

Reimbursement for Specialized Transportation Within Medicaid School-Based Services (SBS)



The Centers for Medicare & Medicaid Services (CMS) Medicaid School-Based Services (SBS) Technical Assistance Center is available to support State Medicaid agencies (SMAs), State educational agencies (SEAs), and local education agencies (LEAs) in operationalizing Medicaid SBS. Contact us at SchoolBasedServices@cms.hhs.gov.

This resource outlines CMS' policy for reimbursement of specialized school-based transportation based on the [2023 Comprehensive Guide to Medicaid Services and Administrative Claiming](#) and the [2023 State Medicaid Director \(SMD\) letter #23-006](#), and highlights CMS' policy related to payment for specialized transportation expressed in prior guidance that remains unchanged.¹

Generally, ordinary transportation of Medicaid beneficiaries to school is not covered by Medicaid. This is due to education being the primary purpose of attending school, even when a Medicaid-covered health service is provided in the school. However, Medicaid payment is available for transportation to onsite SBS for children receiving services under the Individuals with Disabilities Education Act (IDEA).²



What is specialized transportation?

Specialized transportation is transportation to a medically necessary service provided in a specially adapted vehicle that has been physically adjusted or designed to meet the needs of the individual student with a disability. **Specialized transportation must be specified in a student's Individualized Education Program (IEP)³ for it to be covered by Medicaid.**

Specialized adaptations can include, but not limited to, the following:



- ✓ Special harnesses
- ✓ Wheelchair lifts
- ✓ Ramps
- ✓ Specialized environmental controls
- ✓ Specialized suspension systems,
- ✓ And other modification to a vehicle as required by a student's IEP.

Footnote:

¹ Previous guidance includes reference to the [2014 State Medicaid Director \(SMD\) letter #14-006](#), the [1997 Medicaid and School Health Technical Assistance Guide](#), and the [1999 SMD Letter](#).

² Section [1903\(c\)](#) of the Social Security Act provides that States may not be "prohibited or restricted from receiving payment...for medical assistance for covered services...because such services are included in the student's IEP or IFSP."

³ Reference IDEA Sections [300.320](#) "Definition of individualized education program," [300.323](#) "When IEPs must be in effect," and [300.324](#) "Development, review, and revision of IEP."



What specialized transportation is eligible for Medicaid reimbursement?

When specialized transportation is necessary primarily to ensure that the child’s medical needs are met and the need for such specialized transportation is specified in a child’s IEP, then Medicaid payment is available for specialized transportation to and from school for days when the child receives a Medicaid-covered service.



For specialized transportation to be eligible for Medicaid payment, the following criteria must be met:

- ✓ The student has a written IEP.
- ✓ Specialized transportation (and the specific adaptation) is noted in the IEP as a medically necessary service.
- ✓ The student is enrolled in Medicaid.
- ✓ The student receives a Medicaid-covered IEP service on the day that transportation is claimed.
- ✓ The service billed represents only the costs associated with the trip on the specially adapted transportation vehicle for direct medical services (or administrative claiming) as listed in the IEP (e.g., the one-way trip).

In all cases, the medical need for physical or environmental adaptations during transport from home to school and back home (or to an alternative site to receive the IEP service) must be identified in the IEP to receive reimbursement for specialized transportation. Note that the presence of only an aide (on a non-adapted bus/vehicle) or simple seat belts does not make a vehicle specially adapted. See the table below for more scenarios of allowable and unallowable specialized transportation one-way trips.

Example Scenarios of Specialized Transportation Services Allowable or Unallowable for Medicaid Payment

Scenario	Allowable for Medicaid Payment?
<p>“My son and daughter both are enrolled in Medicaid. My son has specialized transportation in his IEP but my daughter does not. Can my daughter ride with my son to school?”</p>	<p>While the daughter may be allowed to ride on the specialized vehicle, Medicaid payment for her trip is not an allowable cost. Medicaid payment is not available for the cost of transporting a student who rides in a physically adapted bus or other vehicle and does not have a medical reason documented in an IEP to make use of the particular bus/vehicle adaptation. If the daughter rides on the specialized vehicle, her trip must be counted in the allocation for the specialized transportation to Medicaid.⁴</p>

Footnote:

⁴ For additional information on allocating specialized transportation to Medicaid, refer to [pages 100-103](#) of the 2023 Comprehensive Guide to Medicaid Services and Administrative Claiming.

Scenario	Allowable for Medicaid Payment?
<p>“Is specialized transportation covered by Medicaid if a child is leaving school to receive medical services in the community?”</p>	<p>Yes, specialized transportation from school to a provider in the community may be billed to Medicaid for a Medicaid-eligible child with an IEP. Specialized transportation to the off-site location may only be claimed on the day(s) when the child is going to the community provider to receive a Medicaid-eligible service that is written in their IEP. If reimbursement for specialized transportation is not available or the school would like to have an alternate way to receive reimbursement, this transportation can also be covered under the general transportation policy using community transportation providers and the reimbursement methodology defined within a State Plan.</p>
<p>“Is transportation covered by Medicaid for Medicaid-enrolled students with a 504 plan if they are going to receive a Medicaid-covered service in the community?”</p>	<p>This cannot be covered as specialized transportation under Medicaid school-based services. Medicaid-enrolled students without an IEP (even those with other plans including a 504 Plan) who need to get to a Medicaid-covered service in the community should access the necessary transportation process as required and defined by the State, either as an administrative activity pursuant to 42 C.F.R. § 431.53 or as an optional medical service under 42 C.F.R. § 440.170(a).⁵</p>
<p>“Is the cost of transporting an attendant covered by Medicaid?”</p>	<p>The cost of transporting an attendant when the attendant is necessary to accompany the child is eligible for Medicaid payment when documented in an IEP. However, the presence of only an attendant or aide on a non-adapted bus/vehicle does not make a vehicle specially adapted. Any aides present must be performing Medicaid services documented in an IEP to be eligible for Medicaid payment. Additionally, a transportation attendant is not the same as a personal care attendant/aide. If a personal care aide is provided as a covered service to the beneficiary and will accompany the beneficiary on a medical appointment, including during transport, then an additional transportation attendant is not necessary.</p>
<p>“Is the cost of taking a child to and from school every day covered?”</p>	<p>No, specialized transportation may only be claimed on the day(s) that the student whose IEP requires specialized transportation also receives a medically necessary IEP service at school. In other words, if a student only receives Medicaid-eligible occupational therapy services 3 days a week (and no other Medicaid-eligible services), specialized transportation may not be claimed on the days that the student does not receive Medicaid-eligible services. Additionally, if a student whose IEP requires specialized transportation receives all of their services offsite from the regular school they attend, specialized transportation for taking that child between home and the regular school they attend are not eligible; only trips between the regular school and the offsite provider are eligible for reimbursement.</p>

Footnote:

⁵ Non-emergency medical transportation (NEMT) is transportation covered by Medicaid for eligible individuals to and from the doctor’s office, the hospital, or another medical office for Medicaid-approved care. The costs of helping arrange the NEMT may be eligible for reimbursement as an administrative activity (refer to Code 5.b. on [page 138](#) of the 2023 Comprehensive Guide to Medicaid Services and Administrative Claiming). More information for NEMT can be found in the [SMD#23-006 Assurance of Transportation](#).

Scenario	Allowable for Medicaid Payment?
“Can specialized transportation costs cover field trips and extracurricular activities?”	No. While a student with specialized transportation in their IEP may require use of a specially adapted vehicle to participate in such school activities, these trips are not eligible for Medicaid reimbursement.



Additional Resources and Examples

Delivering Services in School-Based Setting: A Comprehensive Guide to Medicaid Services and Administrative Claiming



<https://www.medicaid.gov/sites/default/files/2023-07/sbs-guide-medicaid-services-administrative-claiming-ud.pdf>

SMD#23-006 Assurance of Transportation: A Medicaid Transportation Coverage Guide



<https://www.medicaid.gov/sites/default/files/2023-09/smd23006.pdf>

Social Security Act Section 1903 Payment to States



https://www.ssa.gov/OP_Home/ssact/title19/1903.htm

IDEA Section 300.320 “Definition of individualized education program”



<https://sites.ed.gov/idea/regs/b/d/300.320>

IDEA Section 300.323 “When IEPs must be in effect”



<https://sites.ed.gov/idea/regs/b/d/300.323>

IDEA Section 300.324 “Development, review, and revision of IEP”



<https://sites.ed.gov/idea/regs/b/d/300.324>

42 C.F.R. § 431.53 Assurance of transportation.



<https://www.ecfr.gov/current/title-42/section-431.53>

42 C.F.R. § 440.170(a)



[https://www.ecfr.gov/current/title-42/part-440/section-440.170#p-440.170\(a\)](https://www.ecfr.gov/current/title-42/part-440/section-440.170#p-440.170(a))