States Expand Medicaid Reimbursement of School-Based Telehealth Services

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Many states have implemented policies that promote telehealth to increase access to critical health services, including for Medicaid-enrolled students who are learning virtually during the pandemic. This report explores how states are:

- Increasing their Medicaid coverage of school-based telehealth services during COVID-19;
- Determining which services can be effectively delivered through telehealth; and
- Supporting equitable access to telehealth services for students.

These policy decisions have implications for state budgets and the delivery of school-based health services post-pandemic.

Introduction

During the COVID-19 pandemic, students have faced disruptions in access to school-based physical and behavioral health services as schools shifted from in-person to virtual learning. Many schools adapted by delivering services through telehealth and states implemented policies that allow Medicaid to reimburse for school-based telehealth services to support the health needs of students. These policies promote access to critical health services for students and support schools in meeting federal requirements to provide services to students with disabilities while reducing risk of COVID-19 transmission.

There are several budgetary factors that states can assess as they consider these policies. Increasing access to school-based health services through Medicaid reimbursement may help to reduce state budgets as these services have been shown to reduce costly emergency department and inpatient care use. Additionally, introducing or expanding Medicaid reimbursement to schools leverages joint state-federal funding, which is particularly important for supporting required special education services that may otherwise need to be funded by general education dollars. At the same time, telehealth may increase service use and thus increase state costs.
Forty-nine states currently have policies in place that allow Medicaid reimbursement of telehealth services in schools. While 24 states had existing policies, 31 states have recently expanded Medicaid reimbursement for school-based telehealth services during the pandemic. At least four states have indicated they may make these changes permanent.

While states are most likely to reimburse schools for audiology and speech-language therapy delivered through telehealth, behavioral health services delivered via telehealth experienced the greatest expansion across states during the pandemic. These services are particularly important for students experiencing increasing mental health needs during the pandemic, and providing these services through telehealth is a recognized best practice.  

Over one-third of states reimburse for physical therapy or occupational therapy, while just a few states reimburse for telehealth-provided nursing or physician services. About half of all states reimburse all individualized education program (IEP) plan services or Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) services that can be appropriately provided through telehealth.

While telehealth can increase access to services for students, those without the required technology – who are disproportionately Black, Latinx, and American Indian and Alaskan Native – may continue to face barriers to care. States can consider coupling policies that expand flexibility in Medicaid reimbursement for telehealth services to schools with funding to support technology and broadband access for students to reduce these disparities in access to care. One opportunity for such funding is the American Rescue Plan Act of 2021, which contains multiple provisions that support technology access for schools and students.

### School-Based Health Services and Telehealth-Delivered Services

The vast majority (95 percent) of children and youth ages 5 to 17 are enrolled in school. Given their widespread and frequent contact with children and youth, schools present an important venue for students to access health care services, particularly for underserved students who face barriers in accessing services in their communities. School-based health services may also help to reduce health disparities by improving access to health care for disadvantaged children, and have been shown to reduce Medicaid costs by decreasing students' emergency room and inpatient care use.

Schools have broad flexibility in the health services that they provide to students and how they structure these services, which may range from preventive services to management of chronic conditions. The services can be provided by a variety of health professionals. Some schools hire provider staff directly while others collaborate with community-based providers to deliver services to students. Additionally, some schools offer a more comprehensive set of services and operate as a school-based health center (SBHC), which is defined by the Children's Health Insurance Program (CHIP) as “a health clinic that is located in or near a school, is organized through school, community, and health provider relationships, is administered by a sponsoring facility, and provides primary health services to children in accordance with state and local law through health professionals.” Medicaid does not have a corresponding definition, but SBHCs can be enrolled as a Medicaid provider separately from the school.
Through the Individuals with Disabilities Education Act (IDEA), schools are required to provide certain health services to students with disabilities that will help them participate and benefit from special education. The required health services provided under IDEA must be outlined in a child’s individualized education program (IEP) and may include speech-language pathology, counseling services, physical and occupational therapy, and other related services.

School-Based Telehealth Services

As a result of the COVID-19 pandemic, most schools have shifted to virtual learning, creating service interruptions for students who rely on school-based health services. A May 2020 survey conducted by ParentsTogether found that just one in five families of children with disabilities reported that their children received all the school support services required by their IEP as schools moved to virtual instruction. A Government Accountability Office report published in November 2020 detailed challenges with distance learning for K-12 English learners and students with disabilities. It found that many schools faced difficulties in delivering IEP health services in a virtual setting.

School district officials have highlighted concerns about students not receiving school-based services in the same manner as they did prior to virtual learning, including occupational and physical therapy that involved hands-on instruction or required specialized equipment unavailable in students’ homes. At the same time, school staff have also noted that children with certain conditions have excelled in a virtual environment, and some components of virtual service delivery within schools may continue beyond the pandemic because of the benefits, such as an increase in some students’ ability to focus and improved family engagement. Medicaid’s flexible reimbursement allows providers to determine whether delivering services in-person or through telehealth is the most appropriate modality considering the service type, the student’s needs, and other conditions, including risk of COVID-19 transmission.

While school-based telehealth services expand access for many students, they also may exacerbate existing inequities for students who do not have access to technology and broadband services at home. Due to inequities such as digital red-lining – the systemic exclusion of low-income neighborhoods from broadband service – many low-income and predominately Black, Latinx, and Native American communities do not have the resources to access telehealth services. Forty-eight percent of American Indian and Alaska Native children and 35 percent of Black and Latinx children come from households with no computer or internet access compared to 19 percent of White children. Black, Latinx, and American Indian/Alaska Native children are also more likely to experience poverty and live in linguistically isolated households, increasing their barriers to telehealth access.
Medicaid is the third-largest source of federal funding for school districts.21 As of 2019, about 36 percent of school-aged children were enrolled in Medicaid, though this percentage is now likely higher as children’s enrollment in Medicaid and the Children’s Health Insurance Program has increased during the pandemic.22 Medicaid policy allows schools to be reimbursed for IEP services provided under IDEA to Medicaid-eligible children as long as the services are medically necessary and covered by the state plan through the Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) benefit.23 Schools can also be reimbursed for administrative activities that are considered necessary for the proper and efficient administration of the Medicaid state plan.24 These services may include outreach and enrollment, and efforts that support the provision of Medicaid-eligible services. Support services may include transportation to and from Medicaid-eligible services. Other support services include care coordination between the school, other public agencies, and the health care provider.25

As a health clinic, a SBHC can enroll as a Medicaid provider in order to be reimbursed for the health services it provides. States have implemented different approaches to reimbursing SBHCs, including identifying SBHCs as a specific provider type and including SBHCs in Medicaid managed care arrangements.26 Policies that allow for Medicaid reimbursement of SBHCs are distinct from those that reimburse schools for health services they provide.

Until 2014, schools were only able to bill Medicaid for services provided through a child’s IEP plan or administrative activities. All other services, whether provided to students with or without disabilities, were ineligible for Medicaid reimbursement due to the “free care” policy. This policy prevented Medicaid reimbursement for services that did not result in providers billing enrollees.27 Most health services provided through schools are available to students for free, and so the free care policy prevented Medicaid from reimbursing schools for such services.28 Services under IDEA were exempt from this policy because section 1903(c) of the Social Security Act designates Medicaid as the primary payer of IEP services. This allowed schools to bill Medicaid for IEP services, even when other health services were ineligible. However, in December 2014, federal guidance reversed the free care policy, removing these restrictions on Medicaid-billable school-based health services. As of 2021, at least 13 states have policies in place that allow schools to be reimbursed for any Medicaid-covered health service provided to any Medicaid-eligible student, regardless of whether the student has a disability or whether the service is included in a student’s IEP plan.29
Reimbursement of School-Based Telehealth Services

To meet the health needs of students who lost access to school-based health services during the pandemic, many state Medicaid agencies have enacted policies to reimburse school-based telehealth services. These policies have supported access to essential physical and behavioral health services for students while decreasing reliance on in-person services that may put children and providers at risk of COVID-19 and reducing emergency department visits for children with certain conditions. School-based telehealth services also support schools to meet federal requirements through IDEA as many states have developed policies that allow Medicaid reimbursement of key IEP services delivered via telehealth.

States vary in whether they provide Medicaid reimbursement to schools for services provided through telehealth. Some states specify the types of services that schools can be reimbursed for, such as behavioral health services, while other schools allow reimbursement for all IEP or EPSDT services provided via telehealth. These policies may also specify whether schools can be reimbursed as a distant site, in which the service provider is located in the school, or as the originating site, in which the student is located in the school.

Because EPSDT and IEP services must continue to be provided to children while schools shift between in-person and remote learning due to COVID-19, telehealth is one key approach to support continuity of care for services typically provided in schools. During the COVID-19 pandemic, the Centers for Medicare & Medicaid Services (CMS) has issued guidance clarifying that schools can generally receive Medicaid reimbursement for telehealth services unless restricted by the Medicaid state plan. Additionally, IEPs do not need to specify that a service is delivered through telehealth as long as the services are allowable and the payment methodology is reflected in the state plan.

Prior to the pandemic, 24 states had policies that explicitly allowed schools to be reimbursed for telehealth services through Medicaid. During COVID-19, 51 states have implemented policies that expand Medicaid reimbursement of telehealth services. At least four states have indicated that they plan to make these policy changes permanent or have already done so. In total, 49 states allow Medicaid reimbursement for at least one type of service when provided via telehealth. Forty-one states have issued guidance during the COVID-19 pandemic to clarify for schools what telehealth services are Medicaid-reimbursable.

States vary in the types of telehealth services that are Medicaid-reimbursable in schools (see the States’ Medicaid Reimbursement Policies for School-Based Telehealth Services before and during COVID-19 below.) The most common categories include audiology and speech/language therapy, behavioral health services (including mental health, substance use disorder treatment, counseling, and/or other services), occupational therapy, physical therapy, and nursing and/or physician services. Several states allow for reimbursement of all IEP services or for all EPSDT services, which would include the services listed here and others.
About half of the states reimburse all IEP services or all EPSDT services that can be appropriately provided via telehealth. Audiology and speech-language therapy delivered via telehealth is the most common Medicaid-reimbursable service type for schools, followed by behavioral health services. However, during the pandemic, the greatest number of states expanded reimbursement for behavioral health services over any other service type. Twenty-one states reimburse for physical therapy and/or occupational therapy, while fewer states reimburse for telehealth-provided nursing or physician services.

- **26 states** allow Medicaid reimbursement for **audiology and/or speech/language therapy services** provided via telehealth, including 15 states that allowed it prior to the pandemic. Eleven states have implemented policy changes during COVID-19. Eleven additional states reimburse this service type as they reimburse all IEP or ESPDT services.

- **22 states** allow Medicaid reimbursement for **behavioral health services** provided through telehealth, including eight states prior to the pandemic, with 14 states implementing this policy change during COVID-19. Twelve additional states reimburse this service type as they reimburse all IEP or ESPDT services.

- **21 states** allow Medicaid reimbursement for **occupational therapy** provided via telehealth, including eight states prior to the pandemic, and 13 states that implemented this policy change during COVID-19. Thirteen additional states reimburse this service type as they reimburse all IEP or ESPDT services.

- **21 states** allow Medicaid reimbursement for **physical therapy** provided via telehealth, including eight states prior to the pandemic, and 13 states that implemented this policy change during COVID-19. Thirteen additional states reimburse this service type as they reimburse all IEP or ESPDT services.

- **5 states** allow Medicaid reimbursement for **nursing and/or physician services** provided via telehealth, including three states prior to the pandemic, and two states that implemented this policy change during COVID-19. Thirteen additional states reimburse this service type as they reimburse all IEP or ESPDT services.

- **20 states** allow Medicaid reimbursement for all **IEP services** provided via telehealth, including 11 states prior to the pandemic, and nine states that implemented this policy change during COVID-19.

- **6 states** implemented policy changes during COVID-19 that allow Medicaid reimbursement for all **EPSDT services** provided via telehealth.
Key Considerations and Conclusion

There are several key considerations for states as they continue to implement policies that expand Medicaid reimbursement for school-based telehealth services.

- **Expand the types of services eligible for Medicaid reimbursement outside of students’ IEP plans.** States can implement policies that allow for Medicaid reimbursement of services outside of students’ IEP plans. These policies would increase the number of students and services eligible for Medicaid reimbursement, including reimbursement for telehealth services. States can also consider expanding eligible school-based telehealth services through their Medicaid state plan and/or Medicaid managed care contracts. To support sustainability of these services, states can develop agreements that outline how federal Medicaid funding is shared between state Medicaid agencies and education systems, and identify additional funding sources that can be used to support these services along with Medicaid.34

- **Identify school-based health services that are appropriate for delivery through telehealth.** States can determine what service types are appropriate to reimburse when delivered through telehealth, and whether and how to continue reimbursing for school-based telehealth services beyond the pandemic based on best practices, lessons learned, and budgetary impacts. Many service types have shown to be comparably effective when delivered via telehealth or in person.35 Yet, school-based providers have faced challenges in delivering services virtually for some students.36 Additionally, the evidence is mixed as to whether telehealth can lead to savings, is cost neutral, or if telehealth leads to higher costs due to increased use of services.37 States can consider the available evidence regarding cost-effective telehealth services to design and implement a combination of reimbursement policies and guidance for school-based providers for each service type to best meet the needs of students while limiting overuse and associated costs.

- **Provide guidance to schools on reimbursement policies and procedures.** School districts often face challenges in meeting the administrative requirements for Medicaid reimbursement, and have reported confusion over state billing procedures.38 Additionally, while telehealth can be a particularly useful resource in rural areas, school districts in these areas are less likely to seek Medicaid reimbursement for any services compared to urban school districts, likely due to more limited resources and staffing.39 Most states have provided guidance during the pandemic to support schools seeking Medicaid reimbursement for services provided via telehealth. States can consider providing clear and comprehensive guidance about these requirements for school districts, including billing procedures for telehealth services during and beyond the pandemic.
Prioritize in-person services for students for whom telehealth services are not an appropriate modality. Telehealth services may not be the most appropriate modality for all students. In particular, younger children, children and youth with special health care needs with severe developmental delays and other conditions, and English learners may face challenges in engaging in services virtually. States can consider offering guidance to school-based providers about identifying students for whom telehealth services are appropriate, and those who could be prioritized for in-person services.

Support students’ access to technology. Low-income students and students who are Black, Latinx, and American Indian and Alaskan Native are less likely to have access to the technology required for telehealth services. States can support students’ health by providing funding to access these resources, whether through local school districts or directly to students and families. For example, some states, such as Pennsylvania, have leveraged funding through the Coronavirus Aid, Relief and Economic Security (CARES) Act to support students in accessing technology for remote learning. The American Rescue Plan Act of 2021, passed in March 2021, could similarly be leveraged to provide funding for schools to provide telecommunications equipment for students. This act includes over $120 billion in grants to states and sub-grants to local educational agencies. One permitted use of these grants is to purchase technology to support low-income students and students with disabilities. The act also establishes an Emergency Connectivity Fund that provides over $7 billion for technology to support telecommunications between schools and students. Several states have also implemented programs to provide funding for students to access technology by establishing public-private partnerships, such as Washington, DC’s DC Education Equity Fund.

Improve access to mental health services for students through telehealth. The COVID-19 pandemic has exacerbated mental health conditions for children and youth, while also disrupting many students’ school-based mental health services. To help address this need, states can consider providing Medicaid reimbursement for school-based mental health services provided through telehealth, which is a best practice identified by the Substance Abuse and Mental Health Services Administration.

Conclusion

States are implementing a variety of policies to increase delivery of services through telehealth to support access to health services while maintaining social distancing during the pandemic. As many schools have shifted to virtual learning, states have expanded the types of school-based telehealth services eligible for Medicaid reimbursement. These state flexibilities support students’ access to health services and increase schools’ capacity to safely meet IDEA requirements. At the same time, evidence on the cost-effectiveness of telehealth varies and the impact of these service expansions on state budgets should be considered.
# Chart: Medicaid-Eligible School-Based Telehealth Services Pre- and During COVID-19

## States’ Medicaid Reimbursement Policies for School-Based Telehealth Services Before and During the Pandemic

This table summarizes the types of school-based telehealth services that states reimbursed through Medicaid before and during the pandemic. These and other insights can be found in [NASHP’s 50-state scan of states’ Medicaid-Reimbursable School-Based Telehealth Services](https://www.nashp.org/).

<table>
<thead>
<tr>
<th>School-based health services</th>
<th>Pre-COVID-19 state Medicaid reimbursements for telehealth services</th>
<th>COVID-19-era state Medicaid reimbursement for telehealth services</th>
</tr>
</thead>
<tbody>
<tr>
<td>Audiology and speech/language therapy</td>
<td>15 states (CA, CO, DE, DC, GA, KS, KY, MI, MS, MO, OH, SD, TX, VA, WV)</td>
<td>11 states (AK, AZ, CT, FL, IN, MD, NC, OK, PA, SC, TN)</td>
</tr>
<tr>
<td>Behavioral services</td>
<td>8 states (CO, DE, DC, IA, KY, MO, OH, WV)</td>
<td>14 states (AK, AZ, CT, FL, IN, LA, MD, MI, NC, OK, PA, SD, TX, VA)</td>
</tr>
<tr>
<td>Occupational therapy</td>
<td>8 states (CO, DE, KY, MS, MO, OH, TX, WV)</td>
<td>13 states (AK, AZ, CT, FL, IN, MD, NC, OK, PA, SC, SD, TN, VA)</td>
</tr>
<tr>
<td>Physical therapy</td>
<td>8 states (CO, DE, GA, KY, MS, MO, OH, WV)</td>
<td>13 states (AK, AZ, CT, FL, MD, NC, OK, PA, SC, SD, TN, TX, VA)</td>
</tr>
<tr>
<td>Nursing and/or physician services</td>
<td>3 states (CO, KY, OH)</td>
<td>2 states (TX, VA)</td>
</tr>
<tr>
<td>All IEP services</td>
<td>10 states (AL, HI, ME, MN, NE, NM, ND, OR, WA, WI)</td>
<td>10 states (AR, ID, IL, IA, KS, MT, NJ, NY, OH, VT)</td>
</tr>
<tr>
<td>All EPSDT services</td>
<td>-- --</td>
<td>6 states (CA, KY, MA, NH, NV, UT)</td>
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## Acknowledgements

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Notes

[13] Individuals with Disabilities Education Act §1412
[14] Individuals with Disabilities Education Act §1401.26
[17] Ibid.
Notes

[23] Social Security Act §1903(c)
[25] Ibid.
[28] Ibid.
[29] Ibid; Community Catalyst and Health Schools Campaign. State Efforts to Implement the Free Care Policy Reversal, March 2021, https://docs.google.com/document/d/1u0j1so-se8ohyl7AcHaaXlGSI3sOPN2culDejXZQw/edit#.
[32] Ibid.
[33] Ibid.
[34] For example, Michigan’s state Medicaid agency has developed a payment agreement with local education agencies: Cardwell A and Gould G. Michigan’s Caring for Students Program Leverages Medicaid Funding to Expand Behavioral Health Services. National Academy for State Health Policy, April 5, 2021, https://www.nashp.org/michigans-caring-for-students-program-leverages-medicaid-funding-to-expand-school-behavioral-health-services/.
Notes

[44] Centers for Disease Control and Prevention "Mental Health-Related Emergency Department Visits Among Children Aged <18 Years During the COVID-19 Pandemic – United States, January 1 – October 17,2020", November 2020, https://www.cdc.gov/mmwr/volumes/69/wr/mm6945a3.htm?s_cid=mm6945a3_w