

# Fact Sheet

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## Children with Special Health Care Needs: Underfunding Leaves Children without Services

By Dian Baker, Linda Davis-Alldritt and Kathleen Hebbeler

Third in a series on School Health and Children with Special Health Care Needs.

Schools' primary mission is the education of children. For the more than one million children in California with special health care needs, schools also must address the need for health services. Federal laws obligates schools to address chronic health problems to enable students to receive an education. These health care responsibilities by default have made schools a part of the larger community health care system.

Children with chronic or complex health problems are much less likely to regularly attend school and graduate, especially when schools are not prepared to participate in their health care. Low attendance rates directly affect the budgets of local school districts that rely on a revenue system based on daily attendance. Having adequate numbers of trained staff on hand is key to schools' ability to attend to children's health care needs, whether those are simple, acute illnesses that arise without warning or chronic problems requiring daily services.

Unfortunately, many years of limited funding for public education in California have reduced the education workforce, especially those professionals, like school nurses, whose functions are not directly related to core educational goals.

### Accessing Available Funds

Funding for school-based health services is potentially available from several sources. Local school districts may allocate a portion of their general funds for school health. Federal funds

earmarked for special education reimbursement are available. State and federal Title V funds may be used to support school health services. School health personnel, primarily school nurses, may bill insurers, especially Medi-Cal which makes funds available through the local education agencies (LEA) or through Medicaid Administrative Claiming/Medi-Cal Administrative Activities (MAA) for Medi-Cal eligible children. In addition, occasionally there are special grant opportunities available to schools willing to expand specific types of health services.

**The State Auditor has estimated that Medi-Cal Administrative Activities billing could garner at least \$57 million in additional funds.**

Though many funding sources exist, California schools do not consistently make use of them<sup>1</sup>:

- Only 43% of school districts employ a school nurse and are thus able to bill for their services. Local school districts are required to reinvest these LEA Medicaid funds in health and human services, which could enhance school health services.
- The state has delayed LEA Medi-Cal payments to some school districts, putting pressure on general fund budgets and limiting districts' capacity to provide health services.
- The California State Auditor has estimated that Medi-Cal Administrative Activities billing could

garner at least \$57 million in additional funds. However, even when these funds are returned to the school districts' general funds, there is no requirement that they be used to improve the health services for which the funds were received.

- California does not use any of its Title V, Maternal and Child Health funds to support school health services.

## Policy Recommendations

- School districts should partner with local health care providers, e.g., hospitals, health plans, community health clinics, to provide health care personnel to work in schools.
- The state should provide guidelines for school districts to utilize federal, state and county Title V and maternal and child health funds for support of school health services.

- The state should simplify and expedite the billing and payment processes that have delayed LEA Medi-Cal payments to school districts.
- The Legislature should require that funds generated through Medi-Cal Administrative Claiming be earmarked to support school health services in the same manner as are LEA funds.
- The state should create a consolidated claims processing entity so that school health services can be billed to private as well as public health insurers.

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