



Medicaid Coverage of School-Based Mental Health Services

Introduction

Medicaid covers a broad range of services for children with emotional, behavioral and mental health needs and their families. These include services to improve a child's behavior, including wraparound services and therapeutic foster care for high-needs children; services to build a child's social, communication, and life skills; education of parents about their child's needs and teaching them the skills to meet those needs (family psychoeducation), and coordination of services. Medicaid permits these services to be provided in a variety of community locations, including at schools and in a child's home. Most states cover these services as either rehabilitative services or case management services.

General Rules Regarding Medicaid Coverage

The categories of service covered by Medicaid – listed at 42 U.S.C. § 1396d(a) – are very broad, and many individual services fall within each service category. See, e.g., U.S. Department of Health and Human Services, Office of the Assistant Secretary for Planning and Evaluation, *Using Medicaid to Support Working Age Adults with Serious Mental Illness in the Community: A Handbook ("Using Medicaid")*, January 2005, at 52. An individual service need not be expressly listed in § 1396d(a) to be covered by Medicaid.

In the case of children, Medicaid's "[e]arly and periodic screening, diagnostic and treatment services" ("EPSDT") mandate, 42 U.S.C. § 1396d(r), requires states to provide children any and all needed (medically necessary) services that are Medicaid reimbursable. Thus, states must provide to children any and needed all services that fit within § 1396d(a) to children.¹ U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services, *A Primer on How to Use Medicaid to Assist Persons Who are Homeless to Access Medical, Behavioral Health, and Support Services ("Medicaid Primer")*, January 2007, at 43. This is true regardless of whether the needed service is included in that state's Medicaid plan. *Id.*

¹ In contrast, some categories of services listed in the Medicaid Act are optional for adults.

Medicaid covers health services, including mental health services, provided to Medicaid-eligible children in schools, and the Centers for Medicare & Medicaid Services (“CMS”)² has provided technical assistance regarding reimbursement. See, e.g., U.S. Department of Health and Human Services, Health Care Financing Agency, *Medicaid and School Health: A Technical Assistance Guide* (August 1997) (“*Medicaid and School Health*”). While the general rule under Medicaid is that it is the payer of last resort, this general rule does not apply to services provided pursuant to a child’s Individualized Education Plan (“IEP”) under the Individuals with Disabilities Education Act (“IDEA”). Section 1903(c) of the Medicaid Act, 42 U.S.C. § 1396b(c), specifically provides that Medicaid reimbursement is available for covered Medicaid services that are included in a child’s IEP.³ For children who do not have an IEP, Medicaid will pay for medically necessary covered Medicaid services as long as there are no other third parties liable to pay. See generally Jan. 2001 SMDL; The State Medicaid Manual, § 4302.2. Providers of school-based Medicaid services must meet all Medicaid provider qualifications, which are for the most part set by states, not the federal government.

Rehabilitative Services

42 U.S.C. § 1396d(a)(13) provides for coverage of “other diagnostic, screening, preventative, and rehabilitative services . . . for the maximum reduction of physical and mental disability and restoration of an individual to the best possible functioning level.” This category is known as “rehabilitative services.” Rehabilitative services cover a broad range of community-based services, such as diagnosis and comprehensive assessments; team-based treatment planning; coordinating the delivery of rehabilitative services to individuals; crisis services; basic life skills and social skills training and support across a variety of community living dimensions; medication education and management; illness and disability management that is designed to increase a person’s ability to recognize and respond to symptoms; supported employment to assist individuals in overcoming barriers to employment that stem from their mental illness; substance abuse services⁴; and community support services.⁵ See, e.g., *Medicaid Primer*, at 58-59; *Using Medicaid*, at 52.

² CMS was formerly the Health Care Financing Agency (HCFA).

³ This section also allows for reimbursement of Medicaid-covered services provided to infants and toddlers under an individualized family service plan (“IFSP”) under the IDEA. 42 U.S.C. § 1396b(c).

⁴ Substance abuse services covered as rehabilitative services include therapy, counseling, training in communication skills, recovery training, relationship skills, and employability skills. *Medicaid Primer*, at 60.

⁵ Many states cover the individual component services of wraparound services and therapeutic foster care as rehabilitative services, such as wraparound immediate crisis stabilization and crisis planning, wraparound team formation; development and implementation of a wraparound or

Rehabilitative services includes support services to the families of children with emotional, behavioral and mental health needs. While Medicaid does not cover services provided to non-Medicaid family members for their sole benefit, Medicaid does cover services provided to non-covered family members that are for the benefit of the Medicaid-eligible child. Family psychoeducation, which are services to enlist a person's family in addressing and managing the person's mental illness, are covered rehabilitative services. *Medicaid Primer*, at 58-59. CMS has identified family psychoeducation as an evidence-based practice and described the Medicaid-covered activities of family psychoeducation to include “*individual family counseling* – time to review illness history, warning signs, coping strategies, and concerns and developing goals; *family treatment planning* – active involvement of family members in the planning and input of setting goals and treatment; [and] *family supports* – helping families support their loved ones who have mental illness in their recovery.” U.S. Department of Health and Human Services, Centers for Medicare & Medicaid Services, *Medicaid Support of Evidence-Based Practices in Mental Health Programs* (italics in original).

Rehabilitative services can be provided in a variety of community locations, including in schools and in the child's home. *See Medicaid Primer*, at 58; *Using Medicaid*, at 54; *Medicaid and School Health*, at 10-11. A wide range of mental health providers can deliver rehabilitative services, including non-clinicians such as mental health professionals, community workers, and peer specialists, as well as mental health clinicians. *A Primer*, at 58; *Using Medicaid*, at 54. Providers of school-based Medicaid services must meet the same provider qualifications as other Medicaid providers. *Medicaid and School Health*, at 15-16.

Case Management Services

Medicaid case management services, 42 U.S.C. § 1396d(a)(19), are services that assist Medicaid-eligible individuals in gaining access to needed medical, social, educational, and other services. Deficit Reduction Act, P.L. 109-171, § 6052(a)(2) (Feb. 8, 2006) , codified at 42 U.S.C. § 1396n(g). Covered case management services include assessments to determine service needs, care plan development, referral and related activities to help an individual obtain needed services, and monitoring and follow-up activities. *Id.* Specific assessment activities include taking client history, identifying the needs of the individual, completing related documentation, and gathering information from other sources such as family members, medical providers, and educators. Jan. 2001 SMDL.⁶

therapeutic foster care treatment plan; and wraparound or therapeutic foster care transition. Some of these components can also be covered as case management services. *See infra* at n. 7.

⁶ The Jan. 2001 SMDL was sent to State Medicaid Directors to clarify HHS policy on case management services as it relates to an individual's participation in other social, education, or other programs. The moratorium on the recent case management rules specifically provides that

Care planning activities include working with the individual and others to develop goals and identify a course of action to respond to the assessed needs, including medical, social, education and other services needed by the Medicaid-eligible individual. *Id.* Referral and linkage includes activities that help link Medicaid eligible individuals with provider and programs, such as making referrals to providers for needed services and scheduling appointments. *Id.* Monitoring and follow-up activities ensure that the care plan is effectively implemented and adequately addressing the needs of the Medicaid-eligible individual, including whether services are being furnished in accordance with the plan, whether the services in the plan are adequate, and whether there are changes in the needs or status of the individual, and if so, making necessary adjustments.⁷ *Id.*

As with rehabilitative services, case management services cover activities that include families for the benefit of the Medicaid eligible child. Case management may include contacts with non-eligible individuals that are directly related to the identification of the eligible individual's needs and care, for the purposes of helping the eligible individual access services, identifying needs and supports to assist the eligible individual in obtaining services, providing case managers with useful feedback, and alerting case managers to changes in the eligible individual's needs. Jan. 2001 SMDL; *accord* Interim Final Case Management Services Rules, 72 Fed. Reg. at 68092.⁸

A Sampling of Covered Services

States have used Medicaid to cover a variety of services to support children with emotional, behavioral, and mental health needs and their families, including:

- Initial and comprehensive assessments;

the policies set forth in this letter are the current law on case management services. See Section 7001(a)(3)(B)(ii) of Public Law 110-252 (H.R. 2642), Supplemental Appropriations Act of 2008.

⁷ Some states cover some of the components of wraparound services and therapeutic foster care as case management services, such as wraparound and therapeutic foster care treatment plan development and tracking and adapting the wraparound or therapeutic foster care treatment plan. Case management of rehabilitative services can be covered as rehabilitative services. See The State Medicaid Manual, § 4302; *Medicaid Primer*, at 58.

⁸ The case management regulations, which are currently subject to a moratorium until April 1, 2009, see Section 7001(a)(3)(B) of Public Law 110-252 (H.R. 2642), Supplemental Appropriations Act of 2008, placed some additional limitations on the provision of case management services to children with IEPs. These rules provide that Medicaid will not cover case management activities required by the IDEA but not needed to assist students in gaining access to needed services, such as the work for developing, reviewing and implementing a child's IEP. The rules also prohibit the billing of Medicaid case management for administrative functions such as scheduling an IEP meeting or providing written notice. Even under these rules, Medicaid case management can be billed once an IEP is written that includes case management as a necessary service.

- Service planning, including engagement of the child and family, team formation, service plan development and modification, crisis planning, and transition planning;
- Crisis response services, including mobile crisis services and crisis stabilization;
- Community-based mental health interventions, including wraparound services, intensive home-based services, therapeutic foster care, family education and training, individual and family therapy, medication management, social and living skills training, behavioral/therapeutic aide services, mentoring, school-based day treatment, multi-systemic therapy, and intensive outpatient substance abuse services, integrated substance abuse services for individuals with co-occurring disorders.
- Care coordination services, including intensive case management and case consultation.

Conclusion

Schools can use Medicaid to cover a wide range of services for students with emotional, behavioral, and mental health needs. School districts should take advantage of this source of funding to expand services to meet the needs of these students.