

# WILL MEDICAID PAY FOR THIS SERVICE?

*Key Constraints on Medicaid Reimbursement for School-Based Mental Health Services*



## MEDICAID

Medicaid is the largest payer of behavioral health services in the U.S., including school-based mental health (SMH) services. In order for a service to be reimbursable by Medicaid, four criteria must be met:

**1** THE CHILD IS ENROLLED IN MEDICAID.

**2** THE SERVICE IS A COVERED SERVICE.

**3** THE PROVIDER IS AN ELIGIBLE PROVIDER.

**4** THE SETTING IS AN ACCEPTED SETTING.



Pages 2-5 of this resource explore these 4 criteria and describe key related barriers that can constrain financing for SMH services.

Click on the embedded links to find additional information on these criteria and barriers in the [Southeast Region](#).



# 1

## IS THE CHILD ENROLLED IN MEDICAID?

The child must be enrolled in Medicaid (or the Children’s Health Insurance Program or “CHIP”) in order for Medicaid (or CHIP) to pay for the child’s school-based mental health (SMH) care.

- ➔ Many children are not eligible for Medicaid. Some of these children may be eligible for CHIP, but not all.
- ➔ Many Medicaid-eligible children are not enrolled.
- ➔ A child’s Medicaid enrollment can fluctuate over time due to fluctuating eligibility or difficulty meeting administrative requirements.



*Note:* As of 2016, nearly 93% of Medicaid-enrolled children nationwide were enrolled in a Medicaid Managed Care plan,<sup>(1)</sup> a commercial insurer that contracts with the state to manage Medicaid benefits and pay claims.

**SOURCE:** <sup>(1)</sup>MACPAC. Section 3: Program enrollment and spending—Medicaid managed care. Washington, DC; December 2016.



## 2

### IS THE SERVICE TO BE PROVIDED A COVERED SERVICE?

While all Medicaid programs cover mental health services in general, different Medicaid programs make different decisions about which specific services will be covered and under what circumstances.

- ➔ Many services are covered as mandatory benefits (e.g., physician visits, hospital care).
- ➔ Other services are optional benefits (e.g., Rx drugs, targeted case management, licensed clinical social worker services), which some states do not cover.
- ➔ Medicaid Managed Care plans vary in their terms of coverage.
  1. Initial services may be covered only with referral and/or prior authorization—and only up to a fixed benefit “cap.”
  2. Coverage may be extended above the cap if the provider obtains re-authorization.





### 3

## IS THE PROVIDER AN ELIGIBLE PROVIDER?

Providers must be credentialed (i.e., determined to be in good professional standing) and approved by Medicaid before their claims can be reimbursed.

- ➔ There is a significant shortage of behavioral health providers, and particularly providers equipped to diagnose and treat youth.
- ➔ Decreasing numbers of providers (e.g., psychiatrists) report that they are currently accepting any Medicaid patients.<sup>(2)</sup>
- ➔ Medicaid managed care plans contract with providers independently. As such, a Medicaid-participating provider may be “in-network” for some plans but not others.
- ➔ Some services may only be covered when provided by certain types of providers (e.g., licensed clinical social worker vs. non-clinical).



**SOURCE:** <sup>(2)</sup> Wen, H., Wilk, A. S., Druss, B. G., & Cummings, J. R. 2019. “Medicaid Acceptance by Psychiatrists: Implications for Medicaid Expansion.” *JAMA Psychiatry* 76(9): 981-983. doi:10.1001/jamapsychiatry.2019.0958



# 4

## IS THE CARE SETTING AN ACCEPTED CARE SETTING?

Medicaid programs set rules that govern whether a covered service will be reimbursable only if provided in a program-approved setting.

- ➔ Outpatient (non-school-based) clinics are generally an acceptable setting for youth mental health services.
- ➔ School mental health programs often facilitate transportation to/from outpatient clinics.
- ➔ Schools may be an approved care setting for some services in some states, but not others.
- ➔ Individuals with Disabilities Education Act (IDEA) and Medicaid will pay for school-based treatment/management services listed in the student's individualized education program (IEP)

