



Policy Spotlight

School-based health care and Medicaid

A healthy, educated workforce is key to a thriving state economy. Offering healthcare services to kids in schools, known as school-based health care, is a worthy investment, with the potential to improve future health and education outcomes for Ohio students.

School-based healthcare services are meeting critical needs of children and families across the state. In recognition of the connections between health and academic performance, school districts and policymakers are increasingly seeing the value of providing healthcare services in schools. Yet, financial sustainability can be a challenge, and offering these services can be administratively burdensome for schools and their healthcare provider partners.

In 2014, the federal government increased flexibility for states to cover school-based health services for students enrolled in Medicaid (more than 703,000 students in Ohio). This policy spotlight explores the opportunities this federal policy change presents for Ohio to leverage Medicaid reimbursement to improve the health and well-being of students.

Health services in schools

Ohio schools have taken a variety of approaches to caring for the health and well-being of their students. Many schools employ healthcare professionals, such as school nurses, counselors, psychologists and social workers, to provide care to students. However, many schools do not have the recommended number of these professionals, and their services are currently not fully reimbursable via public or private insurance.¹

Schools can also partner or contract with one or more healthcare entities to provide services to students, such as with a community behavioral health provider or through a **school-based health center** (SBHC). SBHCs generally offer a more robust array of health services to students than school-employed professionals alone. In Fall 2024, there were over 150 school-based health centers (SBHCs) across Ohio.²

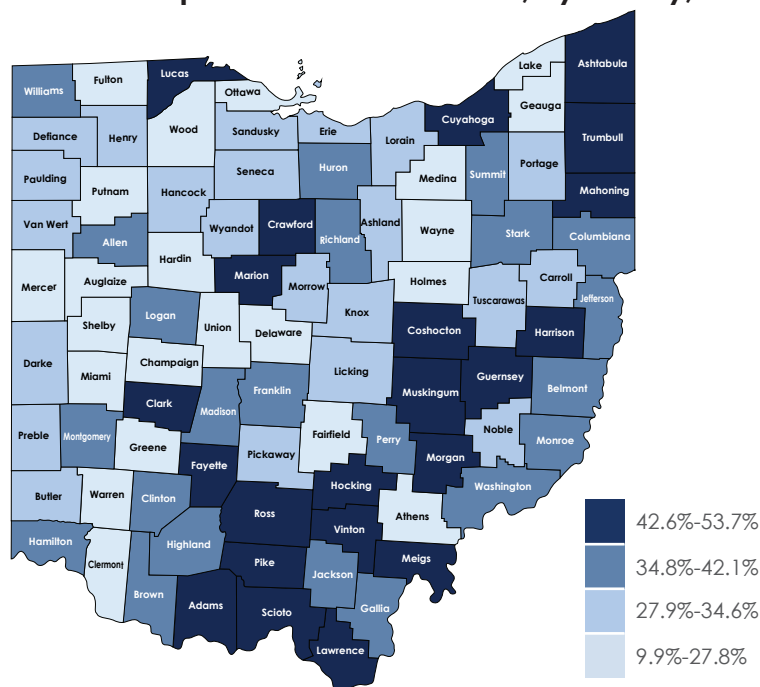
Medicaid enrollment among Ohio students

During the 2022-2023 school year, 42% of Ohio's K-12 public school students were enrolled in Medicaid for at least three months (more than 703,000 students).³ Figure 1 displays the percentage of children ages 6-18 that were covered by public health insurance alone (e.g., Medicaid, military insurance) or in combination with private insurance, in each county. It ranges from a low of 9.9% in Delaware County to 53.7% in Hocking County. Children from families with low incomes, and therefore eligible for Medicaid, often experience more barriers to accessing health care due to factors such as lack of transportation or parent challenges taking time off work.⁴ These barriers increase the value of school-based health services for families.



Acute and chronic health challenges, such as asthma and dental pain, are common reasons for school absences.⁵ **During the 2022-2023 school year, nearly 4 in 10 (38.6%) children enrolled in Medicaid were chronically absent, meaning they missed more than 10% of instruction time. This was more than double the rate of their peers not enrolled in Medicaid (18.2%).⁶** Offering health services in schools can improve students' health and prevent them from missing school to access services elsewhere.

Figure 1. **Percentage of Ohio children, ages 6-18, enrolled in public health insurance, by county, 2022***



*The COVID-19 Public Health Emergency continuous enrollment provision was in place until March 2023, so percentages in this map are likely higher than in 2024 (after redeterminations and disenrollments).

Note: Data shows the percentage of children covered by public health insurance alone or in combination with private insurance. This is primarily Medicaid but also includes small numbers of children covered by other public programs such as Medicare or military insurance

Source: American Community Survey 5-year estimates

Medicaid Basics

Because Medicaid is a partnership between the state and federal government, the cost of services provided through the program are shared. The proportion of costs covered by the federal government is defined by the Federal Medical Assistance Percentage (FMAP) and varies by Medicaid eligibility category (generally 64.6% or 75.2% for child services in Federal Fiscal Year 2025).⁷ Medicaid is administered by the Centers for Medicare and Medicaid Services (CMS) at the federal level and the Ohio Department of Medicaid (ODM) at the state level. State General Revenue Fund (GRF) and non-GRF funds are used to cover the state matching portion of the costs. For more information on Ohio's Medicaid program and FMAP rates, see [Ohio Medicaid Basics 2023](#).

Policies related to Medicaid and school-based health care

The Individuals with Disabilities Education Act

The federal Individuals with Disabilities Education Act (IDEA) mandates that all children with special health needs receive “free appropriate public education”⁸ and requires schools to provide special education and related services for children with disabilities.⁹ Children’s needs are identified and documented in an individualized education plan (IEP), which outlines the services that must be provided to the student, including related medically necessary healthcare services. In the 2023-2024 academic year, 279,813 Ohio students had an IEP (approximately 17% of all students).¹⁰ The federal government provides some funding to states to cover a portion of the cost of IDEA requirements. States and individual school districts must fund the remainder.¹¹

The Medicaid School Program

Prior to 2008, schools paid for all services that were part of a student’s IEP using district funds. Since 2008, Ohio’s Medicaid School Program (MSP) has paid for eight Medicaid-reimbursable services¹²

delivered to Medicaid-eligible children who receive services included on an IEP. While local school districts are responsible for paying the state match for MSP services, the school district also receives the federal match for the services they provide. MSP reimbursement to schools totaled \$48 million in state fiscal year (SFY) 2022.¹³

Schools often contract with third party administrators to manage Medicaid billing and reimbursement processes for MSP. Both traditional school districts and charter schools can take part in the MSP. The program is administered jointly between ODM and the Ohio Department of Education and Workforce.

The Free Care Rule Reversal

From 1997 to 2014, the federal Free Care Rule prohibited Medicaid reimbursement for services that were provided to all students for free.¹⁴ Because of the Free Care Rule, Medicaid reimbursement for school health services was limited to students with IEPs.

In 2014, this rule was reversed through an [updated CMS regulation](#). States were granted more flexibility to decide which types of services can be offered in schools and covered by Medicaid.

In states that choose to take advantage of the flexibility, services provided by both school-employed and school-contracted healthcare professionals can potentially be reimbursed through Medicaid. This change can alleviate some financial burden for schools and expand school-based healthcare access to more students. Figure 2 displays that as of Oct. 2023:¹⁵

- Fifteen states expanded the population of students for whom Medicaid can reimburse for healthcare services to include all Medicaid-enrolled students (not only those with an IEP)
- Six states expanded Medicaid reimbursement to a limited set of services (e.g., behavioral health services, school nursing services) to all Medicaid-enrolled students
- Four states expanded eligibility for Medicaid reimbursement to a subset of the Medicaid-enrolled student population (e.g., students with a 504 plan, which is a formal document that outlines supports or modifications needed by a student with disabilities to ensure they have equal access to education)

Another federal law, the Bipartisan Safer Communities Act, passed in 2022 and led to the creation of a **Medicaid School-Based Services Technical Assistance Center**. Also, CMS issued grants to 18 states, not including Ohio, in mid-2024 to either implement, enhance or expand Medicaid-funded school-based healthcare services (a total of \$50 million).¹⁶

School-based health care and Medicaid in Ohio

Ohio has not yet taken advantage of the flexibility afforded by the Free Care Rule reversal. To do so, ODM would need to submit a state plan amendment (SPA) and make changes to its administrative policies to allow Medicaid to reimburse schools for services not on an IEP. Medicaid reimbursement could complement other state funding sources, such as the Student Wellness and Success Funding (SWSF) and Disadvantaged Pupil Impact Aid funding, which schools use to address barriers to student learning. Currently, half of SWSF must be used on physical or mental health services. State match funding for MSP services is an allowable use of SWSF.

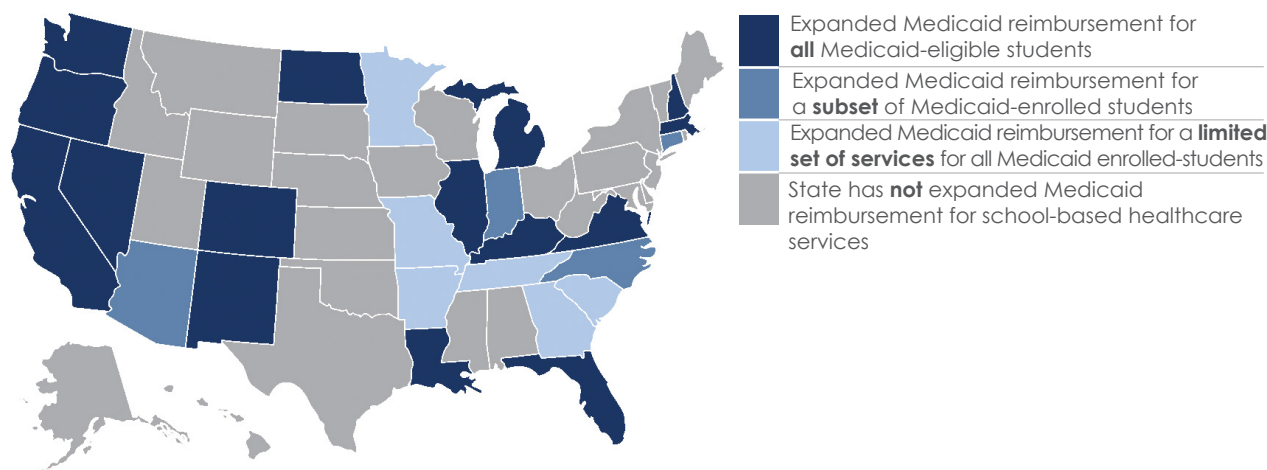
ODM's current plans

As included in the SFY 2024-2025 state operating budget, ODM plans to make changes to the Medicaid Schools Program, including submitting an SPA, and is currently exploring options to:

- Expand MSP eligibility to additional students with disabilities and/or documented needs beyond students with an IEP (e.g., students with a 504 plan)
- Update the MSP package of covered services (e.g., health management services for specific chronic conditions, modernized list of behavioral health services) and the types of reimbursable providers

ODM is also considering allowing schools to be reimbursed for a subset of MSP services for

Figure 2. **Actions taken by states to expand Medicaid reimbursement for school-based healthcare services, as of Oct. 2023**



Note: New Jersey passed legislation in 2023 requiring the state Medicaid agency to expand the school Medicaid program to cover behavioral health services outside of an IEP and submit a SPA. This has not taken effect yet. The state of Washington allows school districts to contract with Medicaid managed care organizations for services for all students but cannot bill Medicaid directly for services outside of a student's IEP.

Source: "School Medicaid Expansion: How (and How Many) States Have Taken Action to Increase School Health Access and Funding." Healthy Schools Campaign. October 2023

all Medicaid-enrolled students. The agency is collecting stakeholder feedback on these proposals and intends to make updates effective for the 2025-2026 school year.¹⁷

Benefits and challenges of expanding Medicaid-funded services in schools

Expanding Medicaid-funded services in schools could provide Ohio with additional federal funding, potentially easing financial constraints on schools while improving student health and educational outcomes.¹⁸

Depending on the agreement established, either the state or school districts needs to fund the non-federal share of these healthcare services (24.8% or 35.4% for most children in FFY 2025¹⁹). This has been done elsewhere in a variety of ways.²⁰ Because schools may already be paying for services that could be eligible for Medicaid reimbursement, school districts could expand the reach of existing dollars by billing Medicaid and drawing down federal match.

States that have taken similar steps, such as Louisiana, have seen significant increases in federal revenue, with Louisiana reporting a 35% boost after expanding Medicaid to cover more school-based services.²¹ Expanding healthcare access in schools, particularly in underserved and high-poverty areas, could also reduce long-standing disparities in both health and education.²²

However, expanding Medicaid reimbursement may present logistical and administrative challenges for schools, such as the need to update billing systems and claims processing and documentation.²³ Technical assistance for schools would be valuable. Healthcare workforce shortages may further complicate efforts to expand services, as schools may struggle to hire or contract with enough qualified professionals to meet the growing demand for services.²⁴ Any expansion of Medicaid reimbursement for school-based care would need to be carefully studied to ensure there are not harmful disruptions to the rest of the care system.

Conclusion

Providing a wider array of health services in schools can lead to better health and education outcomes for Ohio students, especially among those in underserved groups. Twenty-six other states have expanded Medicaid reimbursement for school-based healthcare services beyond students with an IEP. By paying the non-federal share, these states are investing in their students' health and learning, while also experiencing boosts in federal revenue.

When considering changes to its Medicaid in School program, Ohio can take advantage of the [Medicaid School-Based Services Technical Assistance Center](#) and apply for future federal grants. Throughout this journey, strong statewide support and collaboration will be critical. Regardless of challenges along the way, school-based health care is an evidence-informed investment for Ohio.

Authors

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Notes

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2. Data provided by the Ohio School-Based Health Alliance via email on Nov. 12, 2024.
3. Ohio Healthy Student Profiles 2024. Ohio Department of Education and Workforce. April 2024.
4. School-based health care in Ohio: A closer look at school-based health centers (SBHCs). The Ohio School-Based Health Alliance. Feb. 2023.
5. "The relationship between school attendance health." Robert Wood Johnson Foundation. Sept. 2016
6. Ohio Healthy Student Profiles 2024. Ohio Department of Education and Workforce. April 2024.
7. Exhibit 6: Federal Medical Assistance Percentages and Enhanced Federal Medical Assistance Percentages by States, FYs 2022-2025. MACPAC. Accessed October 11, 2025. <https://www.macpac.gov/wp-content/uploads/2024/09/EXHIBIT-6-FMAP-and-Enhanced-FMAP-by-State-FYs-2022%E2%80%932025.pdf>.
8. 20 USC § 1400 et seq; Education for All Handicapped Children Act. Pub. L. No. 94-142b, 89 Stat. 773; Individuals with Disabilities Education Improvement Act of 2004. Pub. L. No. 108-446c. 118 Stat. 2647.
9. *Ibid.* This includes students with intellectual disabilities, hearing, speech, language or visual impairments, emotional disturbances, orthopedic impairments, autism, traumatic brain injury and specific learning disabilities.
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14. "School-Based Services for Students Enrolled in Medicaid." MACPAC Issue Brief. March 2024.
15. "School Medicaid Expansion: How (and How Many) States Have Taken Action to Increase School Health Access and Funding. Healthy Schools Campaign. Oct. 17, 2023. https://healthystudentspromisingfutures.org/wp-content/uploads/2023/10/Status-of-School-Medicaid-Expansion_How-and-How-Many-States-Have-Taken-Action-to-Increase-School-Health-Access-and-Funding.pdf
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17. Email from the Ohio Department of Medicaid. August 9, 2024.
18. Financial Impact of Expanding School Medicaid Programs. Healthy Schools Campaign. May 2022.
19. Exhibit 6: Federal Medical Assistance Percentages and Enhanced Federal Medical Assistance Percentages by States, FYs 2022-2025. MACPAC. Accessed October 11, 2025. <https://www.macpac.gov/wp-content/uploads/2024/09/EXHIBIT-6-FMAP-and-Enhanced-FMAP-by-State-FYs-2022%E2%80%932025.pdf>.
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