



Wes Moore, Governor · Aruna Miller, Lt. Governor · Ryan Moran, Dr.PH, Acting Secretary

March 5, 2025

The Honorable Brian J. Feldman
Chair, Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401-1991

**RE: Senate Bill (SB) 506 – Maryland Medical Assistance Program – Use of
Reimbursement - Funds by Schools – Letter of Information**

Dear Chair Feldman and Committee members:

The Maryland Department of Health (the Department) respectfully submits this letter of information for Senate Bill (SB) 506 – Maryland Medical Assistance Program – Use of Reimbursement Funds by Schools. This bill requires elementary and secondary schools, as well as county school systems, to use funds received through the Maryland Medical Assistance Program or the Maryland Children's Health Insurance Program in a specific way. The funds must be used to create additional positions for health care providers, offer paid internships for students training to be providers, and provide stipends to support provider recruitment and retention.

The Department appreciates the bill's intention to address issues surrounding provider recruitment and retention. The national shortage of health care professionals is well-documented, and the scarcity of providers in school settings is even more pronounced. However, this bill could unintentionally limit the flexibility of reimbursement funds used by School-Based Health Centers (SBHCs) located within schools or on school campuses. These centers are staffed by licensed medical and behavioral health professionals specializing in child and adolescent health. Maryland currently has 89 approved SBHCs, all of which bill the Maryland Medical Assistance Program for services rendered. In the State fiscal year 2024 (SFY24), SBHCs collectively received \$2,113,403 in Medicaid reimbursements, and this figure is expected to increase in the coming fiscal years.

The Department has also been actively expanding access to services in school settings that are separate from SBHC settings. As of January 1, 2025, the Department expanded reimbursement for certain school-based services for Medicaid-covered children, in accordance with updated guidance from the federal Centers for Medicare and Medicaid Services (CMS).¹ First, school psychologists may now enroll as Medicaid providers for Individualized Education Plan (IEP) or

¹ Centers for Medicare and Medicaid Services. (2023). Delivering Services in School-Based Settings: A Comprehensive Guide to Medicaid Services and Administrative Claiming. Available: <https://www.medicare.gov/medicaid/financial-management/downloads/sbs-guide-medicare-services-administrative-claiming.pdf>; accessed 11 Feb. 2025.

Individualized Family Service Plan (IFSP) services. Second, school social workers and school psychologists are now able to bill for mental health evaluation and counseling services for Medicaid-covered students outside of the IEP/IFSP structure.

In the future, the Department intends to expand reimbursement for the administrative activities associated with providing Medicaid-covered school-based services, such as outreach and marketing to Medicaid-covered or potentially eligible children, facilitating Medicaid enrollments, scheduling, interagency coordination, training, and care coordination. Subject to CMS approval, these services—as well as those described above—are eligible for federal financial participation (FFP).

CMS policy strongly encourages states to reinvest FFP received for school-based services to local education agencies and school-based providers. While SBHCs must utilize all reimbursement funds to support or expand their operations, those funds are not exclusively utilized to support provider recruitment and retention. Instead, they are often directed toward enhancing student programming, updating aging equipment, or expanding services. The provisions in SB 506 may restrict the ability of SBHC sponsoring organizations to allocate reimbursement funds in ways that best support their specific needs.

Additionally, while SBHCs are located within schools, the services are typically provided by or coordinated with third-party providers. If SB 506 redirects funds to the school or school system for use in recruitment and retention efforts, it could disincentivize third-party providers from participating in school-based care. This, in turn, could result in a decrease in the availability of services and negatively impact students who rely on SBHCs and other school-based services for their health care needs.

Furthermore, the bill's provisions could reduce the revenue for SBHCs through the shift in funding structures. Changes in revenue allocation could affect financial planning and long-term sustainability and negatively impact the ability of SBHCs to continue offering essential healthcare services to students.

If you would like to discuss this further, please do not hesitate to contact Sarah Case-Herron, Director of Governmental Affairs at sarah.case-herron@maryland.gov.

Sincerely,

A handwritten signature in blue ink that reads "Ryan B. Moran". The signature is fluid and cursive, with a horizontal line underneath the name.

Ryan B. Moran, Dr. P.H., MHSA
Acting Secretary