# Protecting School Medicaid Revenue:

## What Florida School Finance Leaders Need to Know

*November 2026*

PUBLIC CONSULTING GROUP™

Solutions that Matter

# Agenda


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# Introductions

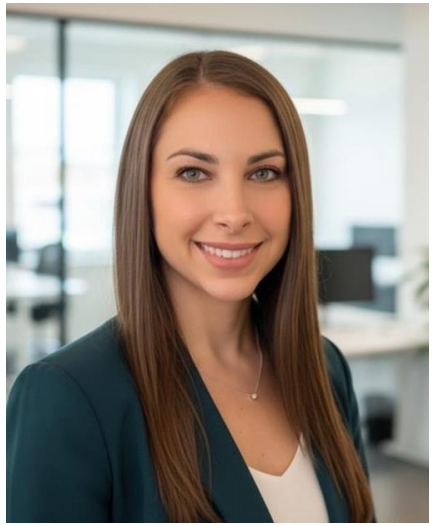


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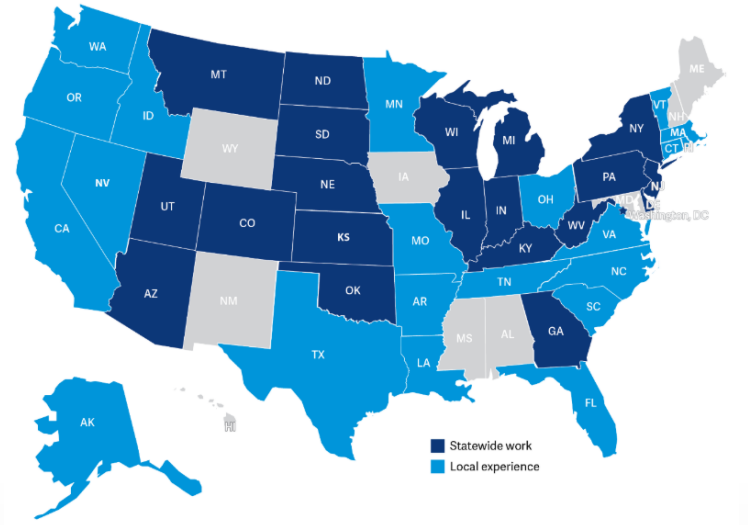
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# Public Consulting Group LLC (PCG)

PCG is a mission-driven organization that works exclusively for public agencies and nonprofit organizations at the state and local levels, across the domains of education, health, and human services.

Medicaid School-Based Service Contracts




## Comprehensive Partner in Education to Districts and States Across the Nation

**Partner with over 5,700+ school districts in the US in various capacities across 49 states, including 17 of the 20 largest school districts**

**11 statewide special education data system contracts & 19 statewide school-based Medicaid programs**

**Approximately 1/3 of all IEPs nationwide are created in PCG's secure, cloud-based systems (25M+)**

# Florida's Current School-Based Medicaid Methodology

## How FFS reimbursement works

Direct services and specialized transportation

1. **Deliver eligible services**
   Services outlined in the IEP for Medicaid-eligible students.
2. **Document and submit claims**
   Bill individual services with supporting documentation, within applicable rates and service limits.
3. **Receive reimbursement**
   Districts receive the federal share for payable claims.

## Additional program requirements

**Random Moment Time Study (RMTS) participation**

**Quarterly Medicaid Administrative Claiming**

# CMS 2023 Guidance and Florida's Current Policy

| Topic | CMS 2023 guidance | Florida current policy / comparison |
|---|---|---|
| **Service eligibility** | Allows coverage beyond IEPs for Medicaid-enrolled students. | Narrower scope: AHCA lists disability and IEP/IFSP/504 criteria. |
| **Reimbursement** | Describes fee-schedule and cost-based payment approaches. | Uses published fee-for-service rates, rather than annual cost settlement. |
| **Documentation** | Offers flexibilities for states to reduce administrative burden. | State requirements govern: coverage and CMS-1500 billing handbooks apply. |
| **Provider participation** | Allows qualified school-employed or contracted practitioners. | Aligned: enrolled school districts bill for employed or contracted staff. |

**CMS flexibility does not automatically change Florida's approved requirements.**

# Understanding of Proposed Changes

| Area | Key Changes |
|---|---|
| **Interim Payments** | Quarterly based on cost reports; first payment by December 31, 2026, based on historical SDAC cost data |
| **Cost Pools** | Two mutually exclusive pools: SDAC-only and direct service |
| **Medicaid Eligibility Rate (MER)** | Two MERs: 1 for SDAC and 1 for Cost Reporting<br>- SDAC will continue using the existing methodology for determining the MER<br>- Cost Reporting will use a district reported (attested) MER with a numerator that is tied to FERPA parental consent |
| **Direct Service Billing** | No shadow claims; contemporaneous documentation is the only audit support |
| **Specialized Transportation** | No interim payments; annual cost settlement only; interim method transition by July 1, 2028 |
| **Charter Participation** | Three paths: individually enrolled (same basis as public school, when designated as LEA), via sponsoring district (through sponsoring district's cost report), individually enrolled (FFS based when not LEA or through sponsoring district) |

# Cost Reporting and Financial Shift: What Changes

## Cost Reporting as the Foundation of Reimbursement

- Cost reporting becomes the **primary driver** of Medicaid reimbursement under a cost-based model.
- District responsibilities include:
  - Identifying all staff required for inclusion in RMTS.
  - Tracking all allowable direct service and specialized transportation costs (personnel + non-personnel).
  - Maintaining accurate data for Medicaid allocation metrics (MER, One-Way Trip Ratio).

## Impact on District Revenue

- Accurate cost capture and documentation directly influence final quarterly payments and audit outcomes.
- Participation rates directly affect revenue.
- Annual reconciliation introduces variability and risk.
- Ensures districts optimize and retain eligible Medicaid reimbursement.

# Modeling Fiscal Impacts: Two Scenarios

The proposed changes in the reimbursement methodology will impact the current levels of Medicaid funding received by Florida school districts.

### What drives the outcome

Increases or decreases in overall reimbursement will depend largely on RMTS results and MER calculations.

### Shift in claiming mix

Expectation that distribution of Medicaid reimbursement will shift from being primarily driven by Administrative Claiming to a more even distribution between Administrative Claiming and Direct Service Claiming.

### Biggest unknown

Specialized Transportation services is a major unknown in current modeling efforts given uncertainty in final methodology to be approved by CMS and no historical data for transportation included in school district Administrative Claiming financials.

## Scenario A: Reimbursement increases

| Total Medicaid Reimbursement | | | |
|---|---|---|---|
| | **January - March 2025** | **April - June 2025** | **Total** |
| Current Methodology | $ 6,083,474.66 | $ 8,248,436.40 | $ 14,331,911.06 |
| Proposed Methodology | $ 6,968,575.98 | $ 9,778,738.63 | $ 16,747,314.61 |
| ***$ Change*** | ***$ 885,101.32*** | ***$ 1,530,302.23*** | ***$ 2,415,403.55*** |
| ***% Change*** | ***14.55%*** | ***18.55%*** | ***16.85%*** |

| **Current Methodology** | **January - March 2025** | **April - June 2025** | **Total** |
|---|---|---|---|
| Admin portion of Total Reimbursement | 95.71% | 95.96% | 95.85% |
| DS portion of Total Reimbursement | 4.29% | 4.04% | 4.15% |

| **Proposed Methodology** | **January - March 2025** | **April - June 2025** | **Total** |
|---|---|---|---|
| Admin portion of Total Reimbursement | 48.01% | 48.86% | 48.51% |
| DS portion of Total Reimbursement | 51.99% | 51.14% | 51.49% |

## Scenario B: Reimbursement decreases

| Total Medicaid Reimbursement | | | |
|---|---|---|---|
| | **January - March 2025** | **April - June 2025** | **Total** |
| Current Methodology | $ 6,083,474.66 | $ 8,248,436.40 | $ 14,331,911.06 |
| Proposed Methodology | $ 5,482,122.05 | $ 7,729,741.21 | $ 13,211,863.26 |
| ***$ Change*** | ***$ (601,352.61)*** | ***$ (518,695.19)*** | ***$ (1,120,047.80)*** |
| ***% Change*** | ***-9.89%*** | ***-6.29%*** | ***-7.82%*** |

| **Current Methodology** | **January - March 2025** | **April - June 2025** | **Total** |
|---|---|---|---|
| Admin portion of Total Reimbursement | 95.71% | 95.96% | 95.85% |
| DS portion of Total Reimbursement | 4.29% | 4.04% | 4.15% |

| **Proposed Methodology** | **January - March 2025** | **April - June 2025** | **Total** |
|---|---|---|---|
| Admin portion of Total Reimbursement | 39.93% | 41.18% | 40.66% |
| DS portion of Total Reimbursement | 60.07% | 58.82% | 59.34% |

# How Districts Can Maintain Reimbursement

### Strengthen Documentation

Build timely, service-level records into daily workflows. Evaluate documentation consistency to strengthen audit readiness.

### Isolate Transportation Costs

Identify costs tied to physically adapted vehicles and plan the transition ahead of July 1, 2028.

### Confirm Participation & RMTS

Clarify charter pathways, district agreements and rosters. Include all eligible staff in RMTS and analyze Medicaid participation rates.

### Review Cost Reporting & Cash Flow

Review cost reporting and internal controls. Model cash flow and prepare cost data to understand the full impact.

**Ensure coordination between Finance, ESE and Medicaid teams.**

# Connecting the Dots

| DISTRICT NEEDS | | PCG SUPPORT |
|---|---|---|
| **Consistent documentation aligned to Medicaid requirements** | = | Comprehensive documentation tool built for Florida specific requirements |
| **Audit readiness and guidance** | = | Audit preparation and support |
| **Complete staff participation** | = | Staff pool list assistance |
| **Reliable cost and payment analysis** | = | Cost reporting optimization and Reconciliation analysis |
| **Understanding of policy changes and clear procedures** | = | Consulting on policy monitoring and program updates |

LET'S DISCUSS

# Questions & Discussion

*Share your district-specific questions — we're here to help you plan for the transition.*

Have a question specific to your district? Reach out anytime.

# Let's Continue the Conversation

*Districts with specific questions are welcome to reach out to our team directly or book a time with us.*

Scan to book a time


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**Thank you for joining us.**
PCG will continue monitoring Florida's policy changes and keep your district informed every step of the way.



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