

February 17, 2025

The Honorable Mike Johnson  
Speaker of the House  
568 Cannon House Office Building  
Washington, DC 20515

The Honorable John Thune  
Senate Majority Leader  
322 Hart Senate Office Building  
Washington, DC 20510

The Honorable Hakeem Jeffries  
House Minority Leader  
2433 Rayburn House Office Building  
Washington, DC 20515

The Honorable Chuck Schumer  
Senate Minority Leader  
322 Hart Senate Office Building  
Washington, DC 20510

Re: Reconciliation efforts impacting School Based Medicaid programs

Dear Speaker Johnson, Minority Leader Jeffries, Senate Majority Leader Thune and Senate Minority Leader Schumer:

The 65 undersigned national organizations of the Medicaid in the Schools Coalition and our allies write to express our deep opposition to any major restructuring of the Medicaid program proposed in a reconciliation package as it would jeopardize health care for the nation's most vulnerable children: students with disabilities and students in poverty. Specifically, proposals to cap Medicaid spending or lower the federal Medicaid match rates, would renege on Medicaid's 50+ year commitment to provide America's children with access to vital health care services that ensure they have adequate educational opportunities and jeopardize \$7.5 billion in funding for school-based Medicaid services.

While children currently comprise almost half of all Medicaid beneficiaries, less than one in five dollars is spent by Medicaid on children. Accordingly, proposals to cap Medicaid spending, even one that is based on different groups of beneficiaries, will disproportionately harm children's access to care, including services received at school.

Medicaid is a cost-effective and efficient provider of essential health care services for children. School-based Medicaid programs serve as a lifeline to children who can't access critical health care and health services outside of their school. Medicaid is the fourth largest federal funding stream for school districts. A 2023 Congressional Budget Office analysis found that just one extra year of Medicaid coverage during childhood leads to higher earnings and better productivity as an adult, boosting the nation's economy. One study found that increases in Medicaid eligibility at birth led to improvements in reading test scores in the 4th and 8th grades.

Proposals to cap spending or reduce the federal match would shift the bulk of the mandated costs of providing health care coverage to States even though health needs and costs of care for children will remain the same or increase. Consequently, the Medicaid funding shortfall in support of these mandated services will increase, placing states at greater risk year after year. The federal

disinvestment proposals that are being considered to find major cost savings for permanent federal tax cuts will actually force States and local communities to increase taxes and reduce or eliminate various programs and services, including other non-Medicaid services. These proposals will result in states cutting eligibility, services, and benefits for children and a rationing of health care for children. School-based health services are mandated on states and districts and those mandates do not cease simply because Medicaid funds are capped by Congress. As with many other unfunded mandates, capping Medicaid merely shifts the financial burden of providing services to the States.

### **Medicaid Enables Schools to Provide Critical Health Care for Students**

A school's primary responsibility is to provide students with a high-quality education. However, children cannot learn to their fullest potential with unmet health needs. As such, school district personnel regularly provide critical health services to ensure that all children are ready to learn and able to thrive alongside their peers. Schools deliver health services effectively and efficiently since school is where children spend most of their days. Increasing access to health care services through Medicaid improves health care and educational outcomes for students. Access to school-based health care services has been shown to improve health and academic outcomes. Providing health and wellness services for students in poverty and services that benefit students with disabilities ultimately enables more children to become employable and attend higher-education.

Since 1988, Medicaid has permitted payment to schools for certain medically-necessary services provided to children under the Individuals with Disabilities Education Act (IDEA) through an individualized education program (IEP) or individualized family service program (IFSP). Schools are thus eligible to be reimbursed for direct medical services to Medicaid-eligible students with an IEP or IFSP. In addition, districts can receive Medicaid reimbursements for providing Early Periodic Screening Diagnostic and Treatment Benefits (EPSDT) to all Medicaid-enrolled students, not just those with IEPs. Currently, 25 states are billing for certain services for all students and many more are expected to expand these services due to a [new guidance released by the Centers for Medicaid and Medicare Services](#) that encourages the expansion of Medicaid reimbursable health care services, particularly mental health services, in schools.

School districts use their Medicaid reimbursement funds in a variety of ways to help support the learning and development of the children they serve. Medicaid dollars are used to support the work of health professionals and other specialized instructional support personnel (e.g., speech-language pathologists, audiologists, occupational therapists, school psychologists, school social workers, and school nurses) who provide comprehensive health and mental health services to students. Districts also use these funds to expand the availability of a wide range of health and mental health services available to students in poverty, who are more likely to lack consistent access to health care professionals. Further, some districts depend on Medicaid reimbursements to purchase and update specialized equipment (e.g., walkers, wheelchairs, exercise equipment, special playground equipment, and equipment to assist with hearing and seeing) as well as assistive technology for students with disabilities to help them learn alongside their peers.

## **School Districts Would Stand to Lose Much of Their Funding for Medicaid Under These Reconciliation Proposals.**

According to the most recent figures, Medicaid supports over \$7.5 billion of school-based services. Yet under this proposal, states would be incentivized to reduce spending on Medicaid and districts would be left with the same obligation to provide services for students with disabilities under IDEA, but no Medicaid dollars to provide medically-necessary services. Schools would also be unable to provide EPSDT to students, which would mean screenings and treatment that take place in school settings would have to be moved to physician offices or hospital emergency rooms, where some families may not visit regularly or where costs are much higher. In addition, basic health screenings for vision, hearing, and mental health problems for students would no longer be possible, making these problems more difficult to address and expensive to treat. Moving health screenings out of schools also reduces access to early identification and treatment, which also leads to more costly treatment down the road. Efforts by schools to enroll eligible students in Medicaid, as required, would also decline.

## **The Consequences of Any Proposals to Cut Medicaid or Refinance to Per Capita Caps Will Be Potentially Devastating for Children**

Significant reductions to Medicaid spending could have devastating effects on our nation's children, especially those with disabilities. Due to the underfunding of IDEA, districts rely on Medicaid reimbursements to ensure students with disabilities have access to the supports and services they need to access a Free and Appropriate Public Education (FAPE) and Early Intervention services. Potential consequences of this critical loss of funds include:

- Fewer mental health supports: Seven out of ten students receiving mental health services receive these services at school. Cuts to Medicaid would further marginalize these critical services and leave students without access to care.
- Fewer health services: Providing comprehensive physical and mental health services in schools improves accessibility for many children and youth, particularly in high needs and hard-to-serve areas, such as rural and urban communities. Reduced funding for Medicaid would result in decreased access to critical health care for many children.
- Cuts to general education: Cuts in Medicaid funding would require districts to divert funds from other educational programs to provide the services as mandated under IDEA. These funding reductions could result in an elimination of program cuts of equivalent cost in "non-mandated" areas of regular education.
- Higher taxes: Many districts rely on Medicaid reimbursements to cover personnel costs for their special education programs. A loss in Medicaid dollars could lead to deficits in districts that require increases in property taxes or new levies to cover the costs of the special education programs.

- Job loss: Districts use Medicaid reimbursement to support the salaries and benefits of the staff performing eligible services. Sixty-eight percent of districts use Medicaid funding to pay for direct salaries for health professionals who provide services for students. Cuts to Medicaid funding would impact districts' ability to maintain employment for school nurses, physical and occupational therapists, speech language pathologists, school social workers, school psychologists, and many other critical school personnel who ensure students with disabilities and those with a variety of educational needs are able to learn.
- Fewer critical supplies: Districts use Medicaid reimbursement for critical supplies such as wheelchairs, therapeutic bicycles, hydraulic changing tables, walkers, weighted vests, lifts, and student-specific items that are necessary for each child to access curriculum as closely as possible to their non-disabled peers. Replacing this equipment would be difficult if not impossible without Medicaid reimbursements.
- Noncompliance with IDEA: Given the failure to commit federal resources to fully fund IDEA, Medicaid reimbursements serve as a critical funding stream to help schools provide the specialized instructional supports that students with disabilities need to be educated alongside their peers.

We urge you to carefully consider the important benefits that Medicaid provides to our nation's most vulnerable children. Schools are often the hub of the community and restructuring Medicaid's financing structure or significantly cutting the program to per-capita caps threatens to significantly reduce access to comprehensive health and mental and behavioral health care for children with disabilities and those living in poverty. We look forward to working with you to avert the harmful and unnecessary impacts reconciliation would impose on Medicaid, which has proven to benefit children in a highly effective and cost-effective manner.

If you have questions about the letter or wish to meet to discuss this issue further, please do not hesitate to reach out to the coalition co-chairs via email: Jessie Mandle ([jessie@healthyschoolscampaign.org](mailto:jessie@healthyschoolscampaign.org)), Sasha Pudelski ([spudelski@aasa.org](mailto:spudelski@aasa.org)), and Kelly Vaillancourt Strobach ([kvallancourt@naspweb.org](mailto:kvallancourt@naspweb.org)).

Sincerely,

AASA, The School Superintendents Association  
 Access Ready Inc.  
 AFSCME  
 AFT: Education, Healthcare, Public Services  
 All4Ed  
 Allies for Independence  
 American Association on Health and Disability  
 American Civil Liberties Union (ACLU)  
 American Music Therapy Association  
 American Network of Community Options and Resources (ANCOR)

American Occupational Therapy Association  
American Physical Therapy Association  
American Psychiatric Association  
American Psychological Association  
American Speech-Language-Hearing Association  
Association of Assistive Technology Act Programs  
Association of School Business Officials International (ASBO)  
Association of University Centers on Disabilities (AUCD)  
Autism Society of America  
Bazelon Center for Mental Health Law  
Caring Across Generations  
Children and Adults with Attention-Deficit/Hyperactivity Disorder  
Coalition on Human Needs  
Community Catalyst  
Council for Exceptional Children  
Council of Administrators of Special Education  
Council of Parent Attorneys and Advocates  
Council of the Great City Schools  
Disability Rights Education and Defense Fund (DREDF)  
Eluma  
Epilepsy Foundation of America  
Family Centered Treatment Foundation  
First Focus Campaign for Children  
Girls Inc.  
Hazel Health, Inc.  
Healthy Schools Campaign  
Impact Living Services  
Lakeshore Foundation  
Little Lobbyists  
Mental Health America  
MomsRising  
National Association of Council on Developmental Disabilities  
National Association of Elementary School Principals  
National Association of Pediatric Nurse Practitioners  
National Association of School Nurses  
National Association of School Psychologists  
National Association of Secondary School Principals  
National Association of Social Workers (NASW)  
National Center for Learning Disabilities  
National Education Association  
National Federation of Families  
National Health Law Program

Perkins School for the Blind

Prevent Blindness

Primary Care Development Corporation

Public Advocacy for Kids (PAK)

TASH

The Advocacy Institute

The Arc of the United States

The Center for Learner Equity

The Kennedy Forum

The National Alliance to Advance Adolescent Health/Got Transition

Tourette Association of America

Youth Villages