Maryland
DEPARTMENT OF HEALTH

Wes Moore, Governor · Aruna Miller, Lt. Governor · Laura Herrera Scott, M.D., M.P.H., Secretary

January 31, 2025

The Honorable Guy Guzzone
Chair, Senate Budget and Taxation Committee
3 West Miller Senate Office Bldg.
Annapolis, MD 21401-1991

The Honorable Ben Barnes
Chair, House Appropriations Committee
121 House Office Bldg.
Annapolis, MD 21401-1991

RE: Report on Medicaid Reimbursement of School-Based Behavioral Health Services – 2024 Joint Chairmen's Report (p. 130-131)

Dear Chairs Guzzone and Barnes:

Pursuant to the requirements of the 2024 Joint Chairmen's Report (p. 130-131), the Maryland Department of Health (MDH) respectfully submits this report on Medicaid reimbursement of school-based behavioral health services in light of Maryland Medicaid's expansion of covered services.

The report includes an update on federal approval and implementation of this expansion; provider credentials and requirements for community-based and school-based behavioral health services; the authorization and billing processes for community-based and school-based behavioral health services; rates for community-based and school-based behavioral health services; and potential impacts of the expansion on the community behavioral health workforce and access to community-based behavioral health services.

If further information is needed please contact Sarah Case-Herron, Director, Office of Governmental Affairs, at sarah.case-herron@maryland.gov.

Sincerely,

Laura Herrera Scott, M.D., M.P.H.
Secretary

cc: Erin McMullen, Chief of Staff
Ryan Moran, Deputy Secretary, Health Care Financing & Medicaid Director
Tricia Roddy, Deputy Medicaid Director
Alyssa Brown, Director of Innovation, Research, and Development
Sandra Kick, Director of Medical Benefits Management
Sarah Case-Herron, Director, Office of Governmental Affairs
Sarah Albert, Department of Legislative Services (5 copies)

Report on Medicaid Reimbursement of School-Based Behavioral Health Services

2024 Joint Chairmen's Report (p. 130-131)

Maryland Department of Health

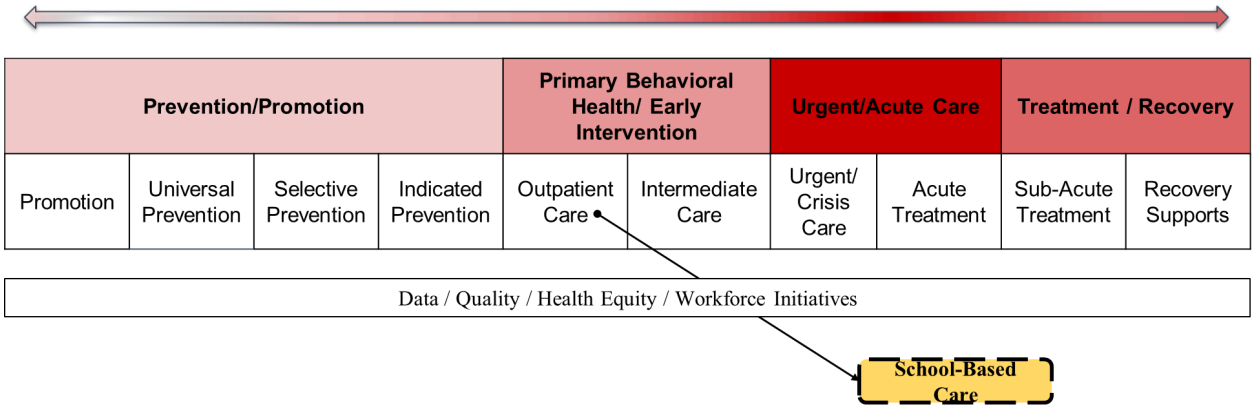
December 2024

Introduction

Ensuring school-aged children have access to comprehensive health services during a formative time of their lives is a principal goal of the Maryland Department of Health (MDH). School-aged children (those under the age of 21) make up over 40 percent, or 700,000, of Maryland Medicaid's total enrollment. Medicaid is in the process of leveraging recent federal guidance to expand school-based behavioral health services (SBS) for all children, regardless of having an Individualized Education Program (IEP)/Individualized Family Service Plan (IFSP). Ultimately, this will help bolster access to behavioral health care and meet children where they are.

The expansion fosters coordination across the continuum of care, particularly within MDH's framework of the Behavioral Health Continuum of Care for Children and Adolescents (see Figure 1). The continuum has four major components: prevention and promotion, primary behavioral health and early intervention, urgent and acute care, and treatment and recovery. The implementation and expansion of SBS for all children, regardless of having an IEP or IFSP, strengthens the primary behavioral health and early intervention stage of the continuum.

Figure 1. Behavioral Health Continuum of Care for Children and Adolescents



Interagency collaboration with the Maryland State Department of Education (MSDE) has positioned Medicaid to implement and expand the provision of school-based behavioral health services in Medicaid to leverage a broader strategy to transform education systems in the state to reduce achievement gaps and ensure opportunity for every student, regardless of family income, race, ethnicity, or ability.[1]

With Medicaid as the main source of health care coverage for three in eight children in Maryland, MDH envisions behavioral health for children and adolescents as a continuum that is supported through all stages by investment in data, quality care, health equity, and workforce initiatives. In addition to expanding access to these critical services in a place where many children feel safe, schools and local education agencies (LEAs) will have an additional funding stream, including federal Medicaid matching funds, allowing them to reallocate existing local funding to further support student needs.

[1] "What Is the Blueprint for Maryland's Future?" *Blueprint*, Maryland State Department of Education, 17 Oct. 2024, blueprint.marylandpublicschools.org/about/.

In implementing the expansion, Medicaid has considered all areas in which the expansion could have an impact on community-based behavioral health providers. The expansion does not seek to displace available community services but to enable more children to receive more immediate, critical services and to create feedback mechanisms between school-based providers and community providers to ensure that youth have their needs met both in and out of the school setting.

As of January 1, 2025, pending approval from the federal Centers for Medicare and Medicaid Services (CMS), school psychologists may bill for IEP/IFSP services and school psychologists and social workers may bill for services rendered to students without an IEP/IFSP.

Update on Expansion and Implementation

Centers for Medicare and Medicaid Services Updates
In May 2023, CMS published updated guidance on Medicaid reimbursement of school-based services and associated administrative claiming.[2] MDH reviewed this guidance and began to plan for the future expansion of SBS in Maryland. Early conversations with MSDE and the Maryland Consortium on Coordinated Community Supports (the Consortium) indicated the critical need for stakeholder engagement as Maryland implemented expanded services.

In January 2024, CMS released a Cooperative Agreement Notice of Funding Opportunity (NOFO), *State Grants for the Implementation, Enhancement, and Expansion of Medicaid and CHIP School-Based Services*.[3] Funding is to be used to implement, expand, or enhance the provision of school-based services in a state, depending on the category a state applied for. MDH applied for the funding opportunity in March 2024 and was awarded funding, along with 17 other states, in July 2024.[4] MDH's application, *Blueprint to Building: Implementation of Medicaid School-Based Services for Maryland's Future*, was reviewed by both internal partners and external partners, including MSDE and the Consortium (see Attachment I). MDH has been awarded $2.5 million over three years (Fiscal Year (FY) 2025-FY 2027) to support the implementation of school-based services in Maryland.

Stakeholder Engagement
Beginning in March 2024, MDH and MSDE transitioned from as-needed, ad-hoc planning meetings to a recurring biweekly meeting. This collaborative team serves as the Steering Committee for SBS implementation. Early meetings were informational: MDH notified MSDE of the upcoming expansion to SBS billing, and MSDE helped MDH understand the current state of billing, as well as the role of school psychologists and their pathways for licensure/certification. Over time, meetings evolved to involve collaborative planning. MSDE

[2] Delivering Services in SchoolBased Settings: A Comprehensive Guide to Medicaid Services and Administrative Claiming: "Delivering Services in School-Based Settings." *Centers for Medicare and Medicaid Services*, CMS, 2023, www.medicaid.gov/medicaid/financial-management/downloads/sbs-guide-medicaid-services-administrative-claiming.pdf.
[3] "View Grant Opportunity." Grants.Gov, 24 Jan. 2024, grants.gov/search-results-detail/350998.
[4] "Grants: CMS Awards School-Based Services Grants to 18 States." *Medicaid.Gov*, CMS, Jan. 2024, www.medicaid.gov/resources-for-states/medicaid-state-technical-assistance/medicaid-and-school-based-services/grants/index.html.

has helped coordinate presentations and training sessions by MDH to LEA staff and school-based providers.

MDH and MSDE have also jointly developed and issued an "LEA Readiness Survey" to understand where LEAs will need the most support in implementing this benefit expansion. The LEA Readiness Survey will support a Needs Assessment and Infrastructure Needs Assessment. MSDE continues to be a voice for the school-based provider community, letting MDH know where providers have the most questions and concerns. MDH, in turn, provides support and education to school staff and providers. Based on MSDE feedback, MDH is working to limit the administrative burden on the LEAs and school psychologists, and to provide clear and detailed training materials on the enrollment and billing processes, to make this process as smooth for MSDE, LEAs, and providers as possible.

In tandem, MDH has established an SBS Coalition, as an advisory forum for soliciting key stakeholder feedback on the current and future activities related to the expansion of SBS. The SBS Coalition fulfills an important role in ensuring a successful implementation of the expansion of reimbursement for SBS by providing feedback and direction on proposed policy revisions and expansion of Medicaid-coverable SBS. In addition, the SBS Coalition will review and validate the proposed service delivery and future administrative cost claiming models.

The initial SBS Coalition members were confirmed by Department and MSDE leadership and will include representatives from MSDE, Department leadership, Maryland Public Health Services Administration, Maryland Behavioral Health Administration and Local Education Agencies, in addition to the regular working group members from Medicaid and MSDE.

The SBS Coalition will also include representation from the Consortium. This will facilitate bidirectional communication between the two entities and increase opportunities for insight and feedback.

MDH has also presented on the expansion to the Consortium and the Maryland Association of Behavioral Health Authorities (MABHA) in an effort to keep stakeholders apprised of updates.

Federal Authority

Pending CMS approval, MDH is updating the State Plan to expand coverage for school-based psychological services when provided to students who do not have an IEP or IFSP. Additionally, MDH is allowing certified school psychologists to enroll with Maryland Medicaid, and LEAs to bill for services rendered by certified school psychologists and school social workers in a school-based setting.

School-based psychological services include psychiatric diagnostic interviews, individual psychotherapy, family psychotherapy, and group psychotherapy. Currently, MDH only reimburses LEAs for these services when they are delivered in accordance with an IEP or IFSP. Under the updated State Plan Amendment (SPA), LEAs will be reimbursed for psychological services rendered to all Medicaid-enrolled students with a qualifying diagnosis, with or without an IEP or IFSP. These services will be rendered by school social workers and school psychologists licensed by MSDE.

As of November 2024, this SPA has been posted for public notice prior to the CMS submission process.

State Regulations
MDH is updating the Code of Maryland Regulations (COMAR) 10.09.50: EPSDT School Health-Related Services or Health-Related Early Intervention Services, and COMAR 10.09.59: Specialty Mental Health Services to reflect the expansion of school-based services. Specifically, in 10.09.50, MDH is adding school psychologists to the list of professionals that can render services in a school, and revising certain definitions to remove references to IEP/IFSP in order to reflect the expansion of school-based psychological services, which will be available to all students (with or without an IEP/IFSP). In 10.09.59, MDH is adding LEAs as eligible specialty mental health providers.

The chapters were submitted to the Joint Committee on Administrative, Executive, and Legislative Review in November 2024 and are expected to be published for public comment on December 27, 2024.

Systems
Various system changes are completed or are underway to support the implementation of SBS. These updates include adding a new provider type to the online Medicaid provider enrollment portal (ePREP) and making necessary rate changes in the Maryland Medical Information System (MMIS) to allow: 1) certain codes to be billed by the new provider type; 2) coordination and development of claims processing; and 3) appropriate clinical documentation and oversight by Medicaid's Behavioral Health Administrative Services Organization (BHASO), further discussed in later sections.

System changes and updates to add the new provider type for school psychologists are completed. School psychologists may now enroll as a rendering provider in Maryland Medicaid. Applicable rate changes are underway in MMIS and have been discussed with the BHASO.

Rate Development
Maryland's expansion of SBS impacts two billing processes. First, MDH had to consider the existing IEP/IFSP structure and implement billing for school psychologists, as school psychologists are a new reimbursable provider type in the Medicaid program. Because the scope of practice of school psychologists within the school setting mirrors that of a licensed psychologist, MDH elected to set the new school psychologist rates at the same rate as licensed psychologists. In addition, MDH is ensuring that the rates for IEP/IFSP-related services are in alignment with the rates that community providers receive for the same services.

Second, MDH considered the Medicaid behavioral health system as a whole when determining rates for non-IEP/IFSP-related services. In the Maryland Medicaid program, specialty behavioral health services are carved out of Medicaid managed care benefits and are paid for on a fee-for-service (FFS) basis. Consequently, all behavioral health claims, with the exception of primary behavioral health care, are submitted through a behavioral health administrative services organization (BHASO). Following current practice under the carve-out of specialty behavioral

health services, non-IEP/IFSP behavioral health services in schools will be managed by the BHASO. The services will be authorized by the BHASO, with utilization closely monitored. Preauthorization is required in accordance with COMAR 10.09.59.08 for both school-based providers and community-based providers.[5] School-based providers will submit claims through the BHASO, which includes documentation to substantiate such claims for payment and audit purposes, just as a community-based provider does.

The behavioral health codes that may be billed by certified school psychologists and social workers are within their scope of practice and are offered to children in schools today but not currently reimbursable by Medicaid. MDH determined that the services that will be rendered to students without an IEP/IFSP in the school setting align with those rendered by community providers. Similarly to the rates for IEP/IFSP services, these codes will be reimbursed at the same rate for applicable school-based providers and community-based providers. The fee schedule is in the process of being updated and necessary systems changes are being made to enable school psychologists and social workers to render services that are now billable by the local education agency (LEA).

Provider Credentialing and Requirements for School-Based Providers and Community-Based Providers

The expansion of allowing LEAs to be reimbursed for services rendered to students without an IEP/IFSP only applies to those services rendered by either a school psychologist or social worker (LCSW-C). A school social worker has the same credentialing requirements as a community-based social worker. There are differences in credentialing between a licensed psychologist in the community and school psychologists.

A licensed psychologist is credentialed by the Board of Examiners of Psychologists. A licensed psychologist must possess a doctoral degree, complete two years of supervised professional experience, and receive qualifying scores on the Examination for Professional Practice in Psychology (EPPP) and the Maryland Examination prepared and scored by the Board.[6]

School psychologists are licensed by MSDE. There are four options by which school psychologists may qualify for licensure by MSDE. In general, a school psychologist must possess a Master's degree (or higher), complete special education coursework hours, receive qualifying scores on the Maryland-approved test for school psychologists, and complete 1,200 internship hours (for certain applicants) or possess the Nationally Certified School Psychologist certificate issued by the National School Psychology Certification Board with relevant required experience.[7] The scope of services for a school psychologist only applies to those rendered in the school setting. Thus, school psychologists will not be permitted to bill for services outside the school setting and their MSDE credential.

Billing and Reimbursement by School-Based Providers and Community-Based Providers

[5] https://dsd.maryland.gov/regulations/Pages/10.09.59.08.aspx
[6] https://dsd.maryland.gov/regulations/Pages/10.36.01.00.aspx
[7] "School Psychologist." *Division of Educator Effectiveness*, Maryland State Department of Education, 2024, marylandpublicschools.org/about/Pages/DEE/Certification/areas/School-Psychologist.aspx.

As described above, billing and reimbursement for services offered by school-based providers to non-IEP/IFSP students will mirror those processes currently followed by community-based providers. Children will not need a referral for these services but, in accordance with Maryland regulations found at COMAR 10.67.08.02, will require a behavioral health diagnosis to seek services. This is consistent with services offered by community-based providers. There are five codes that may be billed by school psychologists and social workers in the school-based setting for services rendered to students without an IEP/IFSP. MDH notes that rates for IEP/IFSP services are in alignment as well.

Table 1 illustrates the relationship between billing and reimbursement for school-based and community-based providers, specifically for services rendered to students without an IEP/IFSP by school psychologists, social workers (LCSW-C), and licensed psychologists, as of January 2025.

Table 1. Reimbursement Codes for Services Rendered by School Providers and Community Providers, Non-IEP/IFSP Students as of January 1, 2025

Procedure Code	**Procedure Code Description**	**School-Based Providers**	**Community Providers**
90791	Psychiatric diagnostic evaluation	School Psychologist: $191.89 LCSW-C: $168.02	Licensed Psychologist: $191.89 LCSW-C: $168.02
90832	Individual psychotherapy (30 min)-Outpatient	School Psychologist: $63.53 LCSW-C: $55.43	Licensed Psychologist: $63.53 LCSW-C: $55.43
90834	Individual psychotherapy (45 min)-Outpatient	School Psychologist: $115.12 LCSW-C: $101.07	Licensed Psychologist: $115.12 LCSW-C: $101.07
90847	Family psychotherapy with patient present (45-60 min)	School Psychologist: $121.10 LCSW-C: $104.04	Licensed Psychologist: $121.10 LCSW-C: $104.04
90853	Group psychotherapy (not multi-family) 45-60 min	School Psychologist: $39.25 LCSW-C: $39.25	Licensed Psychologist: $39.25 LCSW-C: $39.25

Potential Impacts on Community-Based Behavioral Health Providers and Access to Community-Based Behavioral Health Services

MDH expects that the expansion of SBS in Maryland will result in positive impacts on community-based behavioral health services and providers.

Primarily, grant funding, while a potential source of funding for these services, is often time-limited and unsustainable. Medicaid reimbursement for behavioral health services, just as they are in the community setting, formalizes the billing structure for consistency. This brings the additional advantage of leveraging federal funding for the services provided and alleviates pressure on the State General Fund. Essentially, Medicaid services are eligible for federal matching dollars, which grants do not provide.

In addition, Medicaid reimbursement will inherently lead to MDH's ability to evaluate the effectiveness of the services in both increasing access to care and improving student health. Formal billing enables MDH to collect information on utilization, the provider network, and overall trends, including demographics. Analyzing this data may identify gaps in access or services, allowing MDH, in partnership with MSDE and other stakeholders, to implement actionable improvement plans in the future to strengthen the care continuum. This information may also lead to the identification of community partnerships that will further benefit Maryland's children and their overall health. Data collection activities utilize existing data flows, systems, and metrics. Medicaid claims, as submitted to the BHASO and shared with MDH, constitute a rich source of data to inform programmatic decision-making and evaluation.

As described previously, MDH is working closely with stakeholders, including the BHASO, in this implementation. The relationship between schools and the BHASO will provide referral opportunities for students who need a higher level of care and/or ongoing intervention with a community behavioral health provider. MDH plans to continue to work closely with the BHASO to determine procedures that would best facilitate such referral opportunities. Doing so will further increase access to behavioral health services for children across the continuum of care. MDH allocated a portion of the cooperative agreement funds awarded by CMS to support the BHASO in the implementation of this work.

In addition, MDH notes the services that will now be reimbursable for students without an IEP/IFSP are already being provided in schools by school-based providers, including school psychologists. MDH does not anticipate these services supplanting community-based services.

MDH, in conversations with MSDE and early LEA survey results, has learned that some LEAs rely greatly on contracted or community providers to provide school-based behavioral services. MDH anticipates that community providers in geographical regions that currently contract and/or coordinate with community providers to provide behavioral health services may have an increase in the demand for services. Therefore, if the SBS expansion achieves CMS's goal of increasing access to SBS, Maryland anticipates the community providers and agencies who contract with LEAs may encounter increased requests for services, as result of the increased ability of non-IEP/IFSP students to access SBS.

Conclusion

MDH looks forward to continuing this critical work in Maryland to increase access to behavioral health services for youth and further strengthen the behavioral health continuum of care. MDH will continue to work with stakeholders to ensure that this expansion takes into account the many facets of behavioral health care overall leading to successful implementation.