



Understanding the Return on Investment for School Medicaid (SHARS) Programs

The purpose of this document is to provide one approach for analyzing the return on investment (ROI) for school districts participating in the School Medicaid/School Health and Related Services (SHARS) program. While the framework offers a general guide, it's essential to conduct district-specific financial analysis in addition to consulting with professional advisors. Every district's circumstances are unique, and this analysis should not be the sole basis for decision-making.

Recent changes to the SHARS program, including shifting reimbursement rates, audit exceptions, and evolving compliance requirements, make careful financial evaluation more critical than ever. By understanding the potential costs and revenue associated with SHARS participation, districts can make informed decisions that align with their financial and operational goals.

This document outlines the potential costs and revenue associated with participation, as well as the broader benefits beyond financial returns. The intent is to support districts in making informed decisions by considering both the advantages and challenges of the program. This guide offers illustrative calculations based on district size, from very small to very large districts, to help assess the potential viability, benefits and costs of participating in the Medicaid program.

Please note that this analysis is intended for demonstration and training purposes only, using placeholder figures. Districts should perform their own analysis based on their specific data to guide participation decisions. This information is provided for educational purposes only. Consult with your attorney or professional advisor to apply these principles to your specific situation.

Costs of Participating

Direct Costs:

- Administrative Expenses: Salaries for administrative staff managing the program.
- Training Costs: Expenses for ongoing training and professional development.
- Documentation and Compliance: Time and resources spent on documentation and ensuring compliance.
- Audit Costs: Expenses related to preparing for and responding to audits.

Indirect Costs:

- SHARS Claiming: Costs associated with working with a vendor to file claims. SHARS technology and claims processing.
- Implementation Costs: Initial setup costs, including software, training, and process changes.
- Staff Morale and Turnover: Costs related to potential staff turnover and hiring/training new staff due to frustration and burnout.
- Compliance and Documentation: The costs associated with ensuring documentation compliance, including ongoing training, monitoring, and the administrative burden on staff.
- Audit Costs: Increase in the frequency and cost of audits, including preparation time, potential fines, and the administrative burden of responding to audit requests and findings.

Revenue Generated

These four factors that you can use to determine your generated revenue:

- Reimbursement Rates: Information on reimbursement rates for different services.
- Billing and Claims: Process for submitting claims and typical turnaround times.
- Cost Report Settlement: Overall funds associated with providing school Medicaid services.

- Historical Data: Examples from similar districts showing potential revenue as well as the districts historical information.

Calculating ROI

Formula: $ROI = (\text{Net Profit} / \text{Cost of Investment}) \times 100$

Benefits of Staying in or Joining the School Medicaid Program

1. Enhanced Student Services:
 - Better health and educational outcomes for students served through SHARS.
 - Support for overall student well-being.
2. Professional Development Opportunities:
 - Ongoing training for staff.
 - Keeps staff updated with best practices and new regulations.
3. Culture of Compliance and Accountability:
 - Promotes district-wide compliance.
 - Ensures effective and regulated service delivery.
4. Significant Financial Reimbursement:
 - Substantial financial returns for services.
 - Supports program sustainability and growth.

Challenges of Staying in or Joining the School Medicaid Program

1. Administrative and Documentation Burden:
 - Extensive and complex documentation requirements.
 - Administrative and compliance demands may be disproportionate to the scale of operations.
2. Impact on Staff Morale and Turnover:
 - Managing audit exceptions and maintaining accurate documentation could add strain on staff.
 - Administrative demands can cause frustration and burnout.
 - Potential for high turnover rates.
3. Financial and Policy Uncertainty:
 - Unpredictable reimbursements.
 - Potential state or federal policy changes.
 - Changes in SHARS policies and reimbursement rates can introduce financial uncertainty.
4. Diversion from Core Educational Mission:
 - Administrative demands divert resources from core educational goals.

Actionable Next Steps

1. Assess Current Program and Data:
 - Review your district's SHARS participation history, including total reimbursements, compliance with audits, and any areas for improvement. Gather data on current costs, staffing, and administrative capacity to manage the program.
2. Consult with Key Stakeholders:
 - Involve key district staff such as finance, administration, and special education teams in the review process. Ensure they understand the financial and operational demands of the SHARS program.

- Seek guidance from professional advisors, including legal and financial experts, to help assess your district's unique situation.
- 3. Calculate Custom ROI:
 - Use the framework provided in this document to calculate your district's specific return on investment (ROI). Adjust the placeholder numbers to reflect your actual costs, potential revenue, and district size.
- 4. Evaluate Staffing Needs:
 - Determine whether your district has the internal capacity to handle SHARS administration, or if additional staff or external vendors are necessary for documentation, compliance, and claims processing.
- 5. Monitor Compliance and Changes:
 - Stay informed about any changes to SHARS policies or reimbursement rates. Set up regular internal reviews to ensure that the district remains compliant with audit requirements and documentation standards.
- 6. Develop a Contingency Plan:
 - Prepare for potential audit exceptions, policy shifts, or reimbursement changes by developing a contingency plan. This should include steps to adjust administrative practices, staffing, or SHARS participation levels if needed.
- 7. Make a Data-Driven Decision:
 - After reviewing the data and consulting with stakeholders, decide whether continued participation in SHARS is beneficial for your district. Ensure that the decision aligns with your district's mission, financial goals, and staff capacity.
- 8. Establish an Ongoing Review Process:
 - Set up an annual or semi-annual review process to reassess SHARS participation. Revisit the program's financial impact, audit status, and administrative burden regularly to ensure continued alignment with district goals.

Conclusion

In today's funding environment, it is difficult for districts to turn away any financial support. However, the growing demands of the school Medicaid program, including audit exceptions, changing parameters, and settlement challenges, make participation more complicated. Before making any final decisions to leave SHARS, districts should carefully assess their current program. While it is possible to rejoin the program, keep in mind that under current policy, participation in all four quarters of a fiscal period is required to be included. In addition, leaving prior to filing a Cost Report will result in the districts need to return all funding for the fiscal year.

To make participation in the Medicaid program worthwhile, districts need to ensure that annual reimbursements are sufficient to cover costs and provide a financial benefit. This decision goes beyond just financials; it is important to also consider the administrative capacity, staff well-being, and how participation aligns with the district's overall mission. This information is intended to support the district in decision making alongside input from professional advisors and staff.

Ultimately, participation in SHARS should not be based solely on potential financial returns but also on the district's capacity to manage the program effectively while maintaining staff well-being and ensuring compliance. Regular monitoring and reassessment are necessary to ensure that participation continues to benefit the district in the long term.

Note: This information includes a general analysis of Return on Investment (ROI) that may not directly apply to any specific district. The numbers provided are placeholders and should not be interpreted as accurate for your district. For a meaningful analysis, please base calculations on your district's specific data. This information is provided solely for demonstration and training purposes.