

Understanding the Parental Consent & IEP Ratio Connection



Presented by Dario Avila, Solution Strategist



Your 360° view of Texas school Medicaid.

October 2026 Edition

Agenda

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Welcome & Introduction

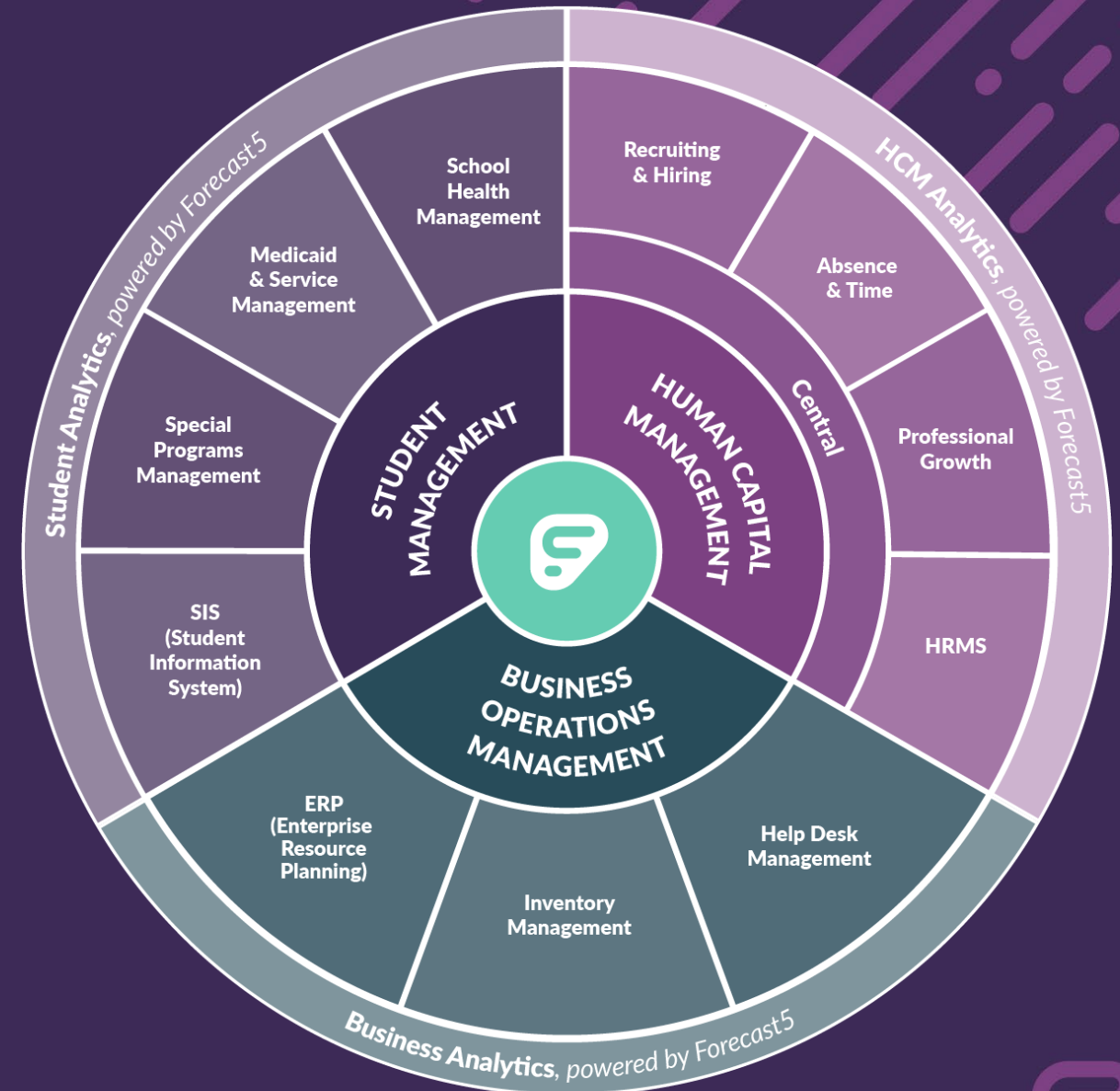
SHARS 360 LIVE – Frontline Education School Medicaid Webinar Series

Understanding the Parental Consent & IEP Ratio Connection

What is Frontline?

School administration software
purpose-built for K-12 to
empower educators.

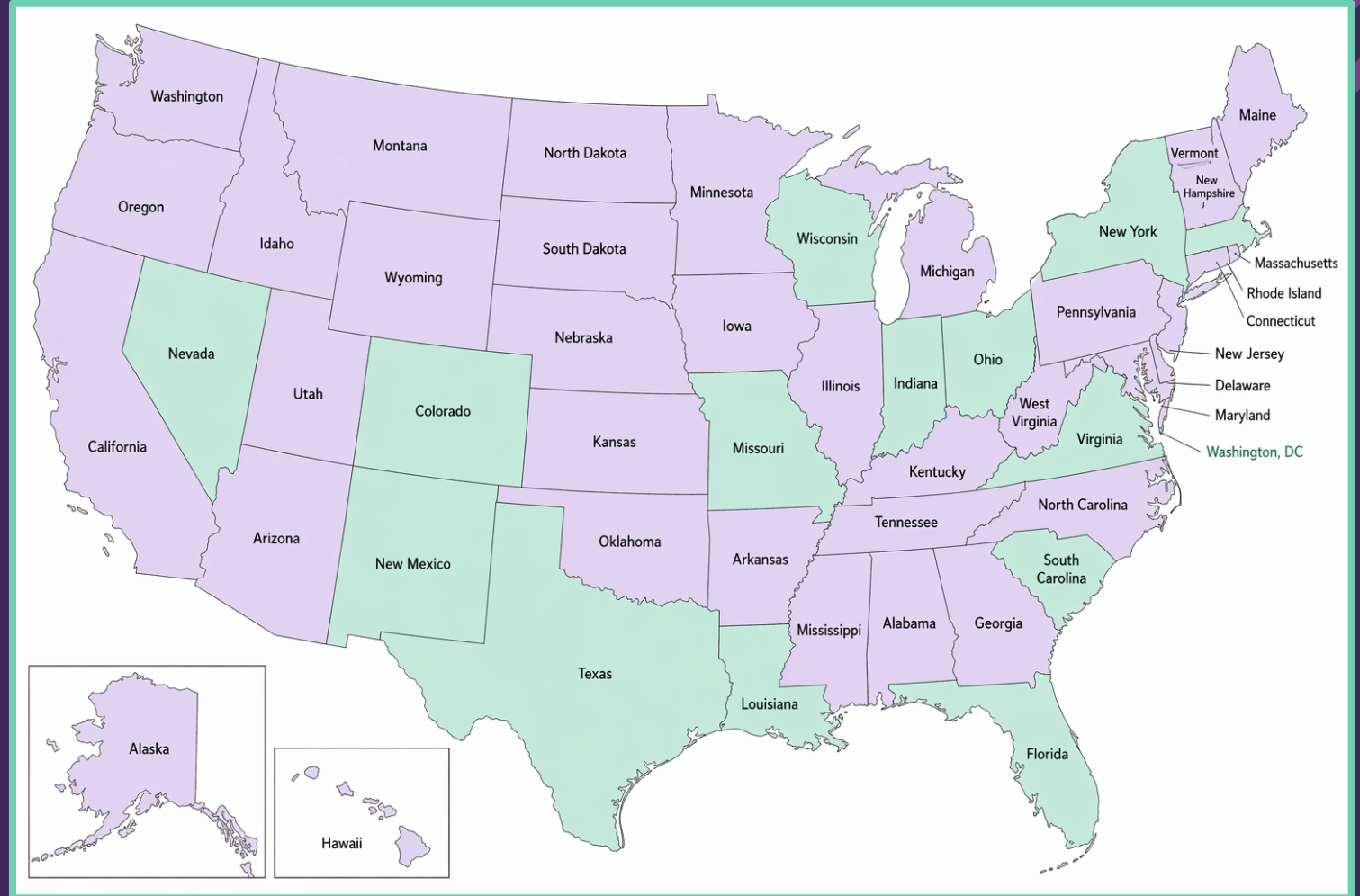
We provide innovative, connected solutions for student and special programs, business operations, and human capital management with powerful data and analytics.



Welcome & Introduction

Frontline Medicaid:

- Over 500 school districts
- 15 states served
- 2.5 million students





SERVICE TRACKING & MEDICAID

Maximize reimbursement. Minimize compliance risk.

Frontline's integrated platform helps districts capture every eligible dollar — with built-in safeguards that keep you audit-ready year-round.

- ✓ Automated service documentation aligned to Medicaid requirements
- ✓ Real-time compliance monitoring and built-in audit trail
- ✓ Seamless SHARS billing and claims submission
- ✓ Expert guidance from nationally recognized Medicaid specialists



Reimbursement optimization

Capture every eligible dollar



Compliance confidence

Audit-ready year-round



SHARS billing

Seamless claims submission



Medicaid Strategist

Dario Avila — 20 yrs experience

We make a difference

- We serve as a **consistent partner** of school districts through every dimension of the company.
- We are comprised of an outstanding team with **domain expertise** and unmatched skills.
- We provide technology that **supports the growth** of people and optimizes processes.
- We leverage best practices, data and insights to **accelerate decision-making**.
- We earn the **trust of K-12 education leaders**.

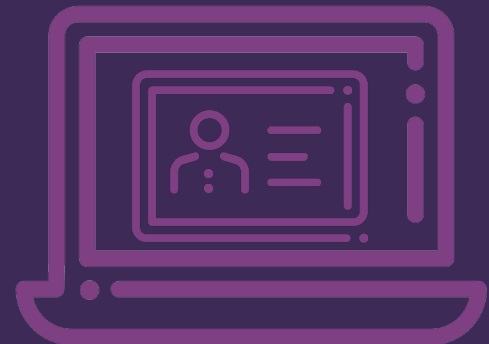
Frontline exists to enhance efficiency and improve performance so school leaders can focus on strategic initiatives that impact student outcomes.





Upcoming Sessions:

- November 11, 2026 @ 10 AM CST: [Random Moment Time Study, Then & Now](#)
- December 9, 2026 @ 10 AM CST: Navigating the SHARS Cost Report Settlement/Reconciliation Process
- January 13, 2027 @ 10 AM CST: TBD
- February 10, 2027 @ 10 AM CST: TBD





What is the IEP Ratio?

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What is the IEP Ratio?

- The School Health and Related Services (SHARS) program allows Local Education Agencies (LEAs) and public charter schools to obtain Medicaid reimbursement for certain health-related services documented in a student's Individualized Education Program (IEP).
- SHARS utilizes a cost based reimbursement methodology that includes an interim claiming process, as well as a cost settlement process.
- To complete the cost settlement process, LEAs are required to submit an annual cost report.



What is the IEP Ratio?

- The purpose of the SHARS Cost Report is to document the LEA's costs for delivering SHARS, including direct costs and indirect costs, and to reconcile the LEA's interim payments for SHARS with its actual, total Medicaid-allowable costs.
- Historically, SHARS Cost Reports open on the first business day of January and are due by April 1st.
- Each cost report is audited and reviewed prior to reaching the cost settlement and reconciliation stage of the process.



What is the IEP Ratio?

- The cost report is the LEA's opportunity to report the expenses it has incurred during the previous reporting period to provide SHARS to its students. The eligible costs that can be reported include:
 - Direct medical services staff payroll, taxes and benefits
 - Federal funding
 - Required Continuing Education
 - Direct Medical Travel
 - Appendix A Items
 - Transportation staff payroll, taxes and benefits
 - Other Transportation Costs



What is the IEP Ratio?

- Costs are mostly reported in total and are then reduced by the four, Centers for Medicare and Medicaid Services (CMS) approved, allocation ratios to reduce the LEA's total costs to its Medicaid allowable costs.
 - Direct Medical Services Time Study Percentage
 - **IEP Ratio**
 - One-Way Trip Ratio
 - Specially-Adapted Vehicles Ratio
- LEAs are paid the federal portion of their Medicaid allowable costs minus:
 - a 1% administrative fee charged by HHSC
 - the interim payments received for services provided during the reporting period



What is the IEP Ratio?

- Simply put, the IEP Ratio is one of four cost allocation methodologies used to reduce an LEA's total costs for providing SHARS services to the Medicaid allowable amount so that the LEA's cost settlement can be calculated.
- The IEP Ratio is a comparison of the total number of students enrolled in Medicaid with individualized education programs (IEPs) requiring direct medical services to the total number of students with IEPs requiring direct medical services.

$$\text{IEP Ratio} = \frac{\text{Total number of Medicaid students with IEPs requiring direct medical services}}{\text{Total number of students with IEPs requiring direct medical services}}$$





Parental Consent Explained

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Parental Consent Explained

- An advisory letter issued by the Department of Education in 1997 clarified that Family Educational Rights and Privacy Act (FERPA) regulations on personally identifiable information include a student's Medicaid information, creating the requirement for **parental consent** to access public health insurance information.
- As a result, LEAs must obtain **parental consent** before releasing a child's personally identifiable information for billing purposes to a public benefits or insurance program for the first time. Minimally, it must include the following: §34 CFR300.154(d)(2)
 - 1. A statement of the parental consent to access public benefits:
 - specifies the personally identifiable information that may be disclosed (e.g., information about the services),
 - describes the purpose of the disclosure (e.g., billing for specific IEP services), and
 - identifies the agency to which the disclosure may be made (e.g., Medicaid).
 - 2. A statement indicating that the parent understands and agrees that the public agency may access the child's or parent's public benefits or insurance to pay for specific services identified in the child's IEP.



Parental Consent Explained

- Until 2013, LEAs obtained parental consent annually with each IEP. New regulations that realigned the Individuals with Disabilities Education Act (IDEA) with FERPA requirements allowed for one-time parental consent collection and written notice before collection and annually thereafter. Minimally, the notification must include all of the following:
 1. A statement of the parental consent to access public benefits
 2. A statement of “no cost” provisions.
 3. A statement that parents have the right to withdraw their consent at any time.
 4. A statement that the withdrawal of consent or refusal to provide consent does not relieve the public agency of its responsibility to ensure that all required services are provided at no cost to the parents
- In 2022, the parental consent requirement was written into the [Texas Administrative Code](#), making it a formal, Texas state rule.



Parental Consent Explained

- LEAs and SSAs must provide written parental notification prior to requesting consent and accessing benefits for the first time and annually thereafter.
- LEAs and SSAs must obtain parental consent before releasing a child's personally identifiable information for billing purposes to a public benefits or insurance program for the first time.
- Parental consent can be withdrawn at any time.
- Parental notice and consent documents (along with all SHARS records) are a part of the educational record. If a parent or adult student requests copies of documents disclosed to Medicaid, the district must provide it.
- The notification must be written in language

understandable to the general public. It must be in the native language or other mode of communication used by the parent, unless it is clearly not feasible to do so.

- There has been movement to remove parental consent from IDEA, but this will have no immediate impact on Texas as the requirement has been written into the TAC.





The Connection

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The Connection

- In 2021, Texas Health and Human Services Commission clarified that if an LEA does not have written parental consent on file for a Medicaid enrolled student with an IEP that prescribes SHARS services, the district may not submit any interim claims (to Texas Medicaid for reimbursement) for the student, nor is the LEA permitted to include the student in its SHARS cost report ratios.
- SHARS Cost Report Ratios:
 - Direct Medical Services Time Study Percentage
 - **IEP Ratio**
 - One-Way Trip Ratio
 - Specially-Adapted Vehicles Ratio



The Connection

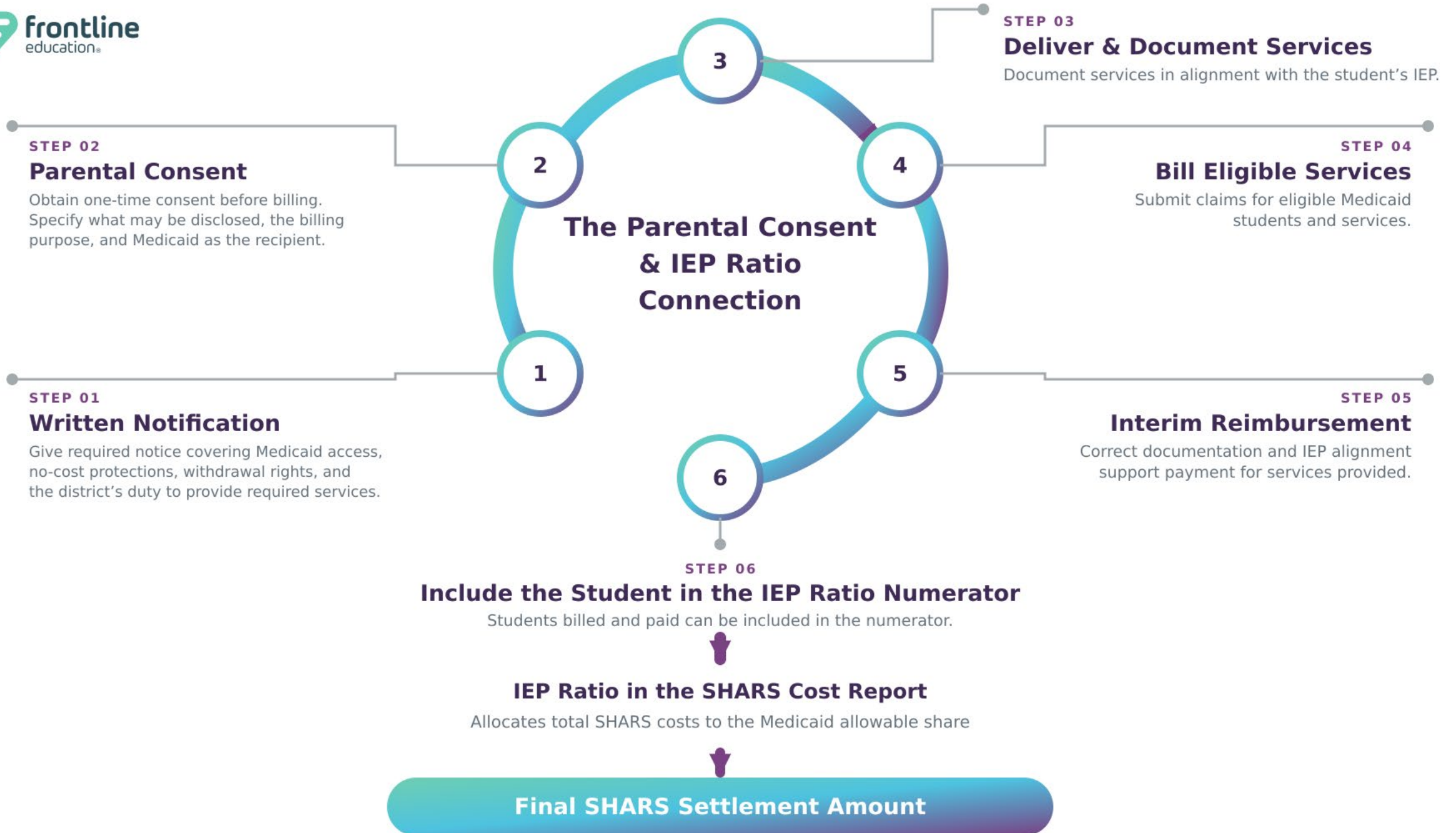
- IEP ratio (by rule):

A comparison of the total number of students enrolled in Medicaid with individualized education programs (IEPs) requiring direct medical services to the total number of students with IEPs requiring direct medical services.

- IEP Ratio (by practice):

A comparison of the total number of students enrolled in Medicaid with IEPs requiring direct medical services **for which at least one interim claim was valid and paid and that the district had obtained parental consent** for to the total number of students with IEPs requiring direct medical services.





More consents create more billing opportunities, more interim reimbursement, and more students in the IEP Ratio numerator.

The Connection

- Example 1
 - District's total SHARS costs amount to \$1,000,000.00
 - DMS Time Study % for FFY = 25%
 - District has struggles obtaining parental consents and has had issues billing throughout the reporting period, so IEP Ratio is calculated at 15%
 - District does not provide transportation services
 - FMAP for the reporting period is 60%
 - District has received \$12,000.00 in interim payments for the FFY.

Total SHARS Costs	\$1,000,000
DMS Time Study % (25%)	\$250,000
IEP Ratio (15%)	\$37,500
FMAP (60%)	\$22,500
Interim Payments (\$12,000)	\$10,500
1% Admin Fee (Charged by HHSC)	\$10,395

Total SHARS Reimbursements (for FFY): \$22,395



The Connection

- Example 2
 - District's total SHARS costs amount to \$1,000,000.00
 - DMS Time Study % for FFY = 25%
 - District has obtained more parental consents and has been able to bill for more eligible students, so IEP Ratio is calculated at 50%
 - District does not provide transportation services
 - FMAP for the reporting period is 60%
 - District has received \$36,000 in interim payments for the FFY.

Total SHARS Costs	\$1,000,000
DMS Time Study % (25%)	\$250,000
IEP Ratio (50%)	\$125,000
FMAP (60%)	\$75,000
Interim Payments (\$36,000)	\$39,000
1% Admin Fee (Charged by HHSC)	\$38,610

Total SHARS Reimbursements (for FFY): \$74,610





Summary & Best Practices

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Summary & Best Practices

- There is a connection between parental consent, the IEP Ratio, and a district's SHARS reimbursements.
- To include a student in the numerator of a district's IEP Ratio, the district must have billed and received payment for IEP services provided to the student, which means the district would have to have parental consent for the student to be considered for the IEP Ratio numerator.
 - More parental consents generally leads to more billing opportunities, which often means more interim reimbursements, potentially higher IEP Ratio numerators, and ultimately greater total Medicaid allowable costs, which can potentially result in higher final settlement amounts and/or overall reimbursements.
- Get Parental Consents!!



Summary & Best Practices

- Determine cause of missing consents
- Use text messaging applications to inform parents of incoming written notification letters/documents
- Ensure written notification and parental consent letters are written in parents' native language
- Offer convenient signing options such as electronic signatures
- Draft an FAQ document to provide additional information to parents in plain language
- Appoint a clear process owner to track, monitor, and oversee written notification distribution efforts and parental consent collection
- Be certain to explain consent can be withdrawn
- Train staff to be able to explain the purpose of providing consent, how to address refusals, and always lead with “no cost” protections



Summary & Best Practices

- Document services!!
- Provide staff with a user-friendly, easy to use, documentation system that connects with your IEP solution to ensure:
 - Parental consent has been obtained
 - Necessary IEP information is available and linked to service documentation
 - Prevent erroneous billing
- Monitor staff documentation activities
- Ensure all staff that provide services have access to your documentation solution, have been trained, and that they are taught tips and tricks to document faster and more accurately
- Monitor claiming activity and verify your vendor is running Medicaid eligibility checks periodically
- Retain weekly Remittance & Status Reports from TMHP to reconcile HHSC's IEP numerator count



Summary & Best Practices

- Improving a district's IEP Ratio can increase a district's reimbursements.
- There are many variables that impact a district's SHARS reimbursements.
- Compliance is key!!
- Monitor program updates and policy changes to adapt to the ever-changing SHARS landscape.



Questions/Resources/Contact Information

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Questions/Resources/Contact Information

- Frontline Special Programs Management: <https://www.frontlineeducation.com/special-programs/special-ed-software/medicaid-reimbursement/>
- SHARS Manual: https://www.tmhp.com/sites/default/files/file-library/resources/provider-manuals/tmppm/pdf-chapters/2026/2026-09-september/2_18_shars.pdf
- Title 1 of the Texas Administrative Code, Part 15, Chapter 355, SubChapter J, Division 23, Rule 8443: [https://texas-sos.appianportalsgov.com/rules-and-meetings?\\$locale=en_US&interface=VIEW_TAC_SUMMARY&queryAsDate=03%2F24%2F2025&recordId=210272](https://texas-sos.appianportalsgov.com/rules-and-meetings?$locale=en_US&interface=VIEW_TAC_SUMMARY&queryAsDate=03%2F24%2F2025&recordId=210272)
- Cost Report Training Presentation: <https://pfd.hhs.texas.gov/sites/default/files/documents/acute-care/2024/2024-shars-cost-reprt-training.pdf>



Questions/Resources/Contact Information

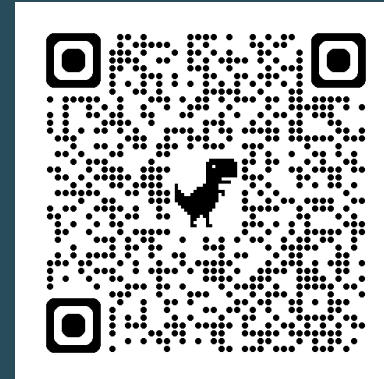
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Thank You

