

**FUNDING OF GRADUATE SOCIAL WORK EDUCATION  
BY STATE MEDICAID PROGRAMS**

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## Introduction:

Medicaid, Title XIX of the Social Security Act, offers the opportunity of federal support for social work education/ training as well as research, evaluation and technical assistance in the fields of social work practice such as child welfare, adult protective services, mental health services, substance abuse services, developmental disability services, health and public health services, juvenile corrections and probation services, school social services and elderly services. The opportunity of federal Medicaid support for social work education/ training/ research/ evaluation can be found in settings where a substantial portion (over 50%) of the clients are Medicaid eligible and the activity is determined by the State's Medicaid Director to contribute to the efficient and effective administration of the state's Medicaid program.

Currently, Title IV-E of the Social Security Act is a major source of federal funds for social work education and training. Federal Title IV-E training expenditures have been projected at \$202 million for FFY 2002. Since 1982, federal funds available through Title IV-E of the Social Security Act have supported from one third to one half of the cost of social work education and training related to child welfare. The variation from state to state depends on the IV-E client eligibility rate, based upon the proportion of all children in foster care found to be IV-E eligible. But, Title IV-E is limited to education and training for individuals working in public sector child welfare settings or persons who have made a commitment to work in public sector child welfare. Title IV-E is not applicable to the education and training of individuals working in private sector child welfare settings at a time when the child welfare field is experiencing a major shift to the private sector. Title IV-E is limited to supporting education and training directed at children in foster care or at risk of foster care. Title IV-E is not applicable for education or training directed toward early intervention or prevention. Medicaid does not have these limitations.

Medicaid has long played a significant role in financing graduate medical education. Questions requiring consideration when turning to the Medicaid program for support of social work education include: Will support of social work education be considered by the state's Medicaid leadership in the best interest of the Medicaid program? What proportion of the cost of social work education will Medicaid consider its fair share? Can all or part of social work education and training be considered sufficiently medical or behavioral health in nature to be considered integral to the efficient and effective operation of the state's Medicaid program? Can private as well as public universities receive Medicaid funding for social work education and related activities?

## Where have we been? Medicaid's Historical Role in Financing Graduate Medical Education:

Since the inception of the Medicaid program in the mid sixties most states have arranged for Medicaid to support a fair share of graduate medical education. Medicaid funding has generally been arranged through the enhanced fee for service rates approved for teaching hospitals. As states move rapidly to managed-care, the enhanced reimbursement rates for teaching hospitals are coming under attack and managed-care organizations are reluctant to fund inflated hospital rates to cover graduate medical education. In addition to the shift to managed care, best practice indicates medical and behavioral health services are often more effectively delivered by a set of professionals drawn from several disciplines operating in a common community based setting rather than the hospital based setting. The community based settings do not have enhanced rates paid though fee for service or managed care



arrangements to cover the costs of graduate medical education. Graduate medical schools and their affiliated teaching hospitals are seeking new funding arrangements for graduate medical education. Often this request is taking the form of “a carve out” from the managed care funding. Although, this may not be the opportune time to request state and university officials responsible for the funding of graduate medical education to expand the scope and cost of their activity to include graduate social work educational and training, a strong case can be made for the importance of the properly trained social worker in the delivery of efficient and effective physical and behavioral health services in a managed care world.

#### Model Medicaid Supported Programs in Graduate Social Work Education:

States that have been successful in drawing Medicaid support for their graduate social work education and training have effectively tied their work to the state’s policy goals for their Medicaid program. In some instances this has resulted in research and evaluation tasks clearly specified in contractual agreements between the state’s administrator of the Medicaid program and the university, in other instances carefully drawn agreements between the state’s administrator of the Medicaid program and the university have focused on the development of curriculum directed as training social workers to work effectively in a managed care setting. And, in one instance, the cost of graduate social work education and training has been built into the rate methodology so that the public agency administering the program can use Medicaid revenue to support university based education and training. In each of these instances Medicaid is a new participant in the funding of graduate social work education and training. Universities engaged in this dance with the Medicaid program hope success of the early Medicaid supported initiatives will enable the program to grow over time to include graduate social work education, training and related research in the health, mental health, geriatric, child welfare – juvenile justice and adult protective fields.

#### Michigan:

Michigan State University School of Social Work has worked with players active in arranging the use of Medicaid to support graduate medical education to establish two small contracts with their state Medicaid agency involving the use of Medicaid administrative funding for program development and research. The first contract concerns the development of curriculum for social workers involved in interdisciplinary teams working with the elderly and the second contract concerns the development of curriculum for social workers working as part of a local mental health collaborative providing intensive in-home support services for seriously emotionally disturbed children. In both instances the contracts focus on curriculum development and do not support the provision of instruction either as part of graduate social work education or as a training initiative. Open ended Medicaid administrative funding at 50% federal financial participation is being used to support these initiatives. School of Social Work leadership anticipates the success of these new initiatives will lead to an expansion of the relationship with the state public Medicaid agency and in time lead to an expansion that will include education and training.

#### South Carolina:

The College of Social Work at the University of South Carolina established a contract for \$2.5 million annually with the Department of Health and Human Services to support research, evaluation, policy



development, planning and training services. The bulk of the funding for this agreement came from Medicaid.

The purpose of this partnership was to provide accurate and timely information to:

- Facilitate joint efforts among families, communities, public agencies and the private sector;
- Provide descriptive, exploratory and evaluative studies;
- Support professional education and training;
- Facilitate community organizational change;
- Support development of accountability and quality improvement methods and systems;
- Facilitate multi-organizational efforts;
- Facilitate advances in the use of technology.

The work done was outlined in a work plan which was negotiated each year by the College, the Governor's Office and the Department. The partnership ended after two years when a new administration took office in South Carolina. The projects conducted had a strong influence on the delivery of services in South Carolina, at least in the short term. In July of 2002, the College again began contracting with the Department again. This new agreement is on a much smaller scale.

Technical Details: Research and training are considered administrative functions by Medicaid and therefore receive a federal administrative match rate of 50%. The other 50% must come from non-federal, state or local, public funds that have not been used to match another federal program. Initially the Department provided the non-federal match. In the new contracts, the College, a public entity, provides the match. In both cases, the federally approved university indirect cost rate was considered to too high and a lower rate for university based indirect costs was incorporated in the contract.

#### Summary – Medicaid Administrative Funding

The expenditure of Medicaid administrative funds requires a strong link to the Medicaid program. The work to be done must meet a perceived need of the agencies involved or they will not be interested. The questions that need to be answered are: How will this benefit Medicaid? How will the knowledge gained from this work be used to improve services or meet the needs of Medicaid recipients? The expenditure of Medicaid administrative funds outside the single state Medicaid agency requires a contract. The scope of work in the contract usually developed as a result of a series of meetings becomes the work plan. The scope of work often, includes clearly measurable objectives used for evaluating the success of the initiative. George W. Appenzeller, MSW, 2003

#### Kentucky – Use Cost Built into the Service Rate Strategy:

The Kentucky statewide consortium of colleges and universities engaged in the education and training of child welfare and juvenile justice professionals under the leadership of Eastern Kentucky University in partnership with the Cabinet of Health and Family Services and the Department of Juvenile Services has made use of the Medicaid fee for service program to support this initiative. Under this arrangement the cost of the education and training program is built into the rates Medicaid establishes for the targeted case management service provided by child welfare and juvenile justice workers. The Medicaid reimbursement received by the Cabinet for the provision of case management service



includes payment for the education and training program described in a contractual agreement between the Cabinet and the University Consortium. The proportion of the program supported by Medicaid in the targeted case management rate methodology is dependent upon the proportion of the curriculum relevant to the efficient and effective administration of the targeted case management program. In the current Kentucky education and training contract with the University, the Medicaid proportion was determined to be 82%. The remainder of the program is supported through use of Title IV-E and state funding. The key advantages of this methodology are: first, it makes use of the federal matching rate for services, often well above the 50 percent rate used for Medicaid administrative functions and second, it takes full advantage of the federally approved university indirect rate as had been the case in programs supported by Title IV-E. An arrangement like this is more difficult to implement when there is general resistance to a rate increase that would be necessary to accommodate the added cost of training and when there are many service providers that may or may not make use of and thus make payments for the training being offered.

#### How to Implement Medicaid Funding Strategies:

This discussion has illustrated two ways Medicaid, like title IV-E, can be used to support university based training and education: first, as part of the rate paid for service and second, as an administrative cost associated with the administration of the Medicaid program.

##### a. Use of Medicaid Rates to Support Education and Training

The first option includes the cost of training in the rate paid for a service or set of services. This is the preferred strategy for obtaining Medicaid support for training and education of staff working for either public or private providers. The key limitation associated with this strategy is the need to incorporate the cost of education and training in the rate established for providers of these services. Generally this would involve all providers of the services being used to support education and training within the state whether or not they send staff for university based education and training. This strategy has been most effective when the public agency is the provider or the representative payee for the providers so that all reimbursement generated from Medicaid for services rendered reverts to the public agency that in turn can net out funds needed for education and training before reimbursing the service providers.

A program directed at the education and training of community mental health workers may pose significant implementation challenges if the staff are employed by many public and private providers because the rate increase to cover the cost of training would need to be applied to a set of mental health treatment services statewide, at a time when the state and in some states local governments responsible for providing the non-federal match for the Medicaid program are having difficulty meeting their matching commitments. If the state uses a managed care approach for their Medicaid supported behavioral health program, the rate increase would need to be built into the per member per month reimbursement structure and once built in, each managed care organization would need to forward the training and educational proportion of their reimbursement to the university unless the state in its design of the managed care program carved out educational and training costs from the managed care rate as has occurred for graduate medical education in several states.

One Medicaid strategy that could be used to avoid the constraints of statewide rate increases to support university based education and training for child welfare, juvenile justice, children's mental health and



children’s public health staff involves using provisions of the Medicaid program reserved for the Maternal and Child Health (MCH) program administered by Public Health. Medicaid allows a limited set of providers delivering MCH services either directly or under agreement with the Public Health agency to have rates that reflect cost while other providers providing the same service without such an agreement would be required to provide the service at the rate set by the Medicaid agency. This strategy would allow a regional or city based education and training program for social work staff and other related professionals serving children in public or private settings to make use of an enhanced rate structure to earn Medicaid reimbursement that would could be applied to the cost of an education and training initiative. Rather than asking each provider to forward its appropriate share of Medicaid revenue to the university, the county, municipality or state could deduct the funds for training from program grants they provide the providers.

b. Use of Medicaid Administrative Funds to Support Education and Training

The second strategy concerns training and education covered as an administrative cost. This is the primary strategy that has been used by schools of social work in conjunction with the public child welfare and juvenile justice services agencies under Title IV-E. Medicaid administrative strategies have been used by Michigan, South Carolina and Kansas but with limited coverage of graduate social work education and training. A couple of immediate advantages of the administrative strategy is that it does not have to be statewide and it does not require providers to make payments to the university based upon Medicaid reimbursement whether or not their staff are directly benefiting from the education and training being offered. Another advantage may be the opportunity it offers for 75 percent federal financial participation as opposed to 50 percent available for most Medicaid administrative activity.

General permission for federal Medicaid support of training as an administrative cost is found in Section 1903 (a)(7) of the social security Act. It states federal reimbursement can be provided to the state for expenditures by the state to the extent functions claimed are found necessary by the Health and Human Services (HHS) Secretary for the proper and efficient administration for the program.

More specific authority for federal support of training under the Medicaid program is found in Federal regulations at 42 CFR 432.50 Staffing and Training Expenditures, where the conditions under which Medicaid administrative funds may be used for training are described. The regulations state:

- a. Federal Financial Participation (FFP) is available in expenditures for salary or other compensation, fringe benefits, travel, per diem, and training at rates determined on the basis of the individual’s position as described in b through d,
- b. For skilled professional medical personnel and directly supporting staff working for the Medicaid agency or other public agencies under agreement with the Medicaid single state agency to carry out the Medicaid program the rate is 75% FFP, when the staff meet the following criteria:
  1. The expenditures are for activities that are directly related to the administration of the Medicaid program and do not include expenditures for medical assistance;
  2. The skilled professional medical personnel have professional education and training in the field of medical care or appropriate practice;



3. The skilled professional medical personnel are in positions that have duties and responsibilities that require those professional medical knowledge and skills;
4. A State documented employer-employee relationship exists between the Medicaid agency and the skilled professional medical personnel and directly supporting staff;
5. The supporting staff are directly necessary for the completion of the professional medical responsibilities and are directly supervised by the skilled professional.

For all other public agencies the 75% FFP rate is available if the above conditions are met and the public agency has an agreement with the Medicaid agency to verify that these requirements are in place.

- c. For personnel administering family planning services 90% FFP.
- d. For all other staff of the Medicaid agency or other public agency providing services to the Medicaid agency and for training and other expenses of volunteers, the rate is 50% FFP.

Regulations at 42 CFR 432.2 define training as a program of educational activities based on the agency's training needs and aimed at insuring that agency staff acquire the knowledge and skills necessary to perform their jobs. Both full-time and part-time training is defined. Sections 432.55 describes the kinds of costs that can be supported for full time training, for part time training and for staff development. For full time training Medicaid will support salaries, fringe benefits, dependency allowances, travel, tuition, books, and educational supplies. For part-time training Medicaid will support the cost of travel, per diem, tuition, books and educational supplies. For staff development personnel and supporting staff assigned training functions, Medicaid will support salaries, fringe benefits, travel, per diem, and related training costs. Costs associated with field instruction in Medicaid are also explicitly included in the federal regulations.

The discussion in the Medicaid regulations is not as extensive as the discussion in the federal regulations governing Title IV-E at 45 CFR 1356.60(b) and 45 CFR 235.63 where persons employed by or preparing for employment by the State or local agency administering the plan are clearly referenced and the conditions under which training and/or educational grants can be entered into with educational institutions specified.

### Questions About Use of Medicaid Administrative Funding for Education and Training

Four key questions need to be addressed to clarify conditions for the use of Medicaid administration funds to support the cost of social work education and training provided by a university: 1. Can persons preparing for employment by the State or local agency administering the plan qualify for Medicaid supported education and training? 2. Can Medicaid administrative costs include the cost of social work education and related training for persons employed by a public agency who provide Medicaid supported services? 3. Under what circumstances would the enhanced 75% federal financial participation rate apply to Medicaid supported education and training rather than the general 50% FFP administrative rate? 4. Under what circumstances could Medicaid administrative claiming support costs associated with education and training for staff of a private agency providing Medicaid supported services?



It is assumed that the cost associated with obtaining an associate, baccalaureate, masters or doctoral degree in social work falls within the range of full time or part time training included in the Medicaid regulations to the extent the course of study is supported by the public agency and will enhance the capacity of the individual to carry out duties and responsibilities related to the proper and efficient administration of the Medicaid program. Thus, public agency staff administering a Medicaid supported mental health or adult protective services program could participate in a university based education and/or training program with Medicaid support proportional to the extent Medicaid covered the activities the graduate would assume as a worker with the agency and to the extent the program in which the student was engaged served Medicaid eligible clients. Workers in full time, long term training would make a commitment to work in the agency for the period of time equal to the time in training supported with Medicaid and other public funds.

Question 1: Do the federal Medicaid regulations allow for Medicaid administrative reimbursement of education and training costs for persons preparing for employment with a State or local agency administering the Medicaid program or under agreement with the agency administering the Medicaid program?

Although not explicitly stated, if persons preparing for employment by the State or by a local public agency make a commitment to work in the agency for a period of time at least equal to the period for which educational financial assistance is granted, such a person should in effect be considered “employees” for purposes of education and training expenditures. They are under agreement to become employees upon completion of their education. If the state Medicaid agency is willing to adopt this interpretation, the agencies administering the Medicaid program will be placed on parity with other public agencies seeking recent social work graduates such as child welfare and juvenile service agencies where the students are supported by Title IV-E funding.

Question 2: Do the federal regulations covering Medicaid administrative provide for the reimbursement of education and training provided for persons employed by a public agency under agreement with the state Medicaid agency that provides Medicaid supported services?

Fifty percent federal financial participation is available for the costs of training staff of the Medicaid agency, or other public agencies providing services to the Medicaid agency by agreement such as child welfare and adult protective services agencies or public mental health agencies. If within that department, some staff are assigned administrative functions related in part or in whole to the Medicaid program and some of the staff provide Medicaid reimbursed services, regulatory language is broad enough to be inclusive of administration and training activities on behalf of both types of staff, as long as costs assigned to direct service do not overlap or duplicate costs assigned to administration.

The federal regulations limit the reimbursable training activity to employees of the state agency administering the Medicaid program and employees and volunteers of other public agencies under agreement with the Medicaid agency to carry out some aspect of the Medicaid program, but do not limit the employees to those that exclusively provide functions related to the administration of the Medicaid program. Social work education and training can be provided for employees engaged in providing Medicaid supported services when state Medicaid officials agree that such education will enhance the proper and efficient administration of the Medicaid program. Support of federal Medicaid



regional office program officials should also be obtained before undertaking a social welfare education and training initiative.

Question 3. Under what circumstances would the enhanced 75% federal financial participation rate apply to Medicaid administrative reimbursement for education and training?

Seventy-five percent federal financial participation is available for the training of skilled professional medical personnel employed by the public agency administering a portion of the Medicaid program, such as a local mental health department, when the staff are engaged in activities that are directly related to the administration of the Medicaid program, the skilled professional medical personnel have professional education and training in the field of medical care or appropriate practice and the skilled professional medical personnel are in positions that have duties and responsibility that require those professional medical and professional knowledge and skills.

To the extent that licensed social workers are reimbursed for assessment, diagnosis or treatment services under the state's Medicaid plan, they are skilled professional medical personnel. And, to the extent the first question above is answered in the affirmative, the training of students preparing to become social workers could qualify for enhanced 75% FFP, to the extent graduates were engaged in activities directly related to the administration of the Medicaid supported health or mental health program, and the work assigned required professional social work knowledge and skills. Unfortunately, only a few of the students participating in social work education and training would meet these criteria, thus most of the Medicaid administrative education and training activity would receive Medicaid reimbursement at 50% FFP.

Question 4. Under what circumstances could Medicaid administrative claiming cover the cost of education and training for the staff of a private agency providing Medicaid supported services to a Medicaid eligible population?

The Medicaid regulations addressing training do not address the training needs of private agency staff. Fifty percent federal financial participation would be available for education and training expenditures by the public agency and the university to the extent the public agency and the state Medicaid program agreed that the educational and training program being proposed was necessary for the proper and efficient administration of the Medicaid program. Support from federal CMS officials responsible for administering the Medicaid program should be obtained before implementation.

Conclusions:

There are clear and compelling advantages to using Medicaid to support social work education and training:

- Medicaid can support social work education and training of staff working with health, mental health, public health, child welfare, juvenile corrections as well as adult protective and aging services while Title IV-E is limited to support of staff working with children in foster care and children at imminent risk of foster care.



- Medicaid may generate a higher federal return on the state's investment in the education and training of its child welfare workforce than is currently being received through the use of Title IV-E.
- Medicaid can support education and training for staff of both public and private organizations. Increasingly human services are being administered and delivered by private providers serving high proportions of Medicaid eligible clients.
- Medicaid, because of its ever increasing presence in all sectors of human service delivery, can support cross- discipline training of workers so they may more effectively work together in community based settings.
- Medicaid reimbursement for social work education and training can be very political. The development of Medicaid supported social work education and training must have the full support of leadership in the state Medicaid agency as well as state agencies sponsoring with the university the education and training.