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## FISCAL IMPACT REPORT

SPONSOR: Knauer DATE TYPED: 02/22/01 HB 525/HPAC  
 SHORT TITLE: Student Medicaid Enrollment Effort SB \_\_\_\_\_  
 ANALYST: Dunbar

### APPROPRIATION

Appropriation Contained		Estimated Additional Impact		Recurring or Non-Rec	Fund Affected
FY01	FY02	FY01	FY02		
			\$ 3,538.3	Recurring	General Fund/ OSF/Fed
			See Narrative		

(Parenthesis ( ) Indicate Expenditure Decreases)

Relates to HJM 3 and HB 226

### SOURCES OF INFORMATION

State Department of Education (SDE)  
 Health Policy Commission (HPC)  
 Commission of Higher Education (CHE)  
 Human Services Department (HSD)

### SUMMARY

#### Synopsis of HPAC Amendment

The Consumer and Public Affairs Committee amendment deletes references pertaining to the ratio of school nurses to special education students. This change reduces the cost of the legislation by \$20,008.6. An additional change to the legislation deletes language which related to Medicaid funds received by the school district. The correction is applicable since the State Department of Public Education is not eligible to receive reimbursement for Medicaid services. Medicaid funds can be received as reimbursement for health services.

#### Synopsis of Original Bill

HB 525 amends State Statute (Sections 22-2-8.2 and 22-8-9) to:

- Establish school nurse to student ratios per district for general school(1 to 750) and special education populations( 1 to 225 Levels A & B and 1 to 125 Levels C & D).
- Require the Department of Education ensure that nursing services are available in every school.
- Establish a process for enrolling Medicaid eligible students.

## House Bill 525/aHPAC -- Page 2

- Establish a process for billing the Medicaid program for health services provided by school nurses.
- Establish a Medicaid waiver to permit health services provided by school nurses to school students to be reimbursed by the Medicaid program.
- Require Medicaid reimbursement funds for health services provided by a school nurse be utilized to expand health services by school nurses.
- Require the State Board of Education, in consultation with the Human Services Department to adopt a rule that will establish a process for enrolling all eligible students in Medicaid.
- Require the Human Services Department to apply for a waiver of the State's Medicaid plan to allow health services provided by school nurses to student to be reimbursed.

### Significant Issues

#### School Nurse Ratios:

According to the State Department of Education(SDE),the National Association of School Nurses standard is one school nurse to every 750 students. The ratio of school nurses to students in New Mexico school districts ranges from 1 school nurse to 488 students to 1 school nurse to 2,150 students. SDE further writes that:

- Forty-five percent of school districts in New Mexico do not meet the recommended national standard ratio for school nurses.
- In 69% of school districts in New Mexico, the nurse is responsible for more than two schools.

The National Association of School Nurses recommends a ratio of school nurse to special education students as follows:

1. Levels A and B 1 school nurse to no more than 225 students
2. Levels C and D 1 school nurse to no more than 125 students

#### Medicaid in the School

SDE reports that:

- Many school districts enroll students in Medicaid and New Mexico has been recognized as a national leader in such efforts using the free and reduced lunch forms where parent interest is indicated.
- School districts that lack the manpower to enroll students refer eligible students to other community agencies such as the Department of Health or private providers.
- Section 22-2-8.9.B states “the utilization of reimbursement of health services provided by a school nurse are limited to the expansion of health services by school nurses”. Currently the Joint Powers Agreement between school districts, Human Services Department, and the State Department of Public Education, allows schools to utilize Medicaid in the Schools reimbursement for any health or health-related services in the schools. To date schools have used these funds to add 54 school nurse positions.
- School nurse salaries are generally paid from state general funds through the state equalization formula. Some school districts have utilized Medicaid in the Schools reimbursement dollars to fund school nurse positions. In 1995-96 New Mexico schools employed 247 school nurses. In FY 2001 there are 374 school nurses employed; an increase of 127 nurses (51% increase). This increase is most likely due to use of Medicaid in the Schools funds to hire nurses and to the State Board of Education changes in licensure requirements that permits schools to employ associate degree registered nurses.

*HSD states that the temporary provision calling for a Medicaid 1115 waiver is unnecessary. Reimbursement of school nurses for certain activities within their licensure is accomplished through an amendment to the state plan.*

## **FISCAL IMPLICATIONS**

No appropriation is contained in the bill as reimbursement for nursing services would be provided through the Medicaid program.

The State Department of Public Education estimates:

- An additional 90 nurses are needed to meet the 1 to 750 general population ratios per district. This would require an additional \$3,538,325 to meet this requirement.
- An additional 224 nurses are needed to meet the 1 school nurse to no more than 225 special education A and B students per district.
- An additional 322 nurses is needed to meet the 1 school nurse to no more than 125 special education C and D students.

If all school districts were required to employ a nurse for the ratios indicated (1:225 for A, B ; 1:125 for C, D, etc.), the total number of nurses required would be 546. If A, B, C, and D special education students in smaller districts could be served by special education nurses at a ratio of 1:125, the number of nurses needed would be reduced to 509. At a cost of \$39,809 per nurse, the total would be \$20,008.6

*Note: These calculations are based on a 2000-01 average salary for school nurses of \$33,495 and added benefits of \$5,819 (17.36%).*

HSD reports that the department reimburses school districts for such things as Early Periodic Screening and Diagnostic Testing, occupational, physical and speech therapy. The criteria and procedures for reimbursement of nurses have not been established. HSD declares that current guidelines from the federal Health Care Financing Administration advise of the prohibition against reimbursing with Medicaid monies services that are otherwise provided. That is, if nurses are to bill Medicaid for services provided to Medicaid enrolled children, they would be required to bill parents, insurance companies, or other third parties for those same services provided in the school to non-Medicaid children.

HSD reported to interim legislative committees that once the administrative problems with the Medicaid in the schools program are solved, the department would be willing to amend the state plan to allow schools to bill for nursing services.

It appears from the data provided by SDE that Medicaid reimbursement for nursing services may be able to cover a major portion of the costs for the additional 90 nurses needed to establish the general school population ratio of 1 nurse to 750 students. However, it appears doubtful whether the reimbursement from Medicaid would cover the cost for the special education ratios.

Reimbursement of school nurses for some allowable Medicaid services would increase general fund and Title XIX expenditures.

## **ADMINISTRATIVE IMPLICATIONS**

HSD notes that administrative activities of the Medical Assistance Division of HSD would increase to

provide oversight of this new reimbursement category.

## **RELATIONSHIP**

- C Relates to HJM 3, calling for a school health care provider study.
- C Relates to HB 226, appropriating \$3,510.0 to the Department of Education to hire additional school nurses.

## **TECHNICAL ISSUES**

Section 22-2-8.9 B of this legislation states that “any Medicaid funds received by a school district or by the Department of Education...” The State Department of Public Education is not eligible to receive reimbursement for Medicaid services. (See Amendments below.)

Section 4. Temporary Provision – The provision states that “health services provided by school nurses to school students *eligible* for Medicaid...” Health services provided to students that are eligible but are not enrolled in Medicaid are not reimbursable. Students must be eligible and enrolled in the Medicaid program in order to be reimbursed by Medicaid.

## **OTHER SUBSTANTIVE ISSUES**

HPC comments that:

- Implementing the provisions of the bill may require the appropriation of additional funding, at least initially, to expand the number of nurses employed by school districts to meet the student to school nurse ratio requirements.
- The provisions of HB 525 requiring schools to enroll eligible students in the state Medicaid program may ensure that a larger percentage of eligible NM children are provided with health care coverage.
- Poor children in New Mexico are eligible for Medicaid if the custodial parents income is at 185% of the federal poverty level (FLP) and S-CHIP if income levels are 186-235% of FLP.
- The rate at which the federal government will match state dollars for the Medicaid program is 73% and for S-CHIP is 81%.
- While 27.6% are enrolled in the state Medicaid program, 27.7% of New Mexico children 18 and under remain uninsured.
- 30% of New Mexico children live at or below 100% of the federal poverty level and 66% below 236% of the federal poverty level. Of those 42% have Medicaid coverage.
- The state Department of Public Education and local districts currently pay the salaries of school health nurses out of state appropriations. If the services of nurses were billable it would allow the state to maximize federal Medicaid matching funds, increasing state federal revenues that would be available to pay salaries.

## House Bill 525/aHPAC -- Page 5

### AMENDMENTS (See Technical Issues)

Amend section 22-2-8.9.B to read “any Medicaid funds received by a school district as reimbursement for health services...”

Amend section 4. Temporary Provision – To read “health services provided by school nurses to school students enrolled in Medicaid...”

Strike Section 4., “Temporary Provision – Medicaid Waiver,” beginning on line 22, page 7, through line 2, page 8.

### POSSIBLE QUESTIONS

1. Is it necessary to amend the Medicaid plan content, Section 27-12-6 concerning services covered to reflect the provisions of this bill?
2. Has HSD worked with Managed Care Organizations relative to reimbursing schools for nursing services? If not, will HSD be willing to do so?

BT/njw:ar