicaid costs only up to a fixed amount per beneficiary. The state would be responsible for all costs above that per-beneficiary cap.

The need for continued, adequate Medicaid funding is important to many of our school districts. Currently, a deficit exists for federal special education funding. Although the U.S. Congress had once pledged to provide 40% of the average per-pupil cost for every special education student served, that promise has never been fulfilled. Last year, the federal share of funding for services hovered at just 16%. That makes the funding stream under the Medicaid program critical in helping schools, and states.



Medicaid expansion has provided additional dollars for participating states, including Pennsylvania, since it began in 2014. The federal government, which covered 100% of the cost of newly eligible individuals for the first three years, planned to decrease that reimbursement to 90% by 2020.

According to DHS, proposed federal changes would take federal Medicaid participation from the current 95% to 80%, increasing Pennsylvania's costs by \$690 million yearly until 2020, when an additional \$1.3 billion in costs would be added as expansion is completely taken away. By 2020, the annual impact would be more than \$2 billion, a significant impact on Pennsylvania.

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The state's responsibility to provide health care and services to Medicaid beneficiaries will be significantly higher as the ripple of the federal restructure is felt.

More state funds will be needed to offset the loss of federal funds. The consequence will be for the state to have to determine how to allocate Medicaid funding, pitting schools and other stakeholders against each other for increasingly limited dollars.

### The impact on schools, children with disabilities

Under these proposed changes, coverage may not be guaranteed for children. A reduction in federal Medicaid funding would jeopardize Pennsylvania's ACCESS program, or put the state in a precarious position to backfill the funding. The latest figures show \$143 million in ACCESS program funds were received in 2014-15. With Pennsylvania's current budget challenges, it would be difficult, if not impossible, for the state to carve out dedicated funding to make up that loss.

With this funding stream severely cut or gone, how will schools meet their legal obligations to assure they can implement a full range of services in their special education programs? The ability of schools to provide critical special education supports and health services will be at risk. Schools will have to re-prioritize their budgets, perhaps cut-

ting from regular education programs and services. This would hurt all students, not just those with IEPs. What if the funds simply aren't there to do it, especially considering mandated costs that take increasingly more money from district budgets? If legal obligations cannot be met in an adequate manner, districts will be liable.

A more important consideration is the effect of a Medicaid cut on children. Fewer families will be eligible for assistance. And no one will suffer more than the children with disabilities who need these medically necessary supports to help them be healthy and achieve academically. Needed services include speech therapy, physical therapy and equipment, psychological services, nurses and personal care aides, and specialized transportation; and necessary equipment includes walkers, wheelchairs and assistive technology devices.

### Conclusion

Public schools are rightly concerned about proposed changes and caps at the federal level regarding funding for health care through Medicaid. If the changes are enacted, they may no longer receive this dedicated source that provides mandated supports for children with disabilities.

Federal and state legislators need to be educated about the impact of cuts to Medicaid funding, as well as the manner of distribution, as it affects the PA School-Based ACCESS program. A block grant or per-capita system forces schools to compete for Medicaid dollars even as they must comply with federal law to provide services for special needs students. If federal funding is reduced or cut, the state will not be able to offset the difference and will have to choose how dollars are distributed. Local schools will not be able to afford the programs they are legally required to provide, and children could be left without critical health services.

School leaders need to understand this complex but vital issue. Whatever the politics surrounding these larger federal programs, it is important that we address these costs and focus on our students that benefit.