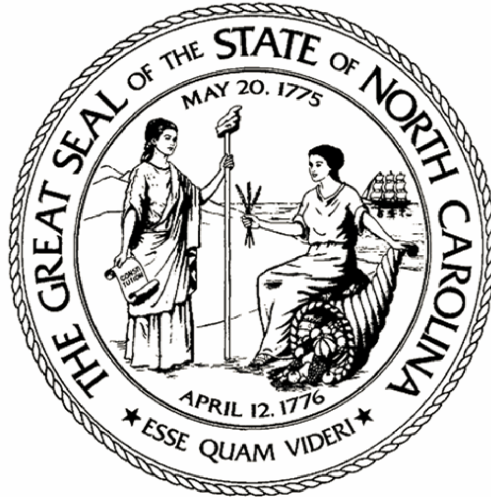


**Student Transportation Support Legislative Report
Proposal Period Ending May 1, 2022**

S.L. 2021-180 s. 7.70(c)



Report to

**Joint Legislative Oversight Committee on Medicaid and NC Health Choice
And
Joint Legislative Education Oversight Committee**

By

**North Carolina Department of Health and Human Services,
Division of Health Benefits
And
Department of Public Instruction**

May 1, 2022

Contents

Background:	3
Proposal for Medicaid Coverage for School-Based Transportation Services:	4
I. Coverage to be Added	4
II. Documentation Required for Reimbursement by Medicaid	4
III. Fiscal Impact Analysis	4
IV. State Appropriations Required for Coverage	4
V. Time for Implementation of Coverage Proposal	4
VI. Legislative Changes Required for Implementation	4
APPENDICES	5
Appendix A:	6

Background:

Pursuant to S.L. 2021-180 s. 7.70(c), the Department of Health and Human Services, Division of Health Benefits, and the Department of Public Instruction are jointly submitting a report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice and the Joint Legislative Education Oversight Committee with a proposal for adding the Medicaid coverage for school-based transportation services described in the November 1, 2016, report to the Joint Legislative Oversight Committee on Medicaid and NC Health Choice entitled "Medicaid Coverage for School-Based Health Services" to the fullest extent allowed by federal Medicaid law and regulations.

Proposal for Medicaid Coverage for School-Based Transportation Services:

I. Coverage to be Added

When the Procedure, Product, or Service Is Covered

Medicaid shall cover medically necessary non-emergency specialized transportation provided by a local education agency on days when the student receives another LEA Policy 10-C covered service. The other service must be billed to and reimbursed by DHB.

Specialized transportation must also be included in the student's IEP, IFSP, IHP, BIP or 504 Plan in order to be covered. Specialized transportation enables the student to receive the DHB-covered service. Specialized transportation may involve a trip from the student's home to the LEA site and the return trip, or from the LEA site or student's home to an LEA contracted provider site, and the return trip.

Specialized transportation must be rendered by local education agency personnel or contractors. Specialized transportation refers to a specially-equipped school vehicle that is designed, equipped, or modified to accommodate students with special needs. (See NC G.S. 20-4.01 (27) n. for definition of "school bus".) Vehicle modifications must be specific to students with disabilities to be considered a specially-equipped school vehicle. Modification may include, but is not limited to a ramp, lift, seat belts or car seats when students with disabilities require the adaptation or modification in order to ride a specially equipped school vehicle.

When the Procedure, Product, or Service Is Not Covered

Medicaid shall not cover medically necessary transportation services when the student rides a regular/unmodified school vehicle or does not receive a reimbursable health service at school on the day of the ride.

Requirements for and Limitations on Coverage

All transportation services shall be provided as outlined in an IEP, IFSP, IHP, BIP or 504 Plan. The LEA must determine the appropriate mode of transport and delivery (e.g. curb-to-curb or door-to-door delivery) and assure compliance with driver and vehicle requirements. Reimbursement is limited to 2 trips per day for each Medicaid-enrolled student.

II. Documentation Required for Reimbursement by Medicaid

Each trip must be documented on a log by LEA or contracted personnel. In addition to all applicable documentation requirements in Section 7.2 Documenting Services, trip logs shall indicate:

- bus route number (if applicable)
- name of vehicle driver/monitor
- to/from status of each trip
- verification of the student's boarding and departing the vehicle
- verification of the reimbursable health service the student received at school on the day of the trip

III. Fiscal Impact Analysis

The fiscal impact to public school units (PSUs) will be initial and temporary. Up front costs may include any combination of the following and will vary by PSUs depending on existing resources:

- Personnel costs to process/monitor required documentation (e.g., collecting, analyzing, and verifying trip logs; verifying Medicaid services rendered on day of claimed trip, etc.)
- Personnel costs to train relevant staff on documentation process/technology
- Documentation software and devices/technology installed on specially equipped vehicles

DPI estimates that roughly 27,840 students would receive transportation for services qualifying for Medicaid reimbursement, and that on average these students would have services on 87 days per year. This results in a total of 2.4 million round trips per year statewide. In researching potential reimbursement rates from states who reimburse for this, DHB determined a potential rate of \$11.71 per trip (\$23.42 for round trips) to estimate reimbursement costs. The table below provides estimated state, federal, and total costs for a five-year period to the state’s Medicaid program for reimbursing school transportation, assuming implementation begins on 1/1/2023.

Estimated State and Federal Share of Annual Costs

Medicaid	SFY 2023	SFY 2024	SFY 2025	SFY 2026	SFY 2027
State	\$9,294,970	\$19,540,062	\$20,092,176	\$20,473,927	\$20,862,932
Federal	\$19,477,573	\$39,055,221	\$39,528,524	\$40,279,566	\$41,044,878
Total	\$28,772,442	\$58,595,283	\$59,620,700	\$60,753,493	\$61,907,810

IV. State Appropriations Required for Coverage

Traditionally, LEAs only receive the federal share for Medicaid payments. For claims, settlements, and administrative claiming, the non-federal share comes from certified public expenditures (CPE’s) provided by the LEAs. DHB assumes this practice would continue, meaning no appropriations would be used in the Medicaid budget unless otherwise specified. If needed, the state share in the above table shows the appropriations required.

State funding may be necessary if the General Assembly elects to require Medicaid coverage retroactive to a date before CMS approval has been obtained and the clinical coverage policy developed.

V. Time for Implementation of Coverage Proposal

DHB estimates that it will take two or three months to obtain CMS approval. Promulgation of clinical coverage policy will take a minimum of forty five days. DHB expects that a target date of January 1, 2023, for implementation is reasonable.

VI. Legislative Changes Required for Implementation

MEDICAID COVERAGE FOR SCHOOL BASED TRANSPORTATION

Section 1. (a) The Department of Health and Human Services, Division of Health Benefits (DHB), is directed to submit a State Plan Amendment, develop a clinical coverage policy, or amend an existing clinical coverage policy as applicable, assign a CPT code as needed, and develop billing instructions for Medicaid coverage of school based transportation in adaptive vehicles for students with disabilities provided by Local Education Agencies on the days they receive Medicaid covered health related services as described in Clinical Coverage Policy 10C.

Section 1. (b) This section is effective on January 1, 2023, or upon CMS approval, whichever is later.

APPENDICES

A. S.L. 2021-180 s. 7.70(c)