**Federal Health Care Decisions and Iowa Schools July 14, 2017**

**What is Medicaid and Who is Covered in Schools?** Medicaid is a federal/state cost-sharing program for health and medically necessary services for low-income individuals. Medicaid pays for covered medical services provided to Medicaid-enrolled children with special health care needs on their individualized education program (IEP) or individual family service plan (IFSP). These plans are developed and governed by Area Education Agencies, school teachers, administrators and parents and provision of such services is required by state and federal law.

Within the Iowa Department of Education, there are three ways that the federal government reimburses Iowa taxpayers through the Iowa Medical Assistance Program (Medicaid).

1. A local school district may seek reimbursement for services provided to children requiring special education with services identified on an IEP.
2. An Area Education Agency (AEA) is a regional service center able to seek reimbursement for services provided to children requiring special education.
3. The Early ACCESS Program allows reimbursement for services to children from birth to age three with at least a 25% developmental delay and services identified on an IFSP.

**Why is Medicaid funding important to Iowa taxpayers?** Medicaid services are funded by a mix of state and federal funds. Each state is able to define what services are covered in their program, with federal approval. In Iowa, all three of the education related provider types return the state portion of the Medicaid reimbursement to the DHS (Iowa’s Medicaid agency).  In fiscal year 2015-16, in excess of $56 million in federal Medicaid funds paid for special education services (reimbursing schools for their expenditures).  Medicaid will only reimburse a provider for their ‘cost’ of the service and education regulations prohibit an AEA or school district from charging more than their ‘cost’ for the service. The DHS, using cost data provided by the Iowa DE, calculates the reimbursement rates for each AEA and school district on an annual basis.

**Service for Special Needs Students:** Iowa school finance law requires that special education services, including the medical services covered under Medicaid, are paid for with school district general funds based on three different weightings in the School Foundation Formula. Even if services required by their IEP cost more than the level of weighting (funding), the district still must provide the services. If the actual cost of special education services for all special educations students in the district exceeds the weighting generated for all the special education students in the district, the district has a “special education deficit”, paid by local property taxes. In Iowa, in the 2015-16 school year, the cost of special education services exceeded the funds available by $107 million statewide. That’s after the federal Medicaid contribution. If Medicaid didn’t provide federal match, the special education deficits, funded via local property taxes, would be around 50% higher.

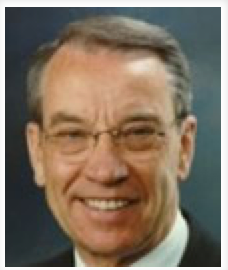
**Federal Proposal Impact on Medicaid Coverage for Special Needs and Low Income Students:**

* The Senate GOP health-care bill proposes reducing federal spending on Medicaid by $772 billion from 2017 to 2026, reported CNBC on June 30 <http://www.cnbc.com/2017/06/27/senates-proposed-medicaid-cuts-may-imperil-plans-for-special-needs-kids.html>
* Medicaid cuts in the House bill total $834 billion over the same period, according to the CBO.
* Nearly 5 million special needs children depend on Medicaid and the Children's Health Insurance Program nationally. Although RSAI is primarily concerned about the provision of special education services to students in rural Iowa, increasing poverty in rural Iowa also means more rural Iowa students may be depending on HAWK+I insurance coverage for their routine medical expenses. With over 40% of Iowa students eligible for Free and Reduced-price lunch, the impact of denied coverage means children without medical care, potentially interfering with their health and ability to fully engage in learning.
* Senate GOP proposal caps federal Medicaid spending and block grants funds to states. Although Iowa would presumably get more flexibility in how to manage Medicaid funds (what services are offered and who is eligible), the inflation index in the future is far lower than growth in health care costs. The Iowa legislature would have to reduce services or find state funds to make up the shortfall (either cutting other state expenditures which might include education funding or raising taxes to pay for increased health care costs.)

**Advocacy Actions:**

Contact Senators Grassley and Ernst. Leave a phone message, send a letter or an email. Ask them to vote NO on the current Senate GOP health care proposal that will cut medical services to our most vulnerable citizens, including those served in rural schools. Ask them to ensure that federal health care policy provides sufficient funding for special needs and low income children. This proposal will reduce services and/or increase Iowa property taxpayers burden to support special needs students.

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