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MEDICAID MATTERS

To North Carolina's Schools



North Carolina's children benefit tremendously from Medicaid, a joint state and federal health coverage program that supports children, families, older adults, the disabled and pregnant women,¹ and the Children's Health Insurance Program (CHIP), which has extended additional support to states to provide care to more children.² Medicaid and CHIP provide direct and indirect financial support to schools, as well as the improved health outcomes associated with broader access to health coverage lead to improved educational outcomes for students.³ Children also benefit from the Early Periodic Screening, Diagnostic, and Treatment (EPSDT) program, which provides early and regular medical and dental screenings for all Medicaid recipients under age 21 and provides necessary health care to treat conditions identified through screening examinations.

Recent GOP proposals at the federal level would fundamentally restructure Medicaid, decreasing the federal government's commitment to states by changing the Medicaid funding structure to either a block grant or per capita cap and limiting CHIP's reach and effectiveness. **This would limit the availability of health care to the state's most vulnerable residents, including school-aged children.**⁴

Medicaid Provides Essential Financial Support to Public Schools

Public schools receive Medicaid funds for health services provided to students at school. These services must be medically necessary and the student must be eligible for both Medicaid and special education services in order to receive treatment. In North Carolina, schools are reimbursed by Medicaid for nursing services, audiology, occupational therapy, counseling, and speech-language pathology services.⁵

Most funding for special education students comes from state and local sources, but the availability of state and local funding has dwindled in recent years. North Carolina currently ranks 43rd in the nation in per pupil expenditures and has consistently languished amongst the 10 states with the lowest per pupil funding for the past decade.⁶ To make matters worse, per pupil education funding has still not returned to pre-recession levels.

Funding for special education students has fallen particularly far behind. A 2000 report to the General Assembly by the Commission on Children with Special Needs recommended increasing funding for students with disabilities to 2.3 times the cost of educating a regular education student.⁷ The current allotment provides just 1.7 times the cost of educating a regular education student,⁸ meaning that special education funding would need to increase by over 25% in order to meet the levels recommended by the Commission.

The federal Individuals with Disabilities Education Act (IDEA) requires that children with disabilities must have access to a free and appropriate public education, regardless of disability or cost. Medicaid reimbursements at the school level help offset the funding pressures caused by this requirement and provide schools with a source of funding that is outside the ever shrinking pot of state and local education funds.⁹ Because each child with a disability receives the exact same amount of funding from the state regardless of the actual cost of services, school-based Medicaid reimbursements are particularly beneficial to the most vulnerable children in cases where more expensive services are required to help them overcome their disabilities.¹⁰

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Medicaid Improves Educational Outcomes

Medicaid eligibility leads to improved educational outcomes at the elementary, secondary, and post-secondary levels. The reasons should be self-evident – children simply cannot effectively learn in school if they are not healthy or if they miss school altogether due to health reasons. Eligibility for Medicaid prenatal care increased the graduation rate by 7.3%¹¹ and expanded Medicaid/CHIP eligibility for children at birth improved reading test scores in the 4th and 8th grades by three points on the National Assessment for Educational Progress, the most widely-used longitudinal measure of student achievement. Improved reading outcomes in these early years are strongly associated with future academic and occupational success.¹²

The educational benefits of Medicaid eligibility in childhood persist throughout a child’s life. Medicaid eligibility has been shown to reduce high school dropout and non-completion rates by up to 10% and increase the college completion rate by 5.5%, with the greatest impacts found in communities of color.¹³ These sorts of educational improvements translate to increased financial stability for families, economic growth in terms of Gross Domestic Product, and reduced likelihood of contact with the criminal justice system and reliance on public assistance.¹⁴ Investments in education alone are unlikely to provide these benefits because children must be healthy in order to benefit from improved educational programming.

Medicaid and CHIP support our state’s most vulnerable students, particularly disabled students with high needs, and North Carolina schools would be unable to make up for the loss of Medicaid funding on their own. After years of budget cuts, local school districts have already cut all programming that could be considered nonessential. Making up for any future funding losses resulting from changes to Medicaid would necessitate the loss of teachers, teaching assistants, textbooks, supplies, and services for students with disabilities. In short, any potential loss of Medicaid funding would be harmful to student health and the improved educational outcomes enjoyed by healthy students.

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