

THE AMERICAN HEALTH CARE ACT

Congress is swiftly moving to consider the *American Health Care Act*, which repeals and replaces portions of the *Affordable Care Act*, or Obamacare. The proposed bill also makes major changes to the Medicaid program, including how the Federal government funds their share of Medicaid costs. Most significantly, the legislation would enact a per capita cap on federal Medicaid payments to States.

Currently, Medicaid is considered a Federal/State partnership program. States receive a percentage of funding, or Federal Medical Assistance Percentage (FMAP). The Federal government covers between 50-80% of Medicaid costs, depending on a State's poverty level and several other factors. Additionally, Medicaid covers almost 37 million children, and although children account for almost half of Medicaid beneficiaries, the costs associated with providing healthcare and medical services to children is comparatively low. (Less than one in five dollars is spent by Medicaid on children.) For almost thirty years, public schools have received reimbursements through Medicaid for providing certain medically related services and screening, including services to students with disabilities. In fact, schools receive approximately \$4 billion in Medicaid funding each year. Medicaid funds help school districts provide critical health services to ensure that students receive a quality education, such as: speech-language pathology; audiology services; occupational therapy; school psychology services; assistive technology devices; nursing services; orientation, mobility and vision services; personal care services, and psychiatric services.

The *American Health Care Act* converts Medicaid to a per-capita grant program to States. Under the proposed bill, States will determine how to administer Medicaid funds. Most significantly, the per capita cap in the legislation is set at a lower level than health care costs are expected to grow under Medicaid in future years.

- This will require States to make decisions about what services are covered due to a decrease in Federal support.
- States will likely factor cost over services when deciding what to cover for children with disabilities.
- This, in turn, could place pressure on school districts and schools to finance health services required under Individualized Education Programs (IEPs) for children with disabilities who were previously covered under Medicaid.

Under the proposal, beginning in 2020, States would no longer receive their regular Medicaid matching rate; the Federal government's contribution to Medicaid would be rolled back to a per-capita allotment equal to each State's 2016 Medicaid level. Approximate estimates indicate the Federal contribution may be around 57%, with States covering the remaining 43% of costs.

Public school districts most often receive and use Medicaid funds in four different ways. Once a State has authorized a public school district to become a Medicaid provider, pursuant to Federal and State law, a public school district may access Medicaid funds in the following ways:

1. **IEP Direct Service:** School districts use Medicaid funds to provide medically related education services to students with disabilities and special education services to eligible students;
2. **Medicaid Outreach:** The Federal government requires States to conduct outreach to individuals to educate and inform them of Medicaid. School districts may serve as an agent to assist the State in meeting this requirement and often conduct outreach to families to inform and educate on Medicaid programs;
3. **Free Care Provision:** Schools can use Medicaid funding to provide certain medical services to any student in the school, if such services are rendered to a Medicaid eligible student and are performed by a qualified Medical clinician, such as a school nurse; and
4. **School Based Health Centers:** School Based Health Centers often access Medicaid to help offset the cost of services. These Centers provide health related services in some of our nation's poorest schools, thus improving the overall health of those students, which in turn leads to fewer absences and improved academic performance.

The proposed legislation could ultimately eliminate Medicaid as a dedicated funding source for school districts to continue providing these important services. Schools will be forced to compete with medical providers (hospitals, physicians, dentists, nursing homes, pharmaceutical companies, etc.) for limited Medicaid dollars.

Stand with our nation's public schools to oppose the American Health Care Act:

- The American Health Care Act radically changes Medicaid funding by imposing a per capita cap and shifting current and future costs to States.
- The new financing structure will affect the way States provide vital healthcare and put America's neediest children at risk.
- Rather than close the gap and eliminate the rate of uninsured children in America, the current proposal will ration the health care America's most vulnerable children receive and undermine the ability of districts to meet the educational needs of students with disabilities and students in poverty.
- Thirty-nine percent of children rely on Medicaid for health care, compared to 15% of adults. As such, a per capita allotment financing structure will disproportionately reduce children's access to care, even in public schools. As such, a per capita allotment financing structure will disproportionately reduce children's access to care, even in public schools.
- Decreasing Medicaid will result in severe cuts to general education: Districts will be required to divert funds from other programs to provide Federal IDEA mandated health-related services to students with disabilities.

Schools provide critical health services to ensure that every child can fully thrive in school. Increasing access to health care services through Medicaid improves both health care and education services to students, thus increasing student outcomes.

Additional Resources:

American Health Care Act - [Text](#)

Congressional Budget Office (CBO) [Cost Estimate](#) (Impact of Bill)

First Focus Medicaid [Fact Sheet](#)

U.S. House of Representatives: [Impact of Affordable Care Act Repeal by Congressional District](#)

For additional information, please contact the Office of Federal Advocacy and Public Policy at the National School Boards Association, at 703-838-6722.

March 2017