

SCHOOL-BASED MEDICAID SERVICES



AGENDA

- Reforming School-Based Services
- Current and Future School-Based Services System
- 2026 Policy Proposal

What are Medicaid School-Based Services (SBS)?

These are health-related services provided to Medicaid-eligible students in school, funded by federal Medicaid dollars and designed to support physical, mental, and behavioral health. Medicaid School-Based Services are Early and Periodic Screening, Diagnostic and Treatment (EPSDT) services. Medicaid SBS enables schools to leverage federal funding for essential health services, helping to reduce costs while improving student outcomes.

REFORMING SCHOOL-BASED SERVICES

AHS and AOE have been working consistently over the last 18 months to implement significant SBS reforms and the EHR by October 2026, with plans for substantial training and onboarding support to schools that must begin by August 2026 to meet CMS grant requirements.

This effort aims to solve numerous existing programmatic issues and encourage school participation through administrative efficiencies.

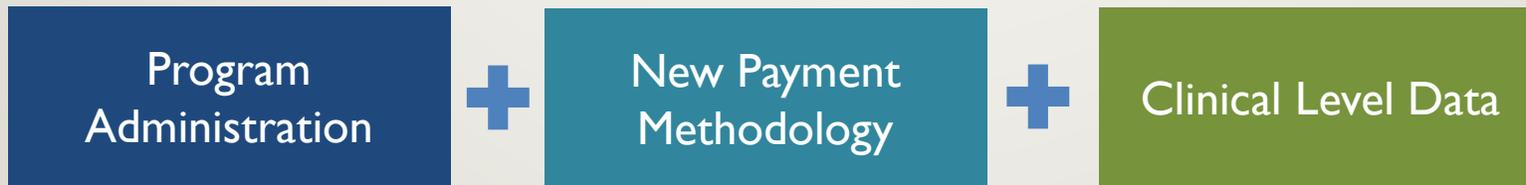
Pillars of Vermont's School Based Services Reform, as stated in CMS grant :

1. Ensure federal compliance
2. Expand access to care
3. Reduce administrative burden for schools and State
4. Maximize federal Medicaid reimbursement

SCHOOL BASED SERVICES PROGRAM

The **Current System** is broken. We have identified many programmatic issues and have committed to CMS that we will transition to a new payment methodology by 10/1/2026.

This is what we must do to fix Medicaid school-based services:



This is how we want to do it (Future State):



2026 POLICY PROPOSAL - WHAT IS THE ASK?

AHS

- Establish Special Fund for AHS to receive and reimburse schools the federal Medicaid payment for school-based services.
- Establish AHS/DVHA as the administrator of Medicaid school-based services
- Provide rulemaking authority for AHS to establish requirements related to SBS.
- Require AHS to support schools by funding and providing tools needed for program compliance

AOE

- Authorize AOE to define how schools may use the federal payments from AHS for Medicaid services delivered (*Reinvestment dollars*).
- Grant AOE rulemaking authority to set requirements for how schools are allowed to spend *reinvestment dollars* paid by AHS.

FUNDING CHANGES

Proposal simplifies how federal share of Medicaid services is allocated between schools, State administrative agencies, and the State Education Fund.

Current State - SFY2025

Direct Services <i>Administered at AOE</i>	
Schools <i>Reinvestment Dollars</i>	50% of FFP
State Administration	Up to 30% of FFP
Ed Fund	20% + unspent admin %
Incentive Fund	Unused, convoluted mechanism for providing additional payments to schools if federal funds exceed a specific amount.
Health Access + Outreach <i>Administered at VDH</i>	
Schools	85% of FFP
State Administration	15% of FFP

Future State (today's dollars)

Direct Services + Health Access and Outreach <i>Administered at AHS/DVHA</i>	
Schools <i>Reinvestment Dollars</i>	55% of FFP
State Administration	Up to 25% of FFP
Ed Fund	20% + unspent admin % of FFP