



# OHIO LEGISLATIVE SERVICE COMMISSION

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## Fiscal Note & Local Impact Statement

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**Bill:** H.B. 89 of the 131st G.A.

**Date:** December 7, 2016

**Status:** As Passed by the Senate

**Sponsor:** Rep. DeVitis

**Local Impact Statement Procedure Required:** No

**Contents:** Medicaid School Program

### State Fiscal Highlights

- No direct fiscal effect on the state.

### Local Fiscal Highlights

- The bill allows certain health professionals with Medicaid provider agreements to refer Medicaid recipients to the services they provide so that the services are covered under the Medicaid School Program. The fiscal effect of this change is likely minimal.

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### Detailed Fiscal Analysis

The bill allows physical therapists, occupational therapists, speech-language pathologists, and audiologists with Medicaid provider agreements to refer Medicaid recipients to the services they provide (without a physician's order) so that the services are covered under the Medicaid School Program (MSP). This change addresses a compliance issue raised by the federal Centers for Medicare and Medicaid Services (CMS) dated October 23, 2015.<sup>1</sup> Previously, members of an Individualized Education Plan (IEP) team were recommending services; these recommendations were treated as a referral. The bill clarifies, consistent with the guidance, that the respective certified professional must be the one to make the referral. The total fiscal effect of this change is likely minimal because similar referral services under the MSP are currently being completed.

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<sup>1</sup> Ohio Medicaid Schools Program Guidance Letter, Centers for Medicare and Medicaid Services, October 23, 2015. <http://medicaid.ohio.gov/Portals/0/Resources/Publications/Guidance/msp/Ohio-MSP-Letter-20151023.pdf>.

## Background

The MSP is funded through a combination of local and federal funds; federal financial participation (FFP) received by the Ohio Department of Medicaid (ODM) from CMS is distributed to school districts through General Revenue Fund appropriation item 651525, Medicaid/Health Care Services. It is administered by ODM and the Ohio Department of Education. The MSP was retroactively approved, effective July 1, 2005, for Ohio by CMS under State Plan Amendment (SPA) 05-020 on April 12, 2008. There are currently 580 school systems that participate in the MSP. These school systems enroll approximately 61,000 Medicaid-eligible students. The MSP allows local school districts to submit claims to ODM for certain allowable services covered under the MSP. The services currently allowed under the MSP are enumerated under sections 5160-35-05 and 5160-35-06 of the Ohio Administrative Code:

1. Occupational therapy services
2. Physical therapy services
3. Speech-language pathology services
4. Audiology services
5. Nursing services
6. Mental health services
7. Assessments and evaluations
8. Specialized medical transportation services
9. Targeted case management
10. Medical supplies and equipment

ODM submits these claims to CMS in order to receive the FFP. Once ODM receives the FFP, it distributes the funds back to the school districts that provided the respective services.

The federal government shares in the states' cost of Medicaid at a matching rate known as the Federal Medical Assistance Percentage (FMAP). The FMAP is calculated for each state based upon the state's per capita income for the last three years relative to the entire nation. The FMAP for Ohio for FFY 2017 is 62.32%. The general "rule of thumb" for how this cost-sharing mechanism works is as follows: for every one dollar Ohio spends on Medicaid, the federal government gives Ohio about 62 cents.