

1 TO THE HOUSE OF REPRESENTATIVES:

2 The Committee on Ways and Means to which was referred House Bill No.
3 558 entitled “An act relating to the Medicaid school-based services program”
4 respectfully reports that it has considered the same and recommends that the
5 bill be amended by striking out all after the enacting clause and inserting in
6 lieu thereof the following:

7 **Sec. 1. 33 V.S.A. § 1900 is amended to read:**

8 § 1900. DEFINITIONS

9 As used in this subchapter, unless otherwise indicated:

10 * * *

11 **(12) “Supervisory union” has the same meaning as in 16 V.S.A. § 11**
12 **and includes a supervisory district.**

13 Sec. 1a. 33 V.S.A. § 1904 is added to read:

14 § 1904. MEDICAID SCHOOL-BASED SERVICES PROGRAM

15 (a)(1) It is the intent of the General Assembly that the State of Vermont
16 maximize its receipt of federal reimbursement for medically related services
17 provided to students who are eligible under Title XIX (Medicaid) of the Social
18 Security Act.

19 (2) It is also the intent of the General Assembly that Vermont’s school-
20 based medical assistance program shall comply with all federal Medicaid
21 requirements. As the State Medicaid agency, the Agency of Human Services

1 shall have sole responsibility for determining and maintaining program
2 compliance.

3 (b) The Agency of Education;

4 (1) shall be responsible for coordination of the school-based medical
5 assistance program with statewide education policy and objectives and for
6 communicating with supervisory unions; and

7 (2) may specify the use of program funds received by State education
8 agencies in accordance with 16 V.S.A. § 2959a.

9 (c) The Agency of Human Services shall adopt rules in accordance with
10 3 V.S.A. chapter 25 to identify the services that are available through the
11 school-based medical assistance program and to set forth the requirements for
12 supervisory union participation. The rules shall include State and federal
13 requirements for:

14 (1) Medicaid reimbursement;

15 (2) participation in a Random Moment Time Study and an
16 electronic health records system;

17 (3) Medicaid cost reports;

18 (4) provider enrollment and trainings;

19 (5) service documentation;

20 (6) Medicaid eligibility; and

1 (7) any other provisions necessary for compliance with the Medicaid
2 program.

3 (d)(1) The Agency of Human Services shall support supervisory unions by
4 funding and providing the technical elements of the program necessary for
5 federal compliance.

6 (2) Supervisory unions delivering medically related services
7 pursuant to the Medicaid school-based services program shall participate
8 in a Random Moment Time Study and an electronic health records system
9 as directed by the Agency of Human Services to enable Medicaid billing of
10 direct health services and Medicaid administrative claiming activities.

11 Sec. 2. 33 V.S.A. § 1904a is added to read:

12 § 1904a. SCHOOL-BASED MEDICAID REIMBURSEMENT FUND

13 (a) The School-Based Medicaid Reimbursement Fund is established as a
14 special fund to receive federal reimbursements for medically related services
15 delivered pursuant to the Medicaid school-based services program described in
16 section 1904 of this chapter. Monies received by the State pursuant to this
17 section shall be transferred to the School-Based Medicaid Reimbursement
18 Fund, which shall be administered by the Agency of Human Services, and
19 Fund receipts shall be allocated in accordance with this section.

20 (b) The Department of Vermont Health Access shall pay 55 percent of the
21 federal reimbursement monies generated by the medically related services

1 delivered in each supervisory union pursuant to the Medicaid school-based
2 services program to the supervisory union based on the Medicaid cost reports,
3 service claims, and Medicaid administrative costs submitted by the supervisory
4 union.

5 (c)(1) Up to 25 percent of the federal reimbursement monies generated by
6 services delivered pursuant to the Medicaid school-based services program
7 shall be available for the administrative costs of the Agencies of Education and
8 of Human Services related to the collection, operations, and reporting of
9 school-based medical assistance programs and statewide programs.

10 (2) The Agencies shall enter into a memorandum of understanding
11 setting forth the processes by which Medicaid reimbursement monies available
12 for administrative costs and statewide programs are allocated to the Agencies.

13 (3) The Secretaries of Education and of Human Services shall expend
14 monies from the Fund only as appropriated by the General Assembly.

15 (d) At the close of each fiscal year, the Commissioner of Finance and
16 Management shall transfer to and deposit any balance remaining in the School-
17 Based Medicaid Reimbursement Fund into the Education Fund.

1 ~~Medicaid bills for services reimbursement~~ Medicaid-compliant cost reports
2 and service claims; and

3 (2) the Agencies of Education and of Human Services work with local
4 school districts to maximize reimbursements, including services to non-IEP
5 students.

6 ~~(b) A Medicaid Reimbursement Special Fund is established within the~~
7 ~~Agency of Education. Funds received by the State under this section shall be~~
8 ~~transferred to the Medicaid Reimbursement Special Fund. The Fund receipts~~
9 ~~shall be allocated in accordance with this section.~~

10 ~~(c) At least annually, the Secretary of Education shall pay to each~~
11 ~~supervisory union submitting Medicaid bills under this section 50 percent of~~
12 ~~the reimbursed funds generated by the supervisory union's bill, excluding~~
13 ~~claims generated by State placed students. Unless the supervisory union has~~
14 ~~agreed to use the funds to operate a supervisory unionwide program or to~~
15 ~~distribute the funds in a different manner, upon receipt, the supervisory union~~
16 ~~shall distribute the funds to its member school districts based on how the funds~~
17 ~~were generated. The Secretary may withhold payment due a supervisory union~~
18 ~~pursuant to section 2950 of this title for a Medicaid eligible State placed~~
19 ~~student if the supervisory union has not submitted a Medicaid claim for~~
20 ~~reimbursable services for that student.~~

1 ~~(d) If the amount of Medicaid reimbursement funds received for services~~
2 ~~provided in the prior State fiscal year exceeds \$25,000,000.00, in addition to~~
3 ~~the 50 percent of the funds paid to supervisory unions submitting Medicaid~~
4 ~~bills, 25 percent of the amounts in excess of the \$25,000,000.00 shall be paid~~
5 ~~into an incentive fund created in the Agency of Education. These funds shall~~
6 ~~be used for an incentive payment to supervisory unions with student~~
7 ~~participation rates of over 80 percent in accordance with a formula to be~~
8 ~~developed by the Agency, in consultation with the Vermont Superintendents~~
9 ~~Association. For any incentive payments made subsequent to fiscal year 2007,~~
10 ~~the \$25,000,000.00 threshold of this subsection shall be increased by the~~
11 ~~percentage increase of the most recent New England Economic Project~~
12 ~~Cumulative Price Index, as of November 15, for state and local government~~
13 ~~purchases of goods and services from fiscal year 2005 through the fiscal year~~
14 ~~for which the payment is being determined, plus an additional one-tenth of one~~
15 ~~percent.~~

16 ~~(e) Supervisory unions shall use funds received under this section from the~~
17 ~~School Based Medicaid Reimbursement Fund established in 33 V.S.A.~~
18 ~~§ 1904a to pay for the reasonable costs of administering the Medicaid claims~~
19 ~~process, and school districts or supervisory unions shall use funds received~~
20 ~~under this section for prevention and intervention programs in prekindergarten~~
21 ~~through grade 12 and delivering medically related services pursuant to the~~

1 ~~Medicaid school-based services program.~~ The programs shall be designed to
2 facilitate early identification of and intervention with children with disabilities
3 and to ensure all students achieve rigorous and challenging standards approved
4 and adopted by the State Board or locally adopted standards. A supervisory
5 union shall provide annual written justification to the Secretary of Education
6 on how it or its member districts used the funds. Such annual submission shall
7 show how the funds' use is expressly linked to those provisions of the
8 supervisory union's action plan that directly relate to improving student
9 performance. A supervisory union shall include in its annual report the amount
10 of the prior year's Medicaid reimbursement revenues and the use of Medicaid
11 funds consistent with the purposes set forth in this subsection.

12 (f) ~~Up to 30 percent of Medicaid reimbursements received under this~~
13 ~~section shall be available for administrative costs of the Agencies of Education~~
14 ~~and of Human Services related to the collection, processing, and reporting of~~
15 ~~education Medicaid reimbursements and statewide programs. The Secretaries~~
16 ~~of Education and of Human Services shall expend monies from the Fund only~~
17 ~~as appropriated by the General Assembly.~~

18 (g) ~~Remaining reimbursed funds shall be deposited into the Education~~
19 ~~Fund.~~

20 ~~(e) The Agency of Education shall adopt rules in accordance with 3 V.S.A.~~
21 ~~chapter 25:~~

1 ~~(1) Setting forth the requirements that supervisory unions and school~~
2 ~~districts shall meet regarding the use of Medicaid reimbursements from the~~
3 ~~School Based Medicaid Reimbursement Fund.~~

4 ~~(2) Coordinating reimbursement related to State-placed students pursuant~~
5 ~~to section 2950 of this chapter with the Medicaid school-based services~~
6 ~~program as set forth in 33 V.S.A. §§ 1904 and 1904a. The rules shall address~~
7 ~~the manner in which supervisory unions receive and reconcile funds in~~
8 ~~alignment with education cost reimbursements pursuant to section 2950 of this~~
9 ~~title.~~

10 **Sec. 5. STAKEHOLDER ENGAGEMENT IN IMPLEMENTATION OF**
11 **CHANGES TO MEDICAID SCHOOL-BASED SERVICES**
12 **PROGRAM**

13 **The Agency of Human Services shall collaborate with the Agency of**
14 **Education, Vermont Association of School Business Officials, Vermont**
15 **Council of Special Education Administrators, and school district officials**
16 **in implementing changes to the Medicaid school-based services program**
17 **in accordance with this act, including:**

18 **(1) providing structured opportunities for input during the phased**
19 **implementation process in order to address challenges and risks in a**
20 **timely manner and minimize disruptions; and**

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(2) focusing on geographic diversity to ensure that the implementation process is responsive to regional variations in needs and capacity.

Sec. 6. EFFECTIVE DATE

This act shall take effect on ~~July~~ **October** 1, 2026, **except that Sec. 3 (33 V.S.A. § 1904a(c)(1); percentage of reimbursement monies available to Agencies of Human Services and of Education) shall take effect on July 1, 2027.**

(Committee vote: _____)

Representative _____

FOR THE COMMITTEE