

UNDERSTANDING THE CHANGE TO THE MEDICAID “FREE CARE” RULE

What is the “free care” rule and how has it affected schools?

The “free care” rule refers to a previously existing Medicaid policy that prohibited Medicaid reimbursement for services that were provided for free to the community at large. This policy affected the ability of schools to receive payment for health services provided to students with Medicaid. For example, if a school offered health screenings to all students, in order to obtain Medicaid reimbursement, the school would also have to seek payment from all other students, including those with and without health insurance. Because schools want to support the health of all students, not just those who have the ability to pay, the “free care” rule has prevented sustainable school health models.

The Change in Medicaid Policy:

In December of 2014, the Centers for Medicare and Medicaid Services (CMS) released a letter announcing a reinterpretation of the “free care” policy.¹ Under this change, schools are now able to bill Medicaid for Medicaid-covered health services, regardless if other children in the school receive the care for free.

What does this mean for schools?

School health services and school nurses already play an important role in children’s health and wellbeing, even though they may not receive payment for much of the care provided. Research shows that having a school nurse and access to school health services:

1. Reduces emergency visits
2. Increases the use of necessary health services through referrals
3. Improves attendance
4. Reduces achievement gaps between children with chronic health conditions, like asthma, and children without chronic health conditions.^{2,3}

With the reinterpretation of the “free care” rule, there is great opportunity for states and communities to improve and expand school health.⁴ School health services can work to improve the health of students so they are ready to learn in the classroom!

What’s next?

States must first revise their State Medicaid Plans to reflect the new interpretation of the “free care” policy, thereby allowing schools to request Medicaid reimbursement.

To advocate for Medicaid in your school, reach out to your elected officials, school leaders, and other community stakeholders. Tell them how Medicaid can support school health, and therefore the children in your community!

¹ Centers for Medicaid and Medicare Services. (2014). Retrieved from: <https://www.medicaid.gov/federal-policy-guidance/downloads/smd-medicaid-payment-for-services-provided-without-charge-free-care.pdf>

² Healthy Schools Campaign. (2014). Research Shows Full-time School Nurses Improve Student Health and Learning. Retrieved from: <https://healthyschoolscampaign.org/health/research-shows-full-time-school-nurses-improve-student-health-and-learning-5707/>

³ AAP Council on School Health. (2016). Role of the School Nurse in Providing School Health Services. *Pediatrics*. 2016;137(6). Retrieved from: <http://pediatrics.aappublications.org/content/pediatrics/early/2016/05/19/peds.2016-0852.full.pdf>

⁴ Childhood Asthma Coalition. Free Care Rule Regulator Change: New Opportunities for Medicaid Reimbursement in Schools. Retrieved from: <https://firstfocus.org/wp-content/uploads/2016/05/CALC-Free-Care-Rule.pdf>