

School Based Services and the Impact of Cost Settlement

There are three components to a robust school-based services program – Administrative Claiming, Direct Service and Cost Settlement. Currently, the State of Florida program includes only two of the three components in their approach to reimburse participating school districts. The purpose of this document is to provide some additional information surrounding the Cost Settlement process as the State considers expanding their program to include this element in their reimbursement of school district costs for providing Medicaid eligible services to Medicaid eligible students with an Individualized Education Program (IEP).

The data below, provided by the National Alliance for Medicaid in Education (NAME) and Public Consulting Group (PCG), shows the average reimbursement of various school-based services programs around the country. Based on this data, the average annual reimbursement for a Medicaid eligible student in the program is \$732 and \$1,348 for programs using a cost settlement process to reconcile actual costs incurred by the school districts.

State Programs Average – Fee for Service Only

State	Medicaid Students w/IEP	Federal Reimbursement LEAs received for School-Based Services (Gross FFP)	Average Reimbursement per Medicaid Student w/IEP (Gross FFP)
Hawaii	11,048	\$499,185	\$45
Indiana	79,750	\$5,404,846	\$68
Florida	143,550	\$11,564,093	\$81
Alaska	8,286	\$713,909	\$86
Oklahoma	49,295	\$5,600,570	\$114
Washington	62,790	\$7,692,593	\$123
Georgia	99,336	\$15,432,838	\$155
North Carolina	68,495	\$12,535,382	\$183
Montana	7,733	\$3,251,089	\$420
Arizona	63,869	\$32,183,642	\$504
New Mexico	21,543	\$12,618,022	\$586
Colorado	26,524	\$16,600,657	\$626
Kansas	30,262	\$26,935,391	\$890
Minnesota	43,155	\$39,110,422	\$906
New Jersey	63,106	\$76,160,625	\$1,207
Massachusetts	66,017	\$88,271,940	\$1,337
Pennsylvania	107,714	\$186,384,977	\$1,730
Iowa	26,031	\$47,177,016	\$1,812
Maryland	33,143	\$61,432,851	\$1,854
Wisconsin	46,562	\$105,418,472	\$2,264
Rhode Island	11,738	\$27,994,013	\$2,385
Totals	1,069,947	\$782,982,533	Average: \$732

State Programs with Cost Settlement – Fee for Service Only

State	Medicaid Students w/IEP	Federal Reimbursement LEAs received for School-Based Services (Gross FFP)	Average Reimbursement per Medicaid Student w/IEP (Gross FFP)
Colorado	26,524	\$16,600,657	\$626
Kansas	30,262	\$26,935,391	\$890
New Jersey	63,106	\$76,160,625	\$1,207
Massachusetts	66,017	\$88,271,940	\$1,337
Wisconsin	46,562	\$105,418,472	\$2,264
Totals	232,471	\$313,387,085	Average: \$1,348

*AZ, DE, GA, NC, NJ, NY, PA, and WV have added a cost settlement process to their program; however, financial data was not available on their reconciled reimbursements at the time this analysis was completed.

When considering the addition of a cost settlement program, it is important to note that this ONLY applies to direct services and does not impact the School District Administrative Claiming (SDAC) reimbursement. This was confirmed by AHCA at the most recent school-based services conference in September 2013.

To underscore this statement, the table below shows some historical data for the State of Kansas. The administrative claim increased after the implementation of a cost settlement program because LEA participation increased from 199 districts to almost 300 districts. Cost settlement made the program more attractive to districts.

Years	SDAC Net Claim Amount (Before Cost Settlement)
2006-2007 School Year	\$4,003,153.93
2007-2008 School Year	\$3,618,421.29
2008-2009 School Year	\$3,612,675.49
Years	SDAC Net Claim Amount (After Cost Settlement)
2009-2010 School Year	\$6,715,527.15
2010-2011 School Year	\$6,765,394.00

In every state where PCG implements a cost settlement program, we have not seen an adverse impact on the SDAC claim value and the participation rate was not negatively impacted as a result of implementing cost settlement. In fact, in one state (Colorado), cost settlement actually stabilized the declining enrollment that was occurring before cost settlement was introduced. In addition, several states have opted to implement a Medicaid administrative claiming program as part of the cost settlement program, thus providing an additional revenue source for school districts. The states that PCG is aware of that previously did not have an administrative claiming program prior to implementing cost settlement include Colorado, Georgia¹, New York and West Virginia.

Another example is the State of Wisconsin. PCG was asked to assume responsibility for cost settlement and MAC in 2010. The results are included in the table below.

¹ GA had an Administrative Claiming program until 2006 and recently re-started the program as they implemented cost settlement.

State of Wisconsin Medicaid Summary (FY09-FY11)			
	FY09	FY10	FY11
# of Districts Participating	397	399	393
Total Direct Medical Medicaid Allowable Costs	\$ 105,418,472	\$ 155,082,560	\$ 146,355,873
Total MAC Reimbursement	\$ 5,383,298	\$ 16,771,017	\$ 17,646,598

A preliminary revenue impact is estimated to be at least \$30,000,000 annually in additional federal Medicaid dollars for Florida school districts participating in the school based services program.

There is no anticipated impact on the current SDAC revenue stream due to the introduction of a cost settlement process.

The table on the right is based on information provided by AHCA for Florida districts participating in the school-based Medicaid program. For some districts, there was incomplete information to provide a cost settlement revenue estimate.

	Total Medicaid Cost	Total Medicaid Interim Payments	Projected Cost Settlement
1 Alachua County	\$ 376,031	\$ 51,091	\$ 324,940
2 Baker County	\$ 80,451	\$ 16,265	\$ 64,187
3 Bay County District	\$ 578,878	\$ 244,102	\$ 334,776
4 Bradford County	\$ 63,211	\$ 23,941	\$ 39,270
5 Brevard County	\$ 1,144,343	\$ 220,639	\$ 923,704
6 Broward County	\$ 4,132,496	\$ 934,400	\$ 3,198,096
7 Charlotte County	\$ 429,768	\$ -	\$ 429,768
8 Citrus County	\$ 249,421	\$ 81,940	\$ 167,481
9 Clay County	\$ 471,981	\$ 346,294	\$ 125,687
10 Collier County	\$ 856,426	\$ 593,426	\$ 263,000
11 Columbia County	\$ 107,930	\$ 54,335	\$ 53,595
12 DeSoto County	\$ 91,061	\$ 44,906	\$ 46,154
13 Dixie District	\$ 27,806	\$ 9,244	\$ 18,562
14 Duval County	\$ 2,188,920	\$ 844	\$ 2,188,077
15 Escambia County	\$ 881,334	\$ 214,470	\$ 666,864
16 FL School for DB	\$ 230,814	\$ 106,417	\$ 124,397
17 Flagler County	\$ 115,593	\$ 86,182	\$ 29,412
18 Franklin County	\$ 17,984	\$ 13,141	\$ 4,843
19 Gadsden County	\$ 165,376	\$ 18,010	\$ 147,366
20 Gulf County	\$ 20,222	\$ 15,357	\$ 4,864
21 Hamilton County	\$ 45,575	\$ 36,441	\$ 9,134
22 Hardee County	\$ 7,062	\$ -	\$ 7,062
23 Hendry County	\$ 105,969	\$ 30,066	\$ 75,903
24 Hernando County	\$ 323,943	\$ 58,441	\$ 265,502
25 Hillsborough County	\$ 5,358,464	\$ 890,645	\$ 4,467,818
26 Indian River County	\$ 282,756	\$ 89,227	\$ 193,530
27 Jackson County	\$ 100,323	\$ 57,477	\$ 42,846
28 Jefferson County	\$ 6,405	\$ 1,582	\$ 4,823
29 Lafayette County	\$ 11,919	\$ 9,124	\$ 2,795
30 Lake County	\$ 594,495	\$ 88	\$ 594,407
31 Lee County	\$ 566,906	\$ 230,267	\$ 336,639
32 Leon County	\$ 641,012	\$ 253,693	\$ 387,319
33 Levy County	\$ 73,732	\$ 16,790	\$ 56,942
34 Madison County	\$ 52,270	\$ 11,745	\$ 40,525
35 Manatee County	\$ 1,074,347	\$ 41,940	\$ 1,032,407
36 Marion County	\$ 711,248	\$ 438,210	\$ 273,038
37 Martin County	\$ 236,192	\$ 110,827	\$ 125,365
38 Miami-Dade County	\$ 5,720,369	\$ 1,335,177	\$ 4,385,192
39 Nassau County	\$ 70,874	\$ 51,028	\$ 19,847
40 Okaloosa County	\$ 139,440	\$ 12,451	\$ 126,989
41 Okeechobee County	\$ 116,517	\$ 69,976	\$ 46,542
42 Orange County	\$ 1,607,205	\$ 126,790	\$ 1,480,414
43 Osceola County	\$ 892,964	\$ 147,634	\$ 745,330
44 Palm Beach County	\$ 2,976,471	\$ 434,161	\$ 2,542,310
45 Pasco County	\$ 1,731,259	\$ 527,385	\$ 1,203,874
46 Pinellas County	\$ 1,394,419	\$ 1,031,564	\$ 362,855
47 Polk County	\$ 524,120	\$ 74,569	\$ 449,552
48 Putnam County	\$ 202,339	\$ 25,535	\$ 176,803
49 Santa Rosa County	\$ 161,973	\$ -	\$ 161,973
50 Sarasota	\$ 875,643	\$ 309,684	\$ 565,960
51 Seminole County	\$ 599,606	\$ 18,313	\$ 581,293
52 St Lucie County	\$ 866,567	\$ 125,515	\$ 741,052
53 Sumter County	\$ 39,271	\$ 22,572	\$ 16,700
54 Suwannee County	\$ 97,342	\$ 12,027	\$ 85,314
55 Volusia County	\$ 1,410,998	\$ 459,147	\$ 951,852
56 Walton County	\$ 63,089	\$ 43,134	\$ 19,954
Total	\$ 41,913,131	\$ 10,178,228	\$ 31,734,903

PCG is willing to hold additional informational discussions to go over the process in more detail. These sessions can be conducted for an individual district or for a number of districts simultaneously. PCG's contact information is provided below:

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PCG will be attending the national NAME conference in Grand Rapids, Michigan from October 8-10, 2013. If you plan to attend, we would be happy to introduce you to other state clients that have implemented cost settlement in their states. More information about PCG may be found at www.publicconsultinggroup.com.