



Ohio Legislative Service Commission

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Fiscal Note & Local Impact Statement

Bill: H.B. 89 of the 131st G.A. (LSC 131 0545-5) **Date:** October 6, 2015

Status: In House Health and Aging **Sponsor:** Rep. DeVitis

Local Impact Statement Procedure Required: No

Contents: Medicaid School Program

State Fiscal Highlights

- A provision requiring the Ohio Department of Medicaid (ODM) and Ohio Department of Education (ODE) to enter into an interagency agreement would transfer an estimated \$1.9 million in fiscal year (FY) 2016 and \$2.3 million in FY 2017 to ODE, based on the executive's projections.

Local Fiscal Highlights

- Allows local school districts to receive federal financial participation (FFP) for an expanded list of certain expenses under the Medicaid School Program (MSP). Expansion of the MSP will allow participating local school districts to claim FFP totaling an estimated \$22.2 million in FY 2016 and \$24.3 million in FY 2017 that they would have been required to provide for themselves absent expansion of the MSP. These funds were appropriated in the main operating budget of the 131st General Assembly.

Detailed Fiscal Analysis

The bill codifies certain services as allowable under the Medicaid School Program (MSP). These include nursing services, personal care services,¹ and specialized medical transportation services. The executive projects MSP expenditures to total \$45.0 million in fiscal year (FY) 2015. The executive projects MSP expenditures to total \$77.6 million in FY 2016, an increase of \$32.5 million (72.2%) over projected FY 2015 expenditures, and to total \$90.5 million in FY 2017, an increase of \$13.0 million (16.7%) over projected FY 2016 expenditures. Executive projections for the MSP assume policy changes similar to those proposed in the bill including the expansion of the MSP to include nursing services, personal care services, and specialized transportation services. The MSP is funded through a combination of local and federal funds; FFP received by ODM from the federal Centers for Medicare and Medicaid Services (CMS) is distributed to local school districts through General Revenue Fund appropriation item 651525, Medicaid/Health Care Services. Expansion of the MSP will allow participating local school districts to claim FFP totaling an estimated \$22.2 million in FY 2016 and \$24.3 million in FY 2017 that they would have been required to provide for themselves absent expansion of the MSP. These funds were appropriated in the main operating budget of the 131st General Assembly.

The bill also contains a provision requiring ODM and the Ohio Department of Education (ODE) to enter into an interagency agreement which specifies that ODE shall receive at least 2.5% of the FFP the state receives for the MSP. Based on the executive's projections, 2.5% would total \$1.9 million in FY 2016 and \$2.3 million in FY 2017.

Background

The MSP is administered by ODM and ODE. 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

¹ As defined in 42 C.F.R. 440.167.

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 local 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 2015 is 62.64%. 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 63 cents.

Synopsis of Fiscal Effect Changes

The substitute bill (LSC 131 0545-5) reduces the minimum amount ODE receives of the federal funds the state receives for the MSP from 3.5% to 2.5%. This reduces the minimum allocation to ODE from \$2.7 million to \$1.9 million for FY 2016 and from \$3.2 million to \$2.3 million for FY 2017.

The other changes in the substitute bill clarify reporting requirements for Medicaid school providers and have no fiscal impact.