

# What is Cost-Based Reimbursement?

## FINANCING SCHOOL-BASED SERVICES THROUGH MEDICAID



**Cost-based reimbursement (CBR) is...**

- A system of payment for reimbursing the actual costs of providing Medicaid eligible school-based services. Such costs may be higher for some LEAs than any pre-specified fees.
- Based on cost data that local education agencies (LEAs) report, such as hours spent delivering Medicaid-eligible school-based services
- Also known as: cost settlement, recognized cost, or reconciled cost reimbursement

**Who decides if CBR is used to pay for school-based services in Medicaid?**

**State Medicaid agencies** decide.

Some states pay for most school-based services through CBR.  
Some states do not use CBR at all.\*

**What types of services does Medicaid pay for using CBR?**

Any Medicaid-covered service!  
(at least in theory, though it varies by state)

**Direct services**  
(e.g., screening services, counseling)  
**AND**  
**Administrative services**  
(e.g., outreach, care coordination)



For more information regarding CBR:

How Are Local Education Agencies (LEAs) Paid Under Cost-Based Reimbursement? <https://mhttcnetwork.org/centers/southeast-mhrtc/product/how-are-local-education-agencies-leas-paid-under-cost-based>

Comparing reimbursement systems: Fee for Service VS. Cost-Based <https://mhttcnetwork.org/centers/southeast-mhrtc/product/comparing-reimbursement-systems-fee-service-ffs-vs-cost-based>

\*CMS has been encouraging the use of cost-based systems to pay for Medicaid eligible school-based services. More information can be found here: Health Schools Campaign (2019) A Guide to Expanding Medicaid-Funded School Health Services. <https://healthyschoolscampaign.org/wp-content/uploads/2019/12/A-Guide-to-Expanding-Medicaid-Funded-School-Health-Services-12-19-19.pdf>

**SAMHSA**  
Substance Abuse and Mental Health  
Services Administration



Southeast (HHS Region 4)

**MHTTC**

Mental Health Technology Transfer Center Network  
Funded by Substance Abuse and Mental Health Services Administration