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Summary and Recommendation: Contract Addendum Could Resolve Potential Issues for School Districts Seeking TennCare Reimbursements

It is not uncommon for K-12 students to receive healthcare services at school. When a student receiving school-based health services is covered by TennCare—Tennessee’s Medicaid program—some of the services may be reimbursable through TennCare. Reimbursements for school-based services were approximately \$39.5 million in 2023, and except for 2020, during the height of the COVID-19 pandemic, they have been increasing. Steps taken in recent years to facilitate reimbursement for school-based services include the enactment of Public Chapter 695, Acts of 2022, which reduced administrative obstacles to seeking reimbursement; and they include actions taken by TennCare that expanded the list of reimbursable services, extended the amount of time school districts have to file claims, and provided additional training and guidance to districts in cooperation with other agencies and stakeholders.

These improvements aside, other issues remain. Having been made aware of an unresolved contract issue preventing one school district from seeking reimbursement, Senator Lundberg, Representative White, and Representative Sherrell sent a letter to the Tennessee Advisory Commission on Intergovernmental Relations’ chairman, Senator Yager, in April 2024 requesting that the commission review the problem and assist the parties in reaching a resolution (see appendix A).

For a school district to be reimbursed directly for school-based services in Tennessee, it must contract with the managed care organization (MCO) for the student who is receiving services—districts that don’t seek direct reimbursement don’t need to enter these contracts. Under the TennCare program, MCOs are functionally similar to insurance companies in the private market, and contracting with a MCO is somewhat akin to becoming an in-network provider for a private insurer. There are 64 school districts that contract with at least one of the state’s MCOs.

But two districts—Knox County Schools and Metro-Nashville Public Schools—said they have been advised by legal staff not to sign the contracts because of concerns with some of the terms and conditions in them. Examples of their concerns include contract length, the types of services schools are obligated to provide, and the populations they might be required to serve. In particular, Knox County Schools’ attorney said the contracts might obligate districts to provide a full suite of prenatal care to pregnant students, which involves a level of medical care that schools aren’t capable of and might create liability issues for districts. Similarly,

he is concerned that provisions might obligate schools to provide services to members of the community who aren't students.

So far, no school districts have experienced issues resulting from the contracts they have signed with MCOs. And the concerns raised haven't led any other districts to refuse to sign contracts. There was also agreement among stakeholders that the care students receive at school is unaffected by whether their district is reimbursed through TennCare. For example, consistent with the federal Individuals with Disabilities Education Act, districts must provide services included in the individualized education programs (IEP) of students covered by TennCare, as they would for any other students with IEPs.

But participants at an August 2024 stakeholder meeting facilitated by commission staff—which included representatives for TennCare, school districts, MCOs, companies that assist districts with TennCare billing, the Tennessee Department of Education, and the Tennessee Department of Commerce and Insurance (TDCI)—generally agreed that the liability issues raised are a potential concern for school districts, even if they haven't yet resulted in problems in practice.

The possibility of developing a contract addendum for school districts was discussed at the August meeting, in interviews with stakeholders, and during a panel at the May 2024 commission meeting. TennCare has agreed that a contract addendum for school districts could help resolve this issue and has committed to exploring the creation of an addendum. TennCare and the MCOs would test the addendum's feasibility with Knox County Schools, and depending on the results, TennCare could consider whether to make use of the addendum a requirement for MCOs contracting with school districts.

The commission supports the development of a contract addendum for MCOs to use with school districts. TennCare has discussed contract modifications with both Knox County Schools and BlueCare—one of the state's MCOs—and BlueCare has drafted a contract addendum, which it anticipates sharing with Knox County in early 2025. TennCare cautioned that reaching a final resolution will take time because any solution will have to work for all three MCOs and the state's many school districts; it will also need to be reviewed and approved by TDCI for compliance with state and federal law.

In addition to the contract issue, other challenges were raised in interviews and discussed at the August stakeholder meeting. For example, companies that assist school districts with TennCare billing report challenges getting individual providers approved for reimbursement. And school districts report challenges with the administrative workload related to documenting and filing claims.

Analysis: School-Based Services and TennCare Reimbursement

School districts in Tennessee can seek reimbursement through TennCare—Tennessee’s Medicaid program—for providing medically necessary, covered school-based health services to students covered by TennCare. Having been made aware of an unresolved contract issue preventing one school district from seeking reimbursement, Senator Lundberg, Representative White, and Representative Sherrell sent a letter to the Tennessee Advisory Commission on Intergovernmental Relations’ chairman, Senator Yager, in April 2024 requesting that the commission review the problem and assist the parties in reaching a resolution (see appendix A).

Pursuant to the request, the commission hosted a panel at its May 2024 meeting, and commission staff facilitated a stakeholder meeting in August 2024, which included representatives for TennCare, school districts, managed care organizations (MCO), companies that assist districts with TennCare billing, the Tennessee Department of Education, and the Tennessee Department of Commerce and Insurance (TDCI).¹ The contract issue referenced in the study request was discussed at both meetings. TennCare has agreed that a contract addendum for school districts could help resolve this issue and has committed to exploring the creation of an addendum.

In addition to the contract issue, several other challenges were raised in interviews and discussed at the August stakeholder meeting. For example, companies that assist school districts with billing report challenges getting individual providers approved for reimbursement through the MCOs’ credentialing processes. School districts also report challenges with the administrative workload related to documenting and filing claims and that expected reimbursements are not great enough to warrant the cost of seeking them.

Commission staff identified several improvements that have been made to the reimbursement process for school-based services in recent years. In particular, the General Assembly enacted Public Chapter 695, Acts of 2022, and this along with other actions taken by TennCare and the Tennessee Department of Education have helped school districts seek reimbursement, according to districts, the companies that assist them with billing, and state agencies.

¹ Individuals who attended the August stakeholder meeting are denoted by an asterisk in the persons contacted list.

School-based services and TennCare reimbursement: What are the basics?

Reimbursements for school-based services were approximately \$39.5 million in calendar year 2023, according to TennCare. This includes all reimbursements for services provided at schools to students covered by TennCare, regardless of whether the school district was reimbursed directly.² In some school districts, claims are filed by the district or, more commonly, by a billing vendor on the school district's behalf, with the district receiving the reimbursement directly and the vendor, if there is one, receiving a percentage under its contract with the district. In other districts, individual providers (e.g., an individual therapist) or the organizations they work for (e.g., a group practice or staffing company) are the ones filing claims; and in these cases, the reimbursements may help offset the cost to the district of contracting with these outside providers for services.³

For a school-based service to be reimbursable, several criteria must be met. Similar to services provided outside of schools, the service must be a medically necessary service that is covered by TennCare, and the provider must be registered with TennCare and contracted and credentialed with the student's MCO.⁴ Under the TennCare program, MCOs are functionally similar to insurance companies in the private market, and contracting with a MCO is somewhat akin to becoming an in-network provider for a private insurer.⁵ A school district must contract with the student's MCO if the district wants to be reimbursed directly; districts that don't seek direct reimbursement don't need to enter these contracts.⁶

Additionally, for a school-based service to be reimbursable, (1) the district must have a valid parental consent form allowing the student's records to be shared with TennCare, the student's MCO, and the student's healthcare providers, and (2) the service must either be

- included in the student's individualized education program (IEP),⁷

² Commission staff analysis of data and information provided in emails from TennCare staff, July 19, 2024, and June 10, 2024.

³ Interview with TennCare staff, May 16, 2024; interview with BlueCross BlueShield of Tennessee staff, May 15, 2024; interview with Alcoa City Schools staff, May 10, 2024; interview with Oak Ridge City Schools staff, July 30, 2024; and panel discussion at May 30, 2024, commission meeting.

⁴ Email from TennCare staff, May 20, 2024; and TennCare and Tennessee Department of Education 2024.

⁵ Interview with TennCare staff, May 1, 2024; and interview with BlueCross BlueShield of Tennessee staff, May 15, 2024.

⁶ Interview with TennCare staff, May 16, 2024; and TennCare and Tennessee Department of Education 2024.

⁷ An IEP is an agreement stipulating services to be provided to a student with a disability consistent with the federal Individuals with Disabilities Education Act (IDEA).

- included in the student’s individual health plan (IHP),⁸
- included in the student’s individualized family service plan (IFSP),⁹ or be
- a behavioral health service.¹⁰

There was general agreement among interviewees that the care students receive at school is unaffected by whether their school district is reimbursed through TennCare.¹¹ For example, consistent with federal law, school districts must provide services included in the IEPs of students covered by TennCare, as they would for any other students with IEPs. Several of those interviewed also pointed to recent changes in policy and law and other actions taken that have helped districts seek reimbursement for school-based services.

Tennessee has taken steps to facilitate reimbursement for school-based services in recent years.

Steps taken by state agencies and the General Assembly to facilitate reimbursement for school-based services include those that have

- expanded the list of services that are reimbursable,
- extended the amount of time school districts have to file claims,
- provided additional training and guidance to districts, and
- reduced administrative obstacles to seeking reimbursement.

The state has twice expanded the list of school-based services that are reimbursable in recent years. TennCare, in July 2021, began allowing reimbursement for a set of nursing services—specified by TennCare—if those services are included in a student’s IEP. In July 2022, TennCare added three more nursing services to the list and further expanded eligibility for reimbursement to include not only nursing services in a student’s IEP but also nursing services on the list if they are included in a student’s IHP.¹² This second expansion was possible in part because in 2014, the federal government changed its policy on reimbursement for

⁸ An IHP includes services to be provided to a student with acute or chronic health issues consistent with Tennessee Comprehensive Rules and Regulations, Rule 0520-01-13-.03(3)(b).

⁹ An IFSP is an agreement stipulating services to be provided to support development for children younger than three consistent with IDEA. Although TennCare staff confirmed services in IFSPs are reimbursable if provided at schools, Tennessee Department of Education staff said these services are typically provided at home or in the community rather than at schools, so it is unlikely they would be reimbursed as school-based services.

¹⁰ Email from TennCare staff, May 20, 2024; and TennCare and Tennessee Department of Education 2024.

¹¹ Examples include interview with Tennessee Department of Education staff, Jun 10, 2024; interview with Alcoa City Schools staff, May 10, 2024; interview with Hamilton County Schools staff, May 9, 2024; interview with Knox County Schools staff, May 8, 2024; and interview with Public Consulting Group staff, April 29, 2024.

¹² Email from TennCare staff, July 19, 2024; and TennCare and Tennessee Department of Education 2024.

services provided for free to students. Previously, the federal government allowed reimbursement for services provided for free to students only if those services were in a student's IEP or IFSP. But now, "services provided to Medicaid-enrolled children by qualified providers may be billed to the Medicaid program regardless of whether those services are provided to other students free of charge," according to guidance provided by the federal Centers for Medicare and Medicaid Services (CMS) and the US Department of Education.¹³

The state has also extended the amount of time that school districts have to file claims. Generally, healthcare providers in Tennessee have 120 days from the date a service was provided to file a claim for billing with the patient's MCO.¹⁴ In July 2021, TennCare extended the timely filing deadline for school districts to 365 days from the date a service was performed for services included in an IEP or IFSP. In July 2022, TennCare extended the filing deadline to 365 days for services in IHPs as well.¹⁵

As it was making these changes, TennCare partnered with the MCOs, the Tennessee Department of Education, and the companies that assist school districts with billing to provide additional training and guidance to districts. In 2021, TennCare and the MCOs held statewide trainings with districts and school nurses to explain the new school nursing services reimbursement guidelines. TennCare also provided training to school-based healthcare providers at the Tennessee Coordinated School Health annual conference and the annual conference for the Tennessee Association of School Nurses.¹⁶ Several districts interviewed by commission staff reported learning about the ability to seek reimbursement for nursing services at these conferences.¹⁷ Additionally, TennCare, the department of education, and the companies that assist districts with billing collaborated to revise the state's school-based services billing manual to better educate districts regarding the billing requirements for these services.¹⁸

Three other changes in 2022 have helped reduce some of the administrative obstacles to seeking reimbursement for school-based services. Two of these were policy changes by TennCare, and the third was enacted by the General Assembly:

¹³ Centers for Medicare and Medicaid Services 2023; MACPAC 2018; and letter from Cindy Mann, director, Centers for Medicare and Medicaid Services to state Medicaid directors, December 15, 2014, SMD#14-006, <https://www.medicaid.gov/federal-policy-guidance/downloads/smd-medicaid-payment-for-services-provided-without-charge-free-care.pdf>.

¹⁴ TennCare 2024.

¹⁵ Email from TennCare staff, July 19, 2024; and TennCare and Tennessee Department of Education 2024.

¹⁶ Email from TennCare staff, July 19, 2024.

¹⁷ Interview with Alcoa City Schools staff, May 10, 2024; interview with Cumberland County Schools staff, May 16, 2024; and interview with Williamson County Schools staff, May 22, 2024.

¹⁸ Email from TennCare staff, July 19, 2024.

First, TennCare as of July 2022 no longer requires a new parental consent form to be signed annually. Instead, once consent is granted, it will remain valid for as long as the student receives services through their IEP or IHP or until the parent revokes consent. These consents allow a student's records to be shared with TennCare, the student's MCO, and the student's healthcare providers in compliance with the federal Family Educational Rights and Privacy Act (FERPA) and the federal Health Insurance Portability and Accountability Act (HIPAA).¹⁹ Multiple school districts interviewed by commission staff reported that obtaining paperwork from parents, including consent forms, can be difficult, and this change allows parental consent that has already been granted to remain in effect.²⁰

Second, TennCare in 2022 began requiring each MCO to contract with any school district that sought to contract with it based on the MCO's standard fee schedule.²¹ Without a contract, districts cannot be reimbursed directly for services provided to students, and in 2017 at joint hearings of the Senate Health and Welfare and Education committees, participants said that in some cases, MCOs were not contracting with school districts or healthcare professionals providing services in districts, thereby excluding those providers from the MCOs' networks.²²

Third, the General Assembly enacted Public Chapter 695, Acts of 2022, which authorized physical therapists, occupational therapists, speech-language pathologists, and audiologists to issue orders supporting the medical necessity of school-based services related to their disciplines included in a student's IEP. In general, for a service to be reimbursable, it must be "ordered by a treating licensed physician or other treating licensed health care provider," according to TennCare.²³ Prior to Public Chapter 695 this meant that a physician, physician assistant, or nurse practitioner—or, for behavioral health services, an independently licensed behavioral health clinician—had to sign an order for any school-based service to be reimbursable, just like they would for services provided outside of schools.²⁴ Because physicians, for example, are rarely directly involved in the process of setting IEPs—it would be uncommon for them to attend an IEP meeting—this created an extra step for school districts wanting to be reimbursed for these services.²⁵ Public Chapter 695 streamlined the process by allowing the healthcare professionals directly involved in

¹⁹ TennCare and Tennessee Department of Education 2024.

²⁰ Interview with Alcoa City Schools staff, May 10, 2024; interview with Marshall County Schools staff, August 2, 2024; interview with Metro-Nashville Public Schools staff, May 13, 2024; interview with Oak Ridge City Schools staff, July 30, 2024; interview with Shelby County Schools staff, August 1, 2024; and interview with Williamson County Schools staff, May 22, 2024.

²¹ Email from TennCare staff, July 19, 2024.

²² Joint hearings of the Senate Health and Welfare Committee and the Senate Education Committee, February 23, 2017, and March 22, 2017.

²³ TennCare and Tennessee Department of Education 2024.

²⁴ Panel discussion at May 30, 2024, commission meeting; email from TennCare staff, May 19, 2024; and interview with TennCare staff, May 1, 2024.

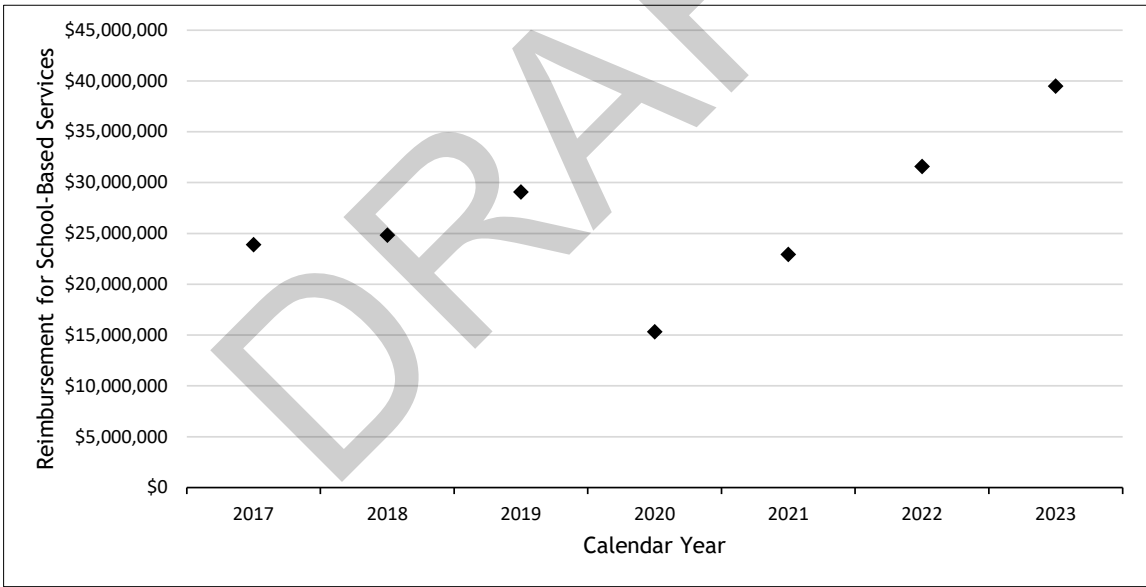
²⁵ Interview with Shelby County Schools staff, August 1, 2024.

setting IEPs and attending IEP meetings to fulfill the ordering requirement for reimbursement. Stakeholders have described Public Chapter 695’s effect positively, with one calling it a seminal policy change.²⁶ TennCare staff said it resulted in an increase in services reimbursed.²⁷

Reimbursements for school-based services continue to increase.

Reimbursements for school-based services in Tennessee have gone up in recent years, though it is difficult to tie the increase to any single action taken by the state. From 2017 through 2023, annual reimbursements increased by a total of approximately \$15.6 million, a 65% increase, to \$39.5 million. In the last three years, when the changes in policy and law discussed above were implemented, the increase was even sharper—approximately \$24.2 million over three years—but this period also includes the recovery from the COVID-19 pandemic when there was a steep initial decline in reimbursements. See figure and table 1.

Figure. TennCare Reimbursement for Services Provided in Schools, from 2017 through 2023



	Calendar Year						
	2017	2018	2019	2020	2021	2022	2023
Reimbursement for School-Based Services	\$ 23,901,894	\$ 24,842,467	\$ 29,081,996	\$ 15,323,990	\$ 22,924,551	\$ 31,597,980	\$ 39,490,103

Source: Commission staff analysis of data and information provided in email from TennCare staff, July 19, 2024.

²⁶ Interview with Tennessee Department of Education staff, June 10, 2024; also see, interview with Shelby County Schools staff, August 1, 2024; and interview with Public Consulting Group staff, April 29, 2024.

²⁷ Interview with TennCare staff, May 1, 2024.

**Table 1. Increase in TennCare Reimbursement
for Services Provided in Schools**

Years Compared	2017 to 2023	2020 to 2023
Increase Amount	\$ 15,588,209	\$ 24,166,113
Increase %	65%	158%

Source: Commission staff analysis of data and information provided in email from TennCare staff, July 19, 2024.

Although reimbursements might not continue to increase at the pace seen following the pandemic, the data show that, pandemic aside, reimbursements have generally been on an upward trajectory in Tennessee for the last half-decade.²⁸ Despite this growth and the steps taken to facilitate reimbursement for school-based services, stakeholders raised several areas of concern when commission staff interviewed them for this study.

Issues raised with the MCOs' provider-agreements could be resolved with a contract addendum.

Issues with the contracts that school districts must sign with MCOs to be directly reimbursed for school-based services were discussed during a panel at the commission's May 2024 meeting, at a meeting of stakeholders facilitated by commission staff in August 2024, and in interviews with stakeholders. These contracts are not specific to individual school districts or school districts in general; instead, they are standard agreements that the MCOs use with a variety of other types of providers.²⁹ There are 64 school districts that contract with at least one of the MCOs, according to data provided by TennCare.³⁰ But two districts—Knox County Schools and Metro-Nashville Public Schools—said they have been advised by legal staff not to sign the contracts because of concerns with some of the terms and conditions in them.³¹

Examples of concerns raised with existing contract language include but are not limited to the following:

- **Contract Length**

Both districts said they could not sign contracts longer than five years, and they said the language in the existing contract would make it auto-renewing.

²⁸ Commission staff analysis of data and information provided in email from TennCare staff, July 19, 2024.

²⁹ Interview with BlueCross BlueShield of Tennessee staff, May 15, 2024.

³⁰ Commission staff analysis of data and information provided in email from TennCare staff, July 19, 2024.

³¹ Interview with Metro-Nashville Public Schools staff, May 13, 2024; and interview with Knox County Schools staff, May 8, 2024; also see, interviews with Knox County legal staff, May 10, 2024, and May 14, 2024.

- Types of Services that Schools Are Obligated to Provide

Both districts said the contracts treat them as though they are a regular medical practice rather than a school district. This includes some of the services the contracts appear to obligate districts to provide.

In particular, Knox County Schools' attorney said he is concerned the contracts might obligate school districts to provide prenatal care to pregnant students. He said providing a full suite of prenatal services involves a level of medical care that schools aren't capable of, and he is concerned this may create liability for the district if it signs the contract.³²

- Obligations to Serve Members of the Community

Knox County Schools' attorney said he is also concerned the contracts appear to obligate the district to provide services to anyone covered by TennCare regardless of whether the individual is a student of Knox County Schools. Similar to the issue of providing prenatal care, he is concerned provisions obligating schools to provide services to members of the community who aren't students may create a liability for the district if it signs the contract.³³

So far, no school districts have experienced issues resulting from the contracts they have signed with MCOs. And the concerns raised by Knox County Schools and Metro-Nashville Public Schools haven't led any other districts to refuse to sign contracts.³⁴ Of the districts interviewed by commission staff that aren't currently seeking reimbursement for school-based services, Knox County Schools was the only one that cited concerns with the contracts.

But participants at the August 2024 stakeholder meeting generally agreed that the liability issues raised are a potential concern for school districts, even if they haven't yet resulted in problems in practice. In particular, staff for the Tennessee Department of Education said the department wouldn't have the authority to intervene on behalf of a school district if the district were to face liability issues related to these contracts, and a representative

³² TennCare staff have clarified that removing this provision from school districts' contracts with MCOs will not negatively affect the care that pregnant TennCare members receive either from schools or other TennCare providers and that the original contract language was never intended to obligate schools to provide prenatal care that a licensed healthcare facility would provide. See emails from TennCare staff, December 19, 2024, and December 20, 2024.

³³ Interviews with Knox County legal staff, May 10, 2024, and May 14, 2024; interview with Metro-Nashville Public Schools staff, May 13, 2024; email from Knox County legal staff May 14, 2024; panel discussion at May 30, 2024, commission meeting; and discussion at school-based services and TennCare reimbursement stakeholder meeting, August 14, 2024.

³⁴ Discussion at school-based services and TennCare reimbursement stakeholder meeting, August 14, 2024.

for a school district said a district encountering issues would likely have to defend itself with help from its school board attorney.³⁵

The possibility of developing a contract addendum for school districts to address the concerns raised in the study was discussed in interviews with stakeholders, at the commission's May panel, and at the August stakeholder meeting. Knox County Schools' attorney supported making the minimum changes necessary to the existing contracts to reach an agreement rather than developing an entirely new contract for school districts.³⁶ Staff for one of the MCOs, when interviewed, said they already have separate contract templates or addenda for other entities in Tennessee, but the MCO and TennCare staff said some of the provisions in the MCOs' provider-contracts are mandated by the state or federal government, and MCOs generally cannot make substantive changes to the terms and conditions in these contracts without state approval.³⁷ Staff for TDCI's TennCare Oversight Division, which reviews contracts for compliance with state and federal requirements, said a contract addendum for school districts could be a solution.³⁸ Public Consulting Group (PCG)—which assists school districts with billing and has been working with Knox County Schools on a solution to its MCO-contract issues—also supported the creation of an addendum.³⁹

At the August stakeholder meeting, TennCare agreed that a contract addendum for school districts could help resolve the issues raised by Knox County Schools and Metro-Nashville Public Schools, and TennCare committed to exploring the creation of an addendum in conjunction with the MCOs. TennCare and the MCOs would test the feasibility of this addendum with Knox County Schools, and depending on the results of that test, TennCare could consider whether to make use of the addendum a requirement for MCOs contracting with school districts.⁴⁰

In the fall of 2024, TennCare met with both Knox County Schools and BlueCare—one of the state's MCOs—to discuss modifications to the MCO-provider contracts. BlueCare took the feedback from these meetings regarding specific contract provisions and has drafted a contract addendum—a modified version of its provider agreement template, which can be populated with school-specific provisions. According to TennCare staff, BlueCare anticipates sharing the addendum with Knox County in

³⁵ Ibid.

³⁶ Interview with Knox County legal staff, May 14, 2024; and panel discussion at May 30, 2024, commission meeting.

³⁷ Interview with BlueCross BlueShield of Tennessee staff, May 15, 2024; and panel discussion at May 30, 2024, commission meeting.

³⁸ Interview with Tennessee Department of Commerce and Insurance staff, June 18, 2024.

³⁹ Interviews with Public Consulting Group staff, April 29, 2024, and July 24, 2024; and discussion at school-based services and TennCare reimbursement stakeholder meeting, August 14, 2024.

⁴⁰ Discussion at school-based services and TennCare reimbursement stakeholder meeting, August 14, 2024.

early 2025, following BlueCare’s internal legal review. TennCare cautioned that reaching a final resolution will take time because any solution will have to work for all three MCOs and the state’s many school districts; it will also need to be reviewed and approved by TDCI.⁴¹

Interviews with stakeholders and a review of other states revealed that Tennessee’s decision to include school-based services within managed care and require districts to contract with MCOs to be reimbursed is relatively unique. Although a sizeable majority of states use managed care—and specifically MCOs—to deliver at least some services under their Medicaid programs, Tennessee is one of only four that includes school-based services entirely within managed care. Others exclude—or in industry parlance “carve out”—school-based services in some if not all circumstances, allowing districts to receive reimbursement directly from the state’s Medicaid agency rather than through MCOs for those carved-out services. Of the states that only partially include school-based services in managed care, Minnesota and Missouri include only services that are not in IEPs (i.e., IEP services are carved out of managed care); Washington includes only services that are not in IEPs or IFSPs; South Carolina includes only behavioral health services (all other services are carved out); and California reimburses districts directly for services in IEPs, IFSPs, or other care plans when the district participates in the state’s Local Education Agency Medical Billing Option Program—other services in California are generally included in managed care. See appendix B and table 2.

⁴¹ Emails from TennCare staff, September 27, 2024, and December 18, 2024.

Table 2. Are School-Based Services Included in Managed Care, by State

		Does state use managed care organizations for its Medicaid program?	
		Yes	No
Does state include school-based services within managed care?	Yes	TN, GA, IN, OK (4)	
	Partially	CA*, MN**, MO**, SC^, WA^^ (5)	
	No	AR, AZ, CO, DE, FL, HI, IA, IL, KS, KY, LA, MA, MD, MI, MS, NC, ND, NE, NH, NJ, NM, NV, NY, OH, OR, PA, RI, TX, UT, VA, WI, WV (32)	AK, AL, CT, ID, ME, MT, SD, VT, WY (9)

* In California, school-based services reimbursed through the state's Local Education Agency Medi-Cal Billing Option Program (LEA BOP) are excluded from managed care if they are in individualized education programs (IEPs), individualized family service plans (IFSPs), or other care plans. Other services are generally included in managed care but may be excluded in some circumstances.

** In Minnesota and Missouri, services in IEPs are excluded from managed care.

^ In South Carolina, services other than behavioral health services are excluded from managed care.

^^ In Washington, services in IEPs or IFSPs are excluded from managed care, and services outside of IEPs and IFSPs are excluded from managed care when provided to Medicaid eligible students who aren't enrolled in managed care plans.

Source: Healthy Students, Promising Futures "Map: School Medicaid Programs"; Hinton et al. 2023; Mississippi Department of Education "Health Services the Medicaid School-Based Administrative Claiming (SBAC) Program"; Stein and Schwartz 2024; and emails from staff for state Medicaid agencies.

Even among the four states that include school-based services entirely within managed care, there are important differences. Unlike Tennessee, Georgia doesn't require school districts to contract with MCOs to be reimbursed; instead, districts are reimbursed by the state.⁴² Oklahoma's program is in transition, and districts won't be required to contract with MCOs until July 2026.⁴³

Tennessee's relative uniqueness aside, other states contacted by commission staff reported complaints from school districts when contracting with MCOs. This was the case for Missouri, where contracting with MCOs is optional, and it was the case for Minnesota and Washington, where contracting with MCOs is only necessary when seeking reimbursement for services included under managed care. Each state said they were aware of

⁴² Email from Georgia Department of Community Health staff, October 3, 2024.

⁴³ Email from Oklahoma Health Care Authority staff, October 14, 2024.

the issues raised by districts and were working on resolving them but did not share specific changes they might be considering.⁴⁴

Billing vendors report challenges with the process for credentialing individual providers with MCOs.

For a school district to be reimbursed for services provided to a student, the individual healthcare professionals providing the services in the school must be credentialed with the student's MCO. Credentialing requirements are not unique to school-based services.⁴⁵ As described by the National Committee for Quality Assurance (NCQA)—a nonprofit that has developed standards for evaluating, accrediting, and rating both public- and private-sector health plans—

Credentialing is an essential safety component of the health care system. Health care organizations must establish the qualifications of their licensed medical professionals by assessing their background and legitimacy to provide care.⁴⁶

TennCare requires the MCOs to use the NCQA's standards for credentialing and recredentialing.⁴⁷ As part of establishing the qualifications of healthcare professionals to provide care, the credentialing process involves submitting information and documentation for an individual's education and training, licensure, work history, criminal or other disciplinary history, and liability insurance, among other factors.⁴⁸

The companies that assist school districts with billing also assist districts with submitting credentialing paperwork for the individuals who provide services in schools. While not all of these companies report issues with credentialing,⁴⁹ two of them that work with several dozen districts said improvements could be made to the current process. In particular, PCG cited challenges involving (1) the amount of time it takes to get credentials approved and (2) the duplicated effort of submitting the same documentation to multiple MCOs.⁵⁰

⁴⁴ Email from Missouri Department of Social Services staff, October 9, 2024; email from Minnesota Department of Human Services staff, October 9, 2024; and email from Washington Health Care Authority staff, October 18, 2024.

⁴⁵ Interview with Stellar Therapy Services staff, May 7, 2024.

⁴⁶ National Committee for Quality Assurance 2024.

⁴⁷ TennCare 2024.

⁴⁸ BlueCross BlueShield of Tennessee 2024; Wellpoint Tennessee 2023; and OptumHealth Care Solutions 2024.

⁴⁹ Interview with Access Medical Billing staff, August 1, 2024; and interview with Sidekick Therapy Partners staff, August 1, 2024.

⁵⁰ Interview with Public Consulting Group staff, July 24, 2024; and interview with Stellar Therapy Services staff, May 7, 2024.

These two issues were discussed in interviews with stakeholders and at the August 2024 stakeholder meeting:

- Delays in the Credentialing Process

Delays in the credentialing process can be problematic because a service provided, for example, by a physical therapist cannot be reimbursed if the therapist hasn't been credentialed. PCG staff, at the stakeholder meeting, said it can take months to complete the process.

But staff for one of the MCOs said in some cases, delays result because the paperwork submitted is incomplete. Although TennCare requires MCOs to act on credentialing applications within 30 days, this applies *only* to complete applications with all requisites met, so it is possible that delays result from incomplete submissions out of the MCOs' control. A third-party review of one of the MCOs provided to commission staff by TennCare after the stakeholder meeting found the MCO is meeting the 30-day standard but did not include data supporting the finding.⁵¹

- Duplicated Effort of Submitting Same Information Multiple Times

Regarding duplicated effort, PCG staff said the same credentialing paperwork for each individual must be submitted to each of the MCOs. They characterized this as a source of inefficiency that adds to the time and frustration of the credentialing process.⁵²

PCG in an interview with commission staff and at the August stakeholder meeting proposed resolving these challenges by either (1) eliminating the need for individual healthcare professionals to be credentialed with MCOs for their work in schools or (2) developing a pass-through model where information needed for credentialing would be submitted to TennCare, which would then share the information with the MCOs. Because these proposals had not been shared with TennCare before the meeting, it did not have the opportunity to evaluate either and did not comment on their feasibility during the meeting.⁵³

Following the meeting, TennCare found that PCG's proposals had been implemented only in states with Medicaid models different than Tennessee's—for example, states that don't include school-based services within managed care and states that had invested in singular registration or credentialing systems. According to TennCare staff, "There are significant structural changes which must occur for either solution to be implemented

⁵¹ Discussion at school-based services and TennCare reimbursement stakeholder meeting, August 14, 2024; email from TennCare staff, August 23, 2024; and TennCare 2024.

⁵² Discussion at school-based services and TennCare reimbursement stakeholder meeting, August 14, 2024.

⁵³ Interview with Public Consulting Group staff, July 24, 2024; and discussion at school-based services and TennCare reimbursement stakeholder meeting, August 14, 2024.

in Tennessee.”⁵⁴ For example, developing a centralized data collection process for credentialing would involve an administrative budget increase for TennCare that “would be significant.”⁵⁵ TennCare staff also raised liability concerns, saying that if individual therapists aren’t required to be credentialed by the MCOs, then “the MCOs lose the ability to verify that licensed and qualified therapists are actually providing skilled therapies to TennCare members. This becomes a risk and potential liability to both the MCOs and TennCare, as federal law requires that licensed practitioners service our members and that states verify licensure.”⁵⁶

The administrative workload related to documenting and filing claims creates challenges for school districts.

More than any other issue—more than contracting or credentialing—school districts interviewed by commission staff report challenges stemming from the administrative work involved in seeking reimbursements. This includes the need to document services for filing claims, with many districts saying that this takes too much additional time for their front-line healthcare professionals—for example, physical therapists, occupational therapists, speech-language pathologists, and nurses. Both districts that currently seek reimbursement and districts that don’t raised versions of this concern. Several of the districts that seek reimbursement said they wouldn’t be able to do so without the help of the companies that assist them with billing, or they would have to hire additional staff.⁵⁷ Similarly, districts that aren’t seeking reimbursement said they anticipated the burden on their staff would be too time-consuming, or they would need to hire additional staff to handle the added work.⁵⁸

Additionally, some districts are worried that staff—including hard-to-replace healthcare professionals—will quit if they are required to do additional work related to seeking reimbursement.⁵⁹ One district reported that it factored this into its analysis of the costs associated with filing

⁵⁴ Email from TennCare staff, August 23, 2024.

⁵⁵ Ibid.

⁵⁶ Email from TennCare staff, August 29, 2024.

⁵⁷ Interview with Cumberland County Schools staff, May 16, 2024; interview with Fentress County Schools staff, July 29, 2024; interview with Hamilton County Schools staff, May 9, 2024; interview with Hardin County Schools staff, July 29, 2024; interview with Marshall County Schools staff, August 2, 2024; interview with Metro-Nashville Public Schools staff, May 13, 2024; interview with Oak Ridge City Schools staff, July 30, 2024; and interview with Shelby County Schools staff, August 1, 2024.

⁵⁸ Email from Hardeman County Schools staff, July 25, 2024; interview with Johnson City Schools staff, July 29, 2024; interview with Knox County Schools staff, May 8, 2024; interview with Williamson County Schools staff, May 22, 2024; and interview with Wilson County Schools staff, July 25, 2024.

⁵⁹ Interview with Metro-Nashville Public Schools staff, May 13, 2024; interview with Oak Ridge City Schools staff, July 30, 2024; interview with Williamson County Schools staff, May 22, 2024; and discussion at school-based services and TennCare reimbursement stakeholder meeting, August 14, 2024.

claims.⁶⁰ Staff with the Tennessee Department of Education and staff for one of the billing companies confirmed this is a concern they hear from districts.⁶¹

Ultimately, several of the districts that have chosen to forgo reimbursement said their expected reimbursements simply aren't great enough to warrant their expected administrative costs.⁶² One of these districts explained they don't have a large population of students covered by TennCare with extensive medical needs.⁶³ Another district said it had sought reimbursement in the past but has chosen not to after reimbursements were less than expected.⁶⁴

The administrative burdens on school districts were discussed at the August stakeholder meeting, though no solutions were proposed. Tennessee Department of Education staff said the lack of structural supports is challenging for school districts, and many district staffers have multiple roles and can't dedicate their time to TennCare billing.⁶⁵

⁶⁰ Interview with Williamson County Schools staff, May 22, 2024; and email from Williamson County Schools staff, July 16, 2024.

⁶¹ Interview with Tennessee Department of Education staff, June 10, 2024; and interview with Stellar Therapy Services staff, May 7, 2024.

⁶² Email from Hardeman County Schools staff, July 25, 2024; interview with Manchester City Schools staff, July 25, 2024; interview with Williamson County Schools staff, May 22, 2024; and interview with Wilson County Schools staff, July 25, 2024.

⁶³ Interview with Wilson County Schools staff, July 25, 2024.

⁶⁴ Email from Hardeman County Schools staff, July 25, 2024.

⁶⁵ Discussion at school-based services and TennCare reimbursement stakeholder meeting, August 14, 2024.

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Weakley County Schools

Appendix A: Study Request Letter



JON LUNDBERG

SENATOR
4TH DISTRICT
SULLIVAN &
HAWKINS COUNTIES

LEGISLATIVE ADDRESS:

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SUITE 744
NASHVILLE, TENNESSEE 37243
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Sen.Jon.Lundberg@capitol.tn.gov

Senate Chamber State of Tennessee

NASHVILLE

HOUSE MEMBER

105TH-109TH GENERAL ASSEMBLIES

SENATE MEMBER

110TH-113TH GENERAL ASSEMBLIES

EDUCATION COMMITTEE
CHAIRMAN

JUDICIARY COMMITTEE
MEMBER

April 03, 2024

Senator Ken Yager
Chairman, TACIR
Chairman, Senate Republican Caucus
425 Rep. John Lewis Way N.
Ste. 704, Cordell Hull Bldg.
Nashville, TN 37243

Re: SB 2487/HB 2616

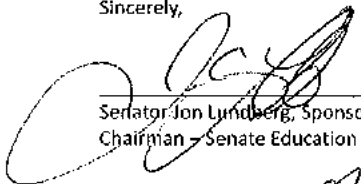
Dear Chairman Yager,

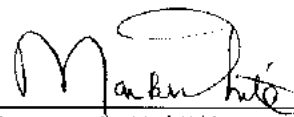
During the second session of the 112th General Assembly, companion bills were passed in both Chambers which were memorialized as Public Chapter 695. This legislation permitted certain medical disciplines, providing services in the various school districts to qualifying TennCare students, to receive the necessary credentials to support reimbursement claims to CMS through the appropriate MCO.

In order to complete the claiming process, it is necessary for the LEA to enter into an agreement with the appropriate MCO. The MCOs insist on a standard form agreement and the attorneys for several LEAs insist that the form agreement is inappropriate for their client. While the parties stand in disagreement, hundreds of thousands of reimbursement dollars go unpaid.

We feel it would be most helpful for TACIR to review this problem and assist the parties in reaching a resolution. Hopefully, SB2487/HB2616, filed in the current session, will serve as a point of discussion. Accordingly, please accept this letter as our request to refer the issue for review by the TACIR staff and committee.

Sincerely,


Senator Jon Lundberg, Sponsor
Chairman - Senate Education Committee


Representative Mark White, Co-Sponsor
Chairman - House Education Committee


Representative Paul Sherrell
House Sponsor

4th SENATE DISTRICT
SULLIVAN & HAWKINS COUNTIES

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Appendix B: School-Based Services and Managed Care, by State

State	Does state use managed care organizations for its Medicaid program?	Does state include school-based services within managed care?	Additional Detail on School-Based Services	Sources
Tennessee	Yes	Yes	- Included in managed care: All school-based services. - Excluded from managed care: None.	- TennCare and Tennessee Department of Education 2024. - Interviews with and emails from TennCare staff.
Alabama	No	No	- State does not use managed care for its Medicaid program.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Alaska	No	No	- State does not use managed care for its Medicaid program.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Arizona	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs." - Email from Lisa DeWitt, third party account manager, Division of Fee For Service Management, Arizona Health Care Cost Containment System, September 25, 2024.
Arkansas	Yes*	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Email from Gavin Lesnick, chief of communications and community engagement, Arkansas Department of Human Services, September 25, 2024. - Hinton et al. 2023.
California	Yes	Partially	- Included in managed care: Services not reimbursed by state through the Local Education Agency Medi-Cal Billing Option Program (LEA BOP), though some other exceptions exist. - Excluded from managed care: Services reimbursed through LEA BOP if those services are in individualized education programs (IEPs), individualized family service plans (IFSPs), or other care plans. Other services in some circumstances.	- Healthy Students, Promising Futures "Map: School Medicaid Programs." - Stein and Schwartz 2024. - Emails from Lacey Allred, school-based claiming analyst, Local Education Agency Medi-Cal Billing Option Program, California Department of Health Care Services, November 15, 2024, and November 22, 2024.
Colorado	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."

State	Does state use managed care organizations for its Medicaid program?	Does state include school-based services within managed care?	Additional Detail on School-Based Services	Sources
Connecticut	No	No	- State does not use managed care for its Medicaid program.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Delaware	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Email from Timothy Mastro, deputy director of communications, Delaware Department of Health and Social Services, October 14, 2024.
Florida	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Georgia	Yes	Yes**	- Included in managed care: All school-based services. - Excluded from managed care: None.	- Email from Tamara Wilson, compliance specialist 3, Georgia Department of Community Health, September 26, 2024. - Email from Tamara Wilson, compliance specialist 3, Georgia Department of Community Health, October 3, 2024.
Hawaii	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Idaho	No	No	- State does not use managed care for its Medicaid program.	- Email from Almira Mackaben, Medicaid program policy analyst for school-based services, Medicaid Division, Idaho Department of Health and Welfare, October 1, 2024. - Hinton et al. 2023.
Illinois	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Indiana	Yes	Yes	- Included in managed care: All school-based services. - Excluded from managed care: None.	- Healthy Students, Promising Futures "Map: School Medicaid Programs." - Email from James Vaughn, deputy director, Communications and Public Affairs, Indiana Family and Social Services Administration, October 2, 2024.

State	Does state use managed care organizations for its Medicaid program?	Does state include school-based services within managed care?	Additional Detail on School-Based Services	Sources
Iowa	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Kansas	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Kentucky	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Louisiana	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Maine	No	No	- State does not use managed care for its Medicaid program.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Maryland	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Email from Chase Cook, director of communications, Maryland Department of Health, October 17, 2024.
Massachusetts	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Michigan	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Minnesota	Yes	Partially	- Included in managed care: Services outside of IEPs--"Non-IEP services." - Excluded from managed care: Services in IEPs.	- Healthy Students, Promising Futures "Map: School Medicaid Programs." - Email from Diogo Reis, division director, Health Improvement and Benefit Design Division, Minnesota Department of Human Services, October 9, 2024.
Mississippi	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Mississippi Department of Education "Health Services the Medicaid School-Based Administrative Claiming (SBAC) Program." - Hinton et al. 2023.

State	Does state use managed care organizations for its Medicaid program?	Does state include school-based services within managed care?	Additional Detail on School-Based Services	Sources
Missouri	Yes	Partially	- Included in managed care: Non-IEP services. - Excluded from managed care: Services in IEPs.	- Email from Baylee Watts, media director, Missouri Department of Social Services, September 27, 2024.
Montana	No	No	- State does not use managed care for its Medicaid program.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Nebraska	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Nevada	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Email from Ky Plaskon, public information officer, Division of Health Care Financing and Policy, Nevada Department of Health and Human Services, September 24, 2024.
New Hampshire	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs." - Hinton et al. 2023.
New Jersey	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
New Mexico	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
New York	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
North Carolina	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
North Dakota	Yes [^]	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs." - Email from LuWanna Lawrence, communications manager, North Dakota Department of Health and Human Services, September 30, 2024.

State	Does state use managed care organizations for its Medicaid program?	Does state include school-based services within managed care?	Additional Detail on School-Based Services	Sources
Ohio	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Email from Eric Vinyard, assistant deputy director of legislative affairs, Ohio Department of Medicaid, September 25, 2024.
Oklahoma	Yes	Yes^^	- Included in managed care: All school-based services. - Excluded from managed care: None.	- Email from Emily Long, public information officer, Oklahoma Health Care Authority, October 14, 2024.
Oregon	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Pennsylvania	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Rhode Island	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
South Carolina	Yes	Partially	- Included in managed care: Behavioral health services. - Excluded from managed care: Other school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs." - Email from Jeff Leieritz, director of strategic communications, South Carolina Department of Health and Human Services, December 4, 2024.
South Dakota	No	No	- State does not use managed care for its Medicaid program.	- Email from Raegan Winder-Norwick, program specialist, Division of Medical Services, South Dakota Department of Social Services, October 8, 2024. - Hinton et al. 2023.
Texas	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Utah	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."

State	Does state use managed care organizations for its Medicaid program?	Does state include school-based services within managed care?	Additional Detail on School-Based Services	Sources
Vermont	No	No	- State does not use managed care for its Medicaid program.	- Email from Alex McCracken, director of communications and legislative affairs, Department of Vermont Health Access, September 27, 2024. - Hinton et al. 2023.
Virginia	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Washington	Yes	Partially	- Included in managed care: Services outside of IEPs and IFSPs.- "Non-IEP and non-IFSP services." - Excluded from managed care: Services in IEPs and IFSPs.	- Healthy Students, Promising Futures "Map: School Medicaid Programs." - Email from Todd Slettvet, manager, Community Services, Medicaid Program Division, Washington Health Care Authority, October 18, 2024.
West Virginia	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Wisconsin	Yes	No	- Included in managed care: None. - Excluded from managed care: All school-based services.	- Healthy Students, Promising Futures "Map: School Medicaid Programs."
Wyoming	No	No	- State does not use managed care for its Medicaid program.	- Hinton et al. 2023. - Email from Justin Browning, school-based services program manager, division of healthcare financing, Wyoming Department of Health, September 30, 2024.

* Arkansas limits the managed care component of its Medicaid program to individuals with complex behavioral needs or intellectual and developmental disabilities.

** In Georgia, although school-based services are included in managed care, school districts don't contract with MCOs, unlike in Tennessee; instead, they are enrolled as providers in the state's Children's Intervention School Services program and reimbursed directly by the Georgia Department of Community Health.

^ North Dakota limits the managed care component of its Medicaid program to a subset of adults between ages 21 and 64.

^^ Oklahoma's program is in transition; the state plans to begin requiring school districts to contract with MCOs in July 2026.