

(Audio archived recordings of the committee meetings, corresponding to the date of the committee statement, **may possibly** be found at www.njleg.state.nj.us)

FLOOR AMENDMENT STATEMENT: No

LEGISLATIVE FISCAL ESTIMATE: Yes 12/08/2022
06/22/2023

VETO MESSAGE: No

GOVERNOR'S PRESS RELEASE ON SIGNING: Yes

FOLLOWING WERE PRINTED:

To check for circulating copies, contact New Jersey State Government Publications at the State Library (609) 278-2640 ext.103 or <mailto:refdesk@njstatelib.org>

REPORTS: No

HEARINGS: No

NEWSPAPER ARTICLES: Yes

Brent Johnson and Adam Clark - For South Jersey Times, 'Murphy to governors: Attack mental health crisis among young', *South Jersey Times* (online), 14 Jul 2023 001

CL/JA

§§1,2
C.30:4D-7ss
and 30:4D-7tt
§4
Note to §§1,2

P.L. 2023, CHAPTER 108, *approved July 13, 2023*
Assembly, No. 3334 (*Second Reprint*)

1 AN ACT concerning school-based Medicaid claims and
2 supplementing Title 30 of the Revised Statutes.

3
4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6
7 1. a. As used in this section:
8 “Division” means the Division of Medical Assistance and Health
9 Services in the Department of Human Services.

10 “Local education agency” means a public authority legally
11 constituted by the State as an administrative agency to provide
12 control of and direction for kindergarten through grade 12 public
13 educational institutions.

14 “Medicaid” means the program established pursuant to P.L.1968,
15 c.413 (C.30:4D-1 et seq.).

16 b. The division, or a managed care organization contracted
17 with the division to provide benefits to Medicaid beneficiaries, shall
18 reimburse a local education agency for behavioral health services
19 covered under Medicaid, delivered in-person or via telehealth, and
20 provided to a student who is an eligible Medicaid beneficiary.
21 Services provided under this subsection shall be:

22 (1) reimbursable by Medicaid regardless of the following:
23 whether the student participates in an Individualized Education
24 program, 504 Accommodation Plan, Individualized Health Care
25 Plan, or Individualized Family Service Plan; or whether the covered
26 services are provided at no charge to the student; and

27 (2) provided by a licensed medical practitioner approved as a
28 Medicaid provider or a local education agency approved as a
29 Medicaid provider.

30 c. Any local education agency claiming reimbursement under
31 this section shall take all reasonable measures to ascertain and
32 pursue any claims for reimbursement for services under this section
33 against legally liable third parties in accordance with section
34 1902(a)(25) of the federal Social Security Act
35 (42 U.S.C.s.1396a(a)(25)). If there is no response to a claim
36 submitted by a local educational agency to a legally liable third
37 party within 45 days, the local educational agency may bill
38 Medicaid. The local educational agency shall retain a copy of the

EXPLANATION – Matter enclosed in bold-faced brackets [thus] in the above bill is not enacted and is intended to be omitted in the law.

Matter underlined thus is new matter.

Matter enclosed in superscript numerals has been adopted as follows:

¹Assembly AED committee amendments adopted March 16, 2023.

²Assembly AAP committee amendments adopted June 22, 2023.

1 claim submitted to the legally liable third party for a period of three
2 years.

3 d. A local education ¹~~["authority"]~~ agency¹ shall utilize
4 Medicaid reimbursement payments issued under this section to
5 provide behavioral health services for students and their families¹,
6 which may include behavioral health assessment, case management,
7 health education, and social emotional learning¹.

8 e. ¹The provisions of this section shall not be construed to:

9 (1) prohibit a Medicaid beneficiary from receiving behavioral
10 health services covered under Medicaid from a Medicaid provider
11 who is not a local education agency, provided that the services
12 provided comply with all State and federal laws and regulations;
13 and

14 (2) require Medicaid reimbursement for behavioral health
15 services covered under Medicaid provided to a Medicaid
16 beneficiary by a local education agency in tandem with duplicative
17 behavioral health services provided by another approved Medicaid
18 provider located in the community to the same beneficiary, to the
19 extent that State or federal law or regulation prohibit the provision
20 of such duplicative services.

21 f.¹ The division, in conjunction with the Department of
22 Education and the Department of the Treasury, shall assist a local
23 education agency in implementing a plan to submit Medicaid claims
24 for covered behavioral health services and obtain Medicaid
25 reimbursements under this section. To the extent possible, this
26 system shall overlap with the claims ¹~~["and"]~~,¹ reimbursement ¹, and
27 administrative¹ procedures associated with the Special Education
28 Medicaid Initiative, as a means to streamline all school-based
29 Medicaid claims ¹, which system shall include the requirement for a
30 local education ²~~["authority"]~~ agency² to obtain parental or guardian
31 consent prior to billing Medicaid for any service provided under
32 this section¹. A local education ¹~~["authority"]~~ agency¹ may enter
33 into an agreement with one or more other local education
34 ¹~~["authorities"]~~ agencies¹ in the State for the purposes of contracting
35 with a third party entity to process and submit Medicaid claims for
36 covered behavioral health services provided under this section.

37

38 2. The Commissioner of Human Services shall apply for such
39 State plan amendments or waivers as may be necessary to implement
40 the provisions of this act and to secure federal financial participation
41 for State Medicaid expenditures under the federal Medicaid program.

42

43 3. The Commissioner of Human Services shall adopt rules and
44 regulations pursuant to the "Administrative Procedure Act," P.L.1968,
45 c.410 (C.52:14B-1 et seq.), to effectuate the purposes of this act.

46

47 4. This act shall take effect on the first day of the sixth month
48 next following any federal approval necessary to secure federal

1 financial participation for State Medicaid expenditures under this act,
2 except that the Commissioner of Human Services may take any
3 administrative action in advance thereof as shall be necessary to
4 implement the provisions of this act.

5

6

7

8

9 Requires Medicaid reimbursement for covered behavioral health
10 services provided by local education agency to student who is
11 eligible Medicaid beneficiary.

ASSEMBLY, No. 3334

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED MARCH 7, 2022

Sponsored by:

Assemblyman LOUIS D. GREENWALD

District 6 (Burlington and Camden)

Assemblywoman ANGELICA M. JIMENEZ

District 32 (Bergen and Hudson)

Assemblyman REGINALD W. ATKINS

District 20 (Union)

Co-Sponsored by:

Assemblyman Benson

SYNOPSIS

Requires Medicaid reimbursement for covered behavioral health services provided by local education agency to student who is eligible Medicaid beneficiary.

CURRENT VERSION OF TEXT

As introduced.



(Sponsorship Updated As Of: 12/15/2022)

1 AN ACT concerning school-based Medicaid claims and
2 supplementing Title 30 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. a. As used in this section:

8 “Division” means the Division of Medical Assistance and Health
9 Services in the Department of Human Services.

10 “Local education agency” means a public authority legally
11 constituted by the State as an administrative agency to provide
12 control of and direction for kindergarten through grade 12 public
13 educational institutions.

14 “Medicaid” means the program established pursuant to P.L.1968,
15 c.413 (C.30:4D-1 et seq.).

16 b. The division, or a managed care organization contracted with
17 the division to provide benefits to Medicaid beneficiaries, shall
18 reimburse a local education agency for behavioral health services
19 covered under Medicaid, delivered in-person or via telehealth, and
20 provided to a student who is an eligible Medicaid beneficiary.
21 Services provided under this subsection shall be:

22 (1) reimbursable by Medicaid regardless of the following:
23 whether the student participates in an Individualized Education
24 program, 504 Accommodation Plan, Individualized Health Care Plan,
25 or Individualized Family Service Plan; or whether the covered services
26 are provided at no charge to the student; and

27 (2) provided by a licensed medical practitioner approved as a
28 Medicaid provider or a local education agency approved as a
29 Medicaid provider.

30 c. Any local education agency claiming reimbursement under
31 this section shall take all reasonable measures to ascertain and pursue
32 any claims for reimbursement for services under this section against
33 legally liable third parties in accordance with section 1902(a)(25) of
34 the federal Social Security Act (42 U.S.C.s.1396a(a)(25)). If there is
35 no response to a claim submitted by a local educational agency to a
36 legally liable third party within 45 days, the local educational agency
37 may bill Medicaid. The local educational agency shall retain a copy
38 of the claim submitted to the legally liable third party for a period of
39 three years.

40 d. A local education authority shall utilize Medicaid
41 reimbursement payments issued under this section to provide
42 behavioral health services for students and their families, which may
43 include behavioral health assessment, case management, health
44 education, and social emotional learning.

45 e. The division, in conjunction with the Department of
46 Education and the Department of the Treasury, shall assist a local
47 education agency in implementing a plan to submit Medicaid claims
48 for covered behavioral health services and obtain Medicaid
49 reimbursements under this section. To the extent possible, this

1 system shall overlap with the claims and reimbursement procedures
2 associated with the Special Education Medicaid Initiative, as a means
3 to streamline all school-based Medicaid claims. A local education
4 authority may enter into an agreement with one or more other local
5 education authorities in the State for the purposes of contracting with
6 a third party entity to process and submit Medicaid claims for
7 covered behavioral health services provided under this section.

8
9 2. The Commissioner of Human Services shall apply for such State
10 plan amendments or waivers as may be necessary to implement the
11 provisions of this act and to secure federal financial participation for
12 State Medicaid expenditures under the federal Medicaid program.

13
14 3. The Commissioner of Human Services shall adopt rules and
15 regulations pursuant to the "Administrative Procedure Act," P.L.1968,
16 c.410 (C.52:14B-1 et seq.), to effectuate the purposes of this act.

17
18 4. This act shall take effect on the first day of the sixth month next
19 following any federal approval necessary to secure federal financial
20 participation for State Medicaid expenditures under this act, except that
21 the Commissioner of Human Services may take any administrative
22 action in advance thereof as shall be necessary to implement the
23 provisions of this act.

24
25

26 STATEMENT

27

28 This bill requires the Division of Medical Assistance and Health
29 Services in the Department of Human Services (DHS), or a managed
30 care organization contracted with the division to provide benefits to
31 Medicaid beneficiaries, to reimburse a local education agency for
32 behavioral health services covered under Medicaid, delivered in-
33 person or via telehealth, and provided to a student who is an eligible
34 Medicaid beneficiary. Services provided under the bill are to be
35 reimbursable by Medicaid regardless of the following: whether the
36 student participates in an Individualized Education program (IEP),
37 504 Accommodation Plan, Individualized Health Care Plan, or
38 Individualized Family Service Plan (IFSP); or whether the covered
39 services are provided at no charge to the student. Furthermore, all
40 services are required to be provided by a licensed medical
41 practitioner approved as a Medicaid provider or a local education
42 agency approved as a Medicaid provider. Under the bill, a "local
43 education agency" means a public authority legally constituted by the
44 State as an administrative agency to provide control of and direction
45 for kindergarten through grade 12 public educational institutions.

46 This bill is in response to the reversal of a federal Medicaid policy
47 which prohibited Medicaid reimbursement for school health services
48 if the same services were provided free of charge to the general
49 student population unless the services were specifically included in a

1 student's IEP, IFSP, or other similar educational plan. Currently,
2 Medicaid reimbursement is only available in New Jersey for those
3 services provided to students who qualify under the rule exception
4 through the Special Education Medicaid Initiative (SEMI) program.
5 SEMI is jointly operated by the Department of Education (DOE), the
6 DHS, and the Department of the Treasury along with participating
7 local education agencies, and allows for recovery of a portion of costs
8 for Medicaid-covered services provided to Medicaid-eligible special
9 education students. However, the federal policy shift allows New
10 Jersey to expand its school-based Medicaid program by providing
11 schools with the authority to seek reimbursement for covered
12 services provided to all children enrolled in Medicaid, regardless of
13 whether the services are provided at no cost to other students.

14 Under the bill, any local education agency claiming Medicaid
15 reimbursement is required to take all reasonable measures to
16 ascertain and pursue any claims for reimbursement against legally
17 liable third parties. If there is no response to a claim submitted by a
18 local educational agency to a legally liable third party within 45 days,
19 the local educational agency may bill Medicaid; however the local
20 educational agency is required to retain a copy of the claim submitted
21 to the legally liable third party for a period of three years.

22 The bill directs a local education authority to utilize Medicaid
23 reimbursement payments issued under the bill to provide behavioral
24 health services for students and their families, which may include
25 behavioral health assessment, case management, health education,
26 and social emotional learning.

27 The division, in conjunction with the DOE and the Department of
28 the Treasury, is required to assist a local education agency in
29 implementing a plan to submit Medicaid claims for covered
30 behavioral health services and obtain Medicaid reimbursements
31 under the bill. To the extent possible, this system is to overlap with
32 the claims and reimbursement procedures associated with SEMI, as
33 a means to streamline all school-based Medicaid claims. A local
34 education authority may enter into an agreement with one or more
35 other local education authorities in the State for the purposes of
36 contracting with a third party entity to process and submit Medicaid
37 claims for covered behavioral health services provided under this
38 section.

39 Finally, the bill directs the Commissioner of Human Services to
40 apply for such State plan amendments or waivers as may be necessary
41 to implement the provisions of this bill and to secure federal financial
42 participation for State Medicaid expenditures under the federal
43 Medicaid program. This bill is to take effect on the first day of the sixth
44 month next following the federal approval of any such State plan
45 amendments or waivers, except that the Commissioner of Human
46 Services may take any administrative action in advance thereof as is
47 necessary to implement the provisions of the bill.

ASSEMBLY HUMAN SERVICES COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3334

STATE OF NEW JERSEY

DATED: DECEMBER 8, 2022

The Assembly Human Services Committee reports favorably Assembly Bill No. 3334.

This bill requires the Division of Medical Assistance and Health Services in the Department of Human Services (DHS), or a managed care organization contracted with the division to provide benefits to Medicaid beneficiaries, to reimburse a local education agency for behavioral health services covered under Medicaid, delivered in-person or via telehealth, and provided to a student who is an eligible Medicaid beneficiary. Services provided under the bill are to be reimbursable by Medicaid regardless of the following: whether the student participates in an Individualized Education program (IEP), 504 Accommodation Plan, Individualized Health Care Plan, or Individualized Family Service Plan (IFSP); or whether the covered services are provided at no charge to the student. Furthermore, all services are required to be provided by a licensed medical practitioner approved as a Medicaid provider or a local education agency approved as a Medicaid provider. Under the bill, a “local education agency” means a public authority legally constituted by the State as an administrative agency to provide control of and direction for kindergarten through grade 12 public educational institutions.

This bill is in response to the reversal of a federal Medicaid policy which prohibited Medicaid reimbursement for school health services if the same services were provided free of charge to the general student population unless the services were specifically included in a student’s IEP, IFSP, or other similar educational plan. Currently, Medicaid reimbursement is only available in New Jersey for those services provided to students who qualify under the rule exception through the Special Education Medicaid Initiative (SEMI) program. SEMI is jointly operated by the Department of Education (DOE), the DHS, and the Department of the Treasury along with participating local education agencies, and allows for recovery of a portion of costs for Medicaid-covered services provided to Medicaid-eligible special education students. However, the federal policy shift allows New Jersey to expand its school-based Medicaid program by providing schools with the authority to seek reimbursement for covered services provided to all children

enrolled in Medicaid, regardless of whether the services are provided at no cost to other students.

Under the bill, any local education agency claiming Medicaid reimbursement is required to take all reasonable measures to ascertain and pursue any claims for reimbursement against legally liable third parties. If there is no response to a claim submitted by a local educational agency to a legally liable third party within 45 days, the local educational agency may bill Medicaid; however the local educational agency is required to retain a copy of the claim submitted to the legally liable third party for a period of three years.

The bill directs a local education authority to utilize Medicaid reimbursement payments issued under the bill to provide behavioral health services for students and their families, which may include behavioral health assessment, case management, health education, and social emotional learning.

The division, in conjunction with the DOE and the Department of the Treasury, is required to assist a local education agency in implementing a plan to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements under the bill. To the extent possible, this system is to overlap with the claims and reimbursement procedures associated with SEMI, as a means to streamline all school-based Medicaid claims. A local education authority may enter into an agreement with one or more other local education authorities in the State for the purposes of contracting with a third party entity to process and submit Medicaid claims for covered behavioral health services provided under this section.

Finally, the bill directs the Commissioner of Human Services to apply for such State plan amendments or waivers as may be necessary to implement the provisions of this bill and to secure federal financial participation for State Medicaid expenditures under the federal Medicaid program. This bill is to take effect on the first day of the sixth month next following the federal approval of any such State plan amendments or waivers, except that the Commissioner of Human Services may take any administrative action in advance thereof as is necessary to implement the provisions of the bill.

ASSEMBLY EDUCATION COMMITTEE

STATEMENT TO

ASSEMBLY, No. 3334

with committee amendments

STATE OF NEW JERSEY

DATED: MARCH 16, 2023

The Assembly Education Committee reports favorably Assembly Bill No 3334 with committee amendments.

As amended, this bill requires the Division of Medical Assistance and Health Services in the Department of Human Services (DHS), or a managed care organization contracted with the division to provide benefits to Medicaid beneficiaries, to reimburse a local education agency for behavioral health services covered under Medicaid, delivered in-person or via telehealth, and provided to a student who is an eligible Medicaid beneficiary. Services provided under the bill are to be reimbursable by Medicaid regardless of the following: whether the student participates in an Individualized Education program (IEP), 504 Accommodation Plan, Individualized Health Care Plan, or Individualized Family Service Plan (IFSP); or whether the covered services are provided at no charge to the student. Furthermore, all services are required to be provided by a licensed medical practitioner approved as a Medicaid provider or a local education agency approved as a Medicaid provider. Under the bill, a “local education agency” means a public authority legally constituted by the State as an administrative agency to provide control of and direction for kindergarten through grade 12 public educational institutions.

Under the amended bill, any local education agency claiming Medicaid reimbursement is required to take all reasonable measures to ascertain and pursue any claims for reimbursement against legally liable third parties. If there is no response to a claim submitted by a local educational agency to a legally liable third party within 45 days, the local educational agency may bill Medicaid; however the local educational agency is required to retain a copy of the claim submitted to the legally liable third party for a period of three years.

The amended bill directs a local education agency to utilize Medicaid reimbursement payments issued under the bill to provide behavioral health services for students and their families.

The amended bill clarifies that the provisions of the bill shall not be construed to: 1) prohibit a Medicaid beneficiary from receiving behavioral health services covered under Medicaid from a Medicaid

provider who is not a local education agency, provided that the services provided comply with all State and federal laws and regulations; and 2) require Medicaid reimbursement for behavioral health services covered under Medicaid provided to a Medicaid beneficiary by a local education agency in tandem with duplicative behavioral health services provided by another approved Medicaid provider located in the community to the same beneficiary, to the extent that State or federal law or regulation prohibit the provision of such duplicative services.

The division, in conjunction with the DOE and the Department of the Treasury, is required to assist a local education agency in implementing a plan to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements under the bill. To the extent possible, this system is to overlap with the claims and reimbursement procedures associated with SEMI, as a means to streamline all school-based Medicaid claims. A local education agency may enter into an agreement with one or more other local education agencies in the State for the purposes of contracting with a third party entity to process and submit Medicaid claims for covered behavioral health services provided under this section.

Finally, the amended bill directs the Commissioner of Human Services to apply for any State plan amendments or waivers as may be necessary to implement the provisions of this bill and to secure federal financial participation for State Medicaid expenditures under the federal Medicaid program.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- remove language from the bill that specifies possible types of behavioral health care services a local education authority may support using Medicaid reimbursements provided under the bill.
- add language to clarify that the provisions of the bill are not to be construed to: (1) prohibit a Medicaid beneficiary from receiving behavioral health services covered under Medicaid from a Medicaid provider who is not a local education agency, provided that the services provided comply with all State and federal laws and regulations; and (2) require Medicaid reimbursement for behavioral health services covered under Medicaid provided to a Medicaid beneficiary by a local education agency in tandem with duplicative behavioral health services provided by another approved Medicaid provider located in the community to the same beneficiary, to the extent that State or federal law or regulation prohibit the provision of such duplicative services.

- when assisting a local education agency in implementing a plan to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements under the bill, require, to the extent possible, the division, in conjunction with DOE and the Department of Treasury to utilize a system that overlaps with the claims, reimbursement, and administrative procedures associated with SEMI, as a means to streamline all school-based Medicaid claims.
- make technical amendments to conform the terms used throughout the bill.

ASSEMBLY APPROPRIATIONS COMMITTEE

STATEMENT TO

[First Reprint]

ASSEMBLY, No. 3334

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 2023

The Assembly Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 3334 (1R).

As amended, this bill requires the Division of Medical Assistance and Health Services in the Department of Human Services (DHS), or a managed care organization contracted with the division to provide benefits to Medicaid beneficiaries, to reimburse a local education agency for behavioral health services covered under Medicaid, delivered in-person or via telehealth, and provided to a student who is an eligible Medicaid beneficiary. Services provided under the bill are to be reimbursable by Medicaid regardless of the following: whether the student participates in an Individualized Education program (IEP), 504 Accommodation Plan, Individualized Health Care Plan, or Individualized Family Service Plan (IFSP); or whether the covered services are provided at no charge to the student. Furthermore, all services are required to be provided by a licensed medical practitioner approved as a Medicaid provider or a local education agency approved as a Medicaid provider. Under the bill, a “local education agency” means a public authority legally constituted by the State as an administrative agency to provide control of and direction for kindergarten through grade 12 public educational institutions.

Under the amended bill, any local education agency claiming Medicaid reimbursement is required to take all reasonable measures to ascertain and pursue any claims for reimbursement against legally liable third parties. If there is no response to a claim submitted by a local educational agency to a legally liable third party within 45 days, the local educational agency may bill Medicaid; however the local educational agency is required to retain a copy of the claim submitted to the legally liable third party for a period of three years.

The amended bill directs a local education agency to utilize Medicaid reimbursement payments issued under the bill to provide behavioral health services for students and their families.

The amended bill clarifies that the provisions of the bill are not to be construed to: 1) prohibit a Medicaid beneficiary from receiving behavioral health services covered under Medicaid from a Medicaid provider who is not a local education agency, as long as the services comply with all State and federal laws and regulations; and 2) require Medicaid reimbursement for behavioral health services covered under Medicaid provided to a Medicaid beneficiary by a local education agency in tandem with duplicative behavioral health services from another approved Medicaid provider located in the community to the same beneficiary, to the extent that State or federal law or regulation prohibit the provision of such duplicative services.

The division, in conjunction with the DOE and the Department of the Treasury, is required to assist a local education agency in implementing a plan to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements under the bill. To the extent possible, this system is to overlap with the claims and reimbursement procedures associated with the Special Education Medicaid Initiative, as a means to streamline all school-based Medicaid claims. A local education agency may enter into an agreement with one or more other local education agencies in the State for the purposes of contracting with a third party entity to process and submit Medicaid claims for covered behavioral health services provided under this section.

Finally, the amended bill directs the Commissioner of Human Services to apply for any State plan amendments or waivers as may be necessary to implement the provisions of this bill and to secure federal financial participation for State Medicaid expenditures under the federal Medicaid program.

As amended and reported by the committee, this bill is identical to Senate Bill No. 2416 (1R).

COMMITTEE AMENDMENTS:

The committee amended the bill to make a technical amendments to conform the terms used throughout the bill.

FISCAL IMPACT:

The Office of Legislative Services estimates that this federal revenue maximization initiative will increase annual State revenue by \$16.9 million to \$23.6 million and annual school district revenue by \$9.1 million to \$12.7 million.

The revenue growth represents additional federal Medicaid reimbursements under the Special Education Medicaid Initiative, New Jersey's school-based Medicaid program. The revenues will be generated from the State's newly authorized ability to claim as Medicaid expenses certain behavioral health services that school districts are already providing to Medicaid-eligible students without

currently receiving a Medicaid reimbursement. The bill does not require school districts to provide any new services.

As the universe of claimable Medicaid expenses expands, the State and school districts may incur additional annual expenditures to file and administer the additional claims.

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 3334
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: DECEMBER 9, 2022

SUMMARY

- Synopsis:** Requires Medicaid reimbursement for covered behavioral health services provided by local education agency to student who is eligible Medicaid beneficiary.
- Type of Impact:** Annual State expenditure and revenue increases. Annual local revenue increase.
- Agencies Affected:** Department of Human Services; Local entities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	\$140.9 million to \$252.8 million
State Revenue Increase	\$85.4 million to \$153.2 million
Local Revenue Increase	\$140.9 million to \$252.8 million

- The Office of Legislative Services (OLS) concludes that, subject to certain assumptions, this bill will result in an annual State cost increase of \$140.9 million to \$252.8 million to reimburse local education agencies for delivering Medicaid reimbursable services to eligible students. The State would receive between \$85.4 million and \$153.2 million annually from the federal government for these Medicaid reimbursements, resulting in a net annual State cost under the bill of between \$55.5 million and \$99.6 million.
- The OLS notes that this bill does not require local education agencies to provide new services to Medicaid-eligible students; rather, the bill reimburses the local agencies for services currently rendered.

BILL DESCRIPTION

This bill requires the Division of Medical Assistance and Health Services in the Department of Human Services, or a managed care organization contracted with the division to provide benefits to Medicaid beneficiaries, to reimburse a local education agency for behavioral health

services covered under Medicaid, delivered in-person or via telehealth, and provided to a student who is an eligible Medicaid beneficiary. Under the bill, a “local education agency” means a public authority legally constituted by the State as an administrative agency to provide control of and direction for kindergarten through grade 12 public educational institutions.

The division, in conjunction with the Department of Education and the Department of the Treasury, is required to assist a local education agency in implementing a plan to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements under the bill. To the extent possible, this system is to overlap with the claims and reimbursement procedures associated with the existing Special Education Medicaid Initiative program. The Special Education Medicaid Initiative is jointly operated by the Department of Education, the Department of Human Services, and the Department of the Treasury along with participating local education agencies, and allows for recovery of a portion of costs for Medicaid-covered services provided to Medicaid-eligible special education students.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that, subject to certain assumptions, this bill will result in an annual State cost increase of \$140.9 million to \$252.8 million to reimburse local education agencies for delivering Medicaid reimbursable services to eligible students. The State would receive between \$85.4 million and \$153.2 million annually from the federal government for these Medicaid reimbursements, resulting in a net annual State cost under the bill of between \$55.5 million and \$99.6 million. This assumes that local education agencies currently expend between \$170.8 million and \$306.4 million to deliver Medicaid reimbursable behavioral health services to 57,588 Medicaid-eligible students. The estimate also assumes that the interim reimbursement rates paid under the existing Special Education Medicaid Initiative program reflect the actual cost of services.

The OLS notes that this bill does not require local education agencies to provide new services to Medicaid-eligible students; rather, the bill reimburses the local agencies for services currently rendered. Local education agencies would be responsible for between \$29.9 million and \$53.6 million of these existing expenditures, reflecting current Special Education Medicaid Initiative program policy as required under the bill. This estimate assumes that the cost of the services provided by local education agencies, and covered under the bill, will be identical prior to the bill’s implementation and following the bill’s adoption. In this scenario, there would be no local cost increase.

The bill directs that the system to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements is to overlap with the claims and reimbursement procedures associated with the existing Special Education Medicaid Initiative program. Currently, the program has a bundled rate methodology. Local education agencies are assigned a group by the State. Group assignment is based on multiple factors, including, but not limited to, participation rate, historical data, and expenditures. Each group has only one rate for all eligible services. The evaluation rate for all services is the same, regardless of a local education agency’s group assignment.

The chart below lays out the current reimbursement rates under the Special Education Medicaid Initiative, which will be the basis for this fiscal analysis:

Special Education Medicaid Initiative Interim Billing Bundled Rates

Description of Service	Group A Rate	Group B Rate	Group C Rate
Evaluation (per evaluation)	\$1,788.55	\$1,788.55	\$1,788.55
Medical Transportation (Round Trip)	\$29.31	\$29.31	\$29.31
Service (per diem)	\$30.99	\$61.98	\$92.97

The Division of Medical Assistance and Health Services NJ FamilyCare data dashboard indicated that, as of August 2022, there are 752,239 people, ages 0 through 18, enrolled in Medicaid. Prorating that amount to account for only those aged 5 through 18 (or school aged children) in Medicaid results in 543,282 individuals. Moreover, according to the Kaiser Family Foundation, in 2020, 10.6 percent of children ages 3 through 17 in New Jersey received mental health care. Applying that rate to the number of school aged children in Medicaid results in 57,588 children receiving mental health care in the Medicaid program.

The OLS assumes that each of those children received one school based evaluation, as well as one school-based counseling session per school week (estimated at 38 weeks per school year), during a school year, for an annual cost of between \$170.8 million and \$306.4 million. The low end of this range represents all schools at Group rate A, and the high end of the range represent all schools at Group Rate C.

This estimate assumes that:

(1) There are no medical transportation costs for these services. To the extent medical transportation costs are incurred, this estimate would increase;

(2) The cost of the services provided by local education agencies, and covered under the bill, will be identical prior to the bill’s implementation and following the bill’s adoption, as the bill does not require these local agencies to provide new services to Medicaid-eligible students; and

(3) The interim reimbursement rates reflect the actual cost of services. The OLS notes that under Special Education Medicaid Initiative program, there is also a cost-settlement process, a “retrospective cost based” approach that compares interim reimbursements to reported annual expenditures. This process requires local education agencies to demonstrate that the interim reimbursements paid for school-based services accurately reflects the actual cost of providing medical services.

Unlike other Medicaid claims, the local education agencies, as the service providers, are responsible for a portion, or 17.5 percent, of the costs of the service under the Special Education Medicaid Initiative program. The State pays for 32.5 percent of the total claim cost, and the federal government pays for 50 percent of the total claim cost. Using these percentages, the total cost of the bill is divided among these three sources as follows:

Total Claim Cost	Local Education Agency Portion (17.5%)	State Portion (32.5%)	Federal Portion (50%)
\$170.8 million to \$306.4 million	\$29.9 million to \$53.6 million	\$55.5 million to \$99.6 million	\$85.4 million to \$153.2 million

As local education agencies will receive the State and federal portions, totaling \$140.9 million to \$252.8 million, in the form of reimbursements for behavioral health services delivered to Medicaid eligible students, the net cost savings for the local agencies under the bill is between \$111.0 million and \$199.2 million.

The OLS notes a few caveats to this estimate. First, if the cost settlement process determines that a local education agency's actual expenditures exceed the amount received in interim reimbursement payments, the local agency will receive a settlement. This would increase the State and federal costs of the bill, as well as the revenue received by the local education agencies. Conversely, if the cost settlement process determines that a local education agency's actual expenditures were lower than the amount received in interim reimbursement payments, the State and federal costs would decrease, as well as the revenue for the local agencies.

Second, this estimate assumes that the number of Medicaid eligible children receiving mental health care in local education agencies before the bill's implementation will remain stable after the bill's adoption. It is possible, however, that expanding school-based Medicaid coverage of behavioral health services will increase the number of Medicaid eligible children receiving behavioral health services in a school environment. Such an increase would result in an increase in net revenue for local education agencies and an increase in costs for the State and federal government. Moreover, it is also possible that the bill's adoption may decrease the number of Medicaid eligible children seeking behavioral health services outside of local education agencies as in-school services become readily accessible due to increased funding. To the extent such a shift occurs, non-school based State Medicaid expenditures would decrease, as well as the federal Medicaid matching funds received by the State for such services.

Finally, this bill impacts Medicaid services delivered under the fee-for-service system and the managed care system. Currently, 97.3 percent of NJ FamilyCare beneficiaries are enrolled in the managed care system. Managed care organizations are paid via a monthly per beneficiary capitation payment. When developing capitation rates, the contracted actuary utilizes encounter claims data from the fiscal year that is two years prior to the rate setting period, managed care organization financial reports, and monthly beneficiary data collected by the organizations and the department. It is possible that a variety of factors in the capitation rate setting process, which the OLS cannot determine, would influence State costs incurred under this bill.

Section: *Human Services*
Analyst: *Sarah Schmidt*
 Lead Research Analyst
Approved: *Thomas Koenig*
 Legislative Budget and Finance Officer

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

ASSEMBLY, No. 3334

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 22, 2023

SUMMARY

- Synopsis:** Requires Medicaid reimbursement for covered behavioral health services provided by local education agency to student who is eligible Medicaid beneficiary.
- Types of Impact:** Annual State and school district revenue increases.
Annual State and school district expenditure increases.
- Agencies Affected:** Department of Human Services, Department of Education, Department of the Treasury, and school districts.

Office of Legislative Services Estimate	
Annual State Revenue Increase	\$16.9 million to \$23.6 million
Annual State Expenditure Increase	Indeterminate
Annual School District Revenue Increase	\$9.1 million to \$12.7 million
Annual School District Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that this federal revenue maximization initiative will increase annual State revenue by \$16.9 million to \$23.6 million and annual school district revenue by \$9.1 million to \$12.7 million.
- The revenue growth represents additional federal Medicaid reimbursements under the Special Education Medicaid Initiative (SEMI), New Jersey’s school-based Medicaid program. The revenues will be generated from the State’s newly authorized ability to claim as Medicaid expenses certain behavioral health services that school districts are already providing to Medicaid-eligible students without currently receiving a Medicaid reimbursement. The bill does not require school districts to provide any new services.
- As the universe of claimable Medicaid expenses expands, the State and school districts may incur additional annual expenditures to file and administer the additional claims.

BILL DESCRIPTION

This bill authorizes school districts to newly claim as Medicaid expenses certain behavioral health services that school districts deliver to Medicaid-eligible students, as permitted under federal law. Under the Special Education Medicaid Initiative (SEMI), New Jersey's school-based Medicaid program, these services are currently only reimbursable for students who participate in an Individualized Education program, 504 Accommodation Plan, Individualized Health Care Plan, or Individualized Family Service Plan; or when the covered services are provided at a charge to the students. The bill will take effect on the first day of the sixth month following any federal approval to secure federal financial participation for the behavioral health services.

The Special Education Medicaid Initiative is jointly operated by the Department of Education, the Department of Human Services, and the Department of the Treasury along with participating school districts, and allows for recovery of a portion of costs for Medicaid-covered services provided to Medicaid-eligible special education students. Currently, 65 percent of federal Medicaid reimbursements accrues to the State and 35 percent to school districts.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this federal revenue maximization initiative will increase annual State revenue by \$16.9 million to \$23.6 million and annual school district revenue by \$9.1 million to \$12.7 million. The revenue growth represents additional federal Medicaid reimbursements under the Special Education Medicaid Initiative (SEMI), New Jersey's school-based Medicaid program. The revenues will be generated from the State's newly authorized ability to claim as Medicaid expenses certain behavioral health services that school districts are already providing to Medicaid-eligible students without currently receiving a Medicaid reimbursement. The bill does not require school districts to provide any new services to Medicaid-eligible students.

The bill directs that the system to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements is to overlap with the claims and reimbursement procedures associated with the existing SEMI program. Currently, this program is financed through certified public expenditures, which allows school districts to participate in financing the non-federal share of Medicaid costs. A school district certifies its expenses during a defined period that constitute a Medicaid expenditure for Medicaid-covered services and allowable activities. The State claims this amount for federal matching and receives the federal share of allowable expenditures from the federal government. In New Jersey, the school districts receive 35 percent of the federal reimbursement and the State retains the remaining 65 percent.

Based upon Medicaid enrollment from May 2023, information from the Kaiser Family Foundation regarding the number of children nationally who require mental health services, and the availability of behavioral health services in schools, the OLS estimates that between 12,524 and 17,535 Medicaid beneficiaries currently receive behavioral health services that would be eligible for a federal Medicaid reimbursement under this bill.

The chart below lays out the current interim reimbursement rates under the SEMI with each school district assigned to either group A, B, or C:

Service	Group A Rate	Group B Rate	Group C Rate
Evaluation (per evaluation)	\$1,788.55	\$1,788.55	\$1,788.55
Medical Transportation (Round Trip)	\$29.31	\$29.31	\$29.31
Service (per diem)	\$30.99	\$61.98	\$92.97

Assuming the Group B rate and that each eligible child receives one school based evaluation, as well as one school-based counseling session per school week (estimated at 38 weeks per school year), during a school year, the annual amount certified by school districts as Medicaid expenditures under the bill is estimated between \$51.9 million and \$72.7 million. This estimate assumes:

(1) There are no medical transportation costs for these services. To the extent medical transportation costs are incurred, this estimate would increase;

(2) The cost of the services provided by school districts, and covered under the bill, will be identical prior to the bill's implementation and following the bill's adoption, as the bill does not require school districts to provide new services to Medicaid-eligible students; and

(3) The interim reimbursement rates reflect the actual cost of services for which school districts will ultimately be allowed to claim reimbursement.

As the bill allows these current expenditures to be newly claimed as Medicaid expenses, the State will receive an increase of between \$16.9 million and \$23.6 million in federal Medicaid reimbursements under the bill, or 65 percent of the total federal Medicaid reimbursement generated under the bill. Additionally, school districts will receive between \$9.1 million to \$12.7 million in increased revenue, representing the remaining of the 35 percent of the federal Medicaid reimbursements generated under the bill.

In addition, as the universe of claimable Medicaid expenses expands, the State and school districts may incur additional annual expenditures to file and administer the additional claims.

Section: Human Services

*Analyst: Sarah Schmidt
Lead Research Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[Second Reprint]

ASSEMBLY, No. 3334

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 29, 2023

SUMMARY

- Synopsis:** Requires Medicaid reimbursement for covered behavioral health services provided by local education agency to student who is eligible Medicaid beneficiary.
- Types of Impact:** Annual State and school district revenue increases.
Annual State and school district expenditure increases.
- Agencies Affected:** Department of Human Services, Department of Education, Department of the Treasury, and school districts.

Office of Legislative Services Estimate	
Annual State Revenue Increase	\$16.9 million to \$23.6 million
Annual State Expenditure Increase	Indeterminate
Annual School District Revenue Increase	\$9.1 million to \$12.7 million
Annual School District Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that this federal revenue maximization initiative will increase annual State revenue by \$16.9 million to \$23.6 million and annual school district revenue by \$9.1 million to \$12.7 million.
- The revenue growth represents additional federal Medicaid reimbursements under the Special Education Medicaid Initiative (SEMI), New Jersey's school-based Medicaid program. The revenues will be generated from the State's newly authorized ability to claim as Medicaid expenses certain behavioral health services that school districts are already providing to Medicaid-eligible students without currently receiving a Medicaid reimbursement. The bill does not require school districts to provide any new services.
- As the universe of claimable Medicaid expenses expands, the State and school districts may incur additional annual expenditures to file and administer the additional claims.

BILL DESCRIPTION

This bill authorizes school districts to newly claim as Medicaid expenses certain behavioral health services that school districts deliver to Medicaid-eligible students, as permitted under federal law. Under the Special Education Medicaid Initiative (SEMI), New Jersey's school-based Medicaid program, these services are currently only reimbursable for students who participate in an Individualized Education program, 504 Accommodation Plan, Individualized Health Care Plan, or Individualized Family Service Plan; or when the covered services are provided at a charge to the students. The bill will take effect on the first day of the sixth month following any federal approval to secure federal financial participation for the behavioral health services.

The Special Education Medicaid Initiative is jointly operated by the Department of Education, the Department of Human Services, and the Department of the Treasury along with participating school districts, and allows for recovery of a portion of costs for Medicaid-covered services provided to Medicaid-eligible special education students. Currently, 65 percent of federal Medicaid reimbursements accrues to the State and 35 percent to school districts.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this federal revenue maximization initiative will increase annual State revenue by \$16.9 million to \$23.6 million and annual school district revenue by \$9.1 million to \$12.7 million. The revenue growth represents additional federal Medicaid reimbursements under the Special Education Medicaid Initiative (SEMI), New Jersey's school-based Medicaid program. The revenues will be generated from the State's newly authorized ability to claim as Medicaid expenses certain behavioral health services that school districts are already providing to Medicaid-eligible students without currently receiving a Medicaid reimbursement. The bill does not require school districts to provide any new services to Medicaid-eligible students.

The bill directs that the system to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements is to overlap with the claims and reimbursement procedures associated with the existing SEMI program. Currently, this program is financed through certified public expenditures, which allows school districts to participate in financing the non-federal share of Medicaid costs. A school district certifies its expenses during a defined period that constitute a Medicaid expenditure for Medicaid-covered services and allowable activities. The State claims this amount for federal matching and receives the federal share of allowable expenditures from the federal government. In New Jersey, the school districts receive 35 percent of the federal reimbursement and the State retains the remaining 65 percent.

Based upon Medicaid enrollment from May 2023, information from the Kaiser Family Foundation regarding the number of children nationally who require mental health services, and the availability of behavioral health services in schools, the OLS estimates that between 12,524 and 17,535 Medicaid beneficiaries currently receive behavioral health services that would be eligible for a federal Medicaid reimbursement under this bill.

The chart below lays out the current interim reimbursement rates under the SEMI with each school district assigned to either group A, B, or C:

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Assuming the Group B rate and that each eligible child receives one school based evaluation, as well as one school-based counseling session per school week (estimated at 38 weeks per school year), during a school year, the annual amount certified by school districts as Medicaid expenditures under the bill is estimated between \$51.9 million and \$72.7 million. This estimate assumes:

(1) There are no medical transportation costs for these services. To the extent medical transportation costs are incurred, this estimate would increase;

(2) The cost of the services provided by school districts, and covered under the bill, will be identical prior to the bill’s implementation and following the bill’s adoption, as the bill does not require school districts to provide new services to Medicaid-eligible students; and

(3) The interim reimbursement rates reflect the actual cost of services for which school districts will ultimately be allowed to claim reimbursement.

As the bill allows these current expenditures to be newly claimed as Medicaid expenses, the State will receive an increase of between \$16.9 million and \$23.6 million in federal Medicaid reimbursements under the bill, or 65 percent of the total federal Medicaid reimbursement generated under the bill. Additionally, school districts will receive between \$9.1 million to \$12.7 million in increased revenue, representing the remaining of the 35 percent of the federal Medicaid reimbursements generated under the bill.

In addition, as the universe of claimable Medicaid expenses expands, the State and school districts may incur additional annual expenditures to file and administer the additional claims.

Section: Human Services

*Analyst: Sarah Schmidt
Lead Research Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

SENATE, No. 2416

STATE OF NEW JERSEY 220th LEGISLATURE

INTRODUCED MAY 9, 2022

Sponsored by:
Senator VIN GOPAL
District 11 (Monmouth)

SYNOPSIS

Requires Medicaid reimbursement for covered behavioral health services provided by local education agency to student who is eligible Medicaid beneficiary.

CURRENT VERSION OF TEXT

As introduced.



1 AN ACT concerning school-based Medicaid claims and
2 supplementing Title 30 of the Revised Statutes.

3

4 **BE IT ENACTED** by the Senate and General Assembly of the State
5 of New Jersey:

6

7 1. a. As used in this section:

8 “Division” means the Division of Medical Assistance and Health
9 Services in the Department of Human Services.

10 “Local education agency” means a public authority legally
11 constituted by the State as an administrative agency to provide
12 control of and direction for kindergarten through grade 12 public
13 educational institutions.

14 “Medicaid” means the program established pursuant to P.L.1968,
15 c.413 (C.30:4D-1 et seq.).

16 b. The division, or a managed care organization contracted with
17 the division to provide benefits to Medicaid beneficiaries, shall
18 reimburse a local education agency for behavioral health services
19 covered under Medicaid, delivered in-person or via telehealth, and
20 provided to a student who is an eligible Medicaid beneficiary.
21 Services provided under this subsection shall be:

22 (1) reimbursable by Medicaid regardless of the following:
23 whether the student participates in an Individualized Education
24 program, 504 Accommodation Plan, Individualized Health Care Plan,
25 or Individualized Family Service Plan; or whether the covered services
26 are provided at no charge to the student; and

27 (2) provided by a licensed medical practitioner approved as a
28 Medicaid provider or a local education agency approved as a
29 Medicaid provider.

30 c. Any local education agency claiming reimbursement under
31 this section shall take all reasonable measures to ascertain and pursue
32 any claims for reimbursement for services under this section against
33 legally liable third parties in accordance with section 1902(a)(25) of
34 the federal Social Security Act (42 U.S.C.s.1396a(a)(25)). If there is
35 no response to a claim submitted by a local educational agency to a
36 legally liable third party within 45 days, the local educational agency
37 may bill Medicaid. The local educational agency shall retain a copy
38 of the claim submitted to the legally liable third party for a period of
39 three years.

40 d. A local education agency shall utilize Medicaid
41 reimbursement payments issued under this section to provide
42 behavioral health services for students and their families, which may
43 include behavioral health assessment, case management, health
44 education, and social emotional learning.

45 e. The division, in conjunction with the Department of
46 Education and the Department of the Treasury, shall assist a local
47 education agency in implementing a plan to submit Medicaid claims
48 for covered behavioral health services and obtain Medicaid

1 reimbursements under this section. To the extent possible, this
2 system shall overlap with the claims and reimbursement procedures
3 associated with the Special Education Medicaid Initiative, as a means
4 to streamline all school-based Medicaid claims. A local education
5 agency may enter into an agreement with one or more other local
6 education authorities in the State for the purposes of contracting with
7 a third party entity to process and submit Medicaid claims for
8 covered behavioral health services provided under this section.

9
10 2. The Commissioner of Human Services shall apply for such
11 State plan amendments or waivers as may be necessary to implement
12 the provisions of this act and to secure federal financial participation
13 for State Medicaid expenditures under the federal Medicaid program.

14
15 3. The Commissioner of Human Services shall adopt rules and
16 regulations pursuant to the "Administrative Procedure Act,"
17 P.L.1968, c.410 (C.52:14B-1 et seq.), to effectuate the purposes of
18 this act.

19
20 4. This act shall take effect on the first day of the sixth month
21 next following any federal approval necessary to secure federal
22 financial participation for State Medicaid expenditures under this act,
23 except that the Commissioner of Human Services may take any
24 administrative action in advance thereof as shall be necessary to
25 implement the provisions of this act.

26
27
28 STATEMENT

29
30 This bill requires the Division of Medical Assistance and Health
31 Services in the Department of Human Services (DHS), or a managed
32 care organization contracted with the division to provide benefits to
33 Medicaid beneficiaries, to reimburse a local education agency for
34 behavioral health services covered under Medicaid, delivered in-
35 person or via telehealth, and provided to a student who is an eligible
36 Medicaid beneficiary. Services provided under the bill are to be
37 reimbursable by Medicaid regardless of the following: whether the
38 student participates in an Individualized Education program (IEP),
39 504 Accommodation Plan, Individualized Health Care Plan, or
40 Individualized Family Service Plan (IFSP); or whether the covered
41 services are provided at no charge to the student. Furthermore, all
42 services are required to be provided by a licensed medical
43 practitioner approved as a Medicaid provider or a local education
44 agency approved as a Medicaid provider. Under the bill, a "local
45 education agency" means a public authority legally constituted by the
46 State as an administrative agency to provide control of and direction
47 for kindergarten through grade 12 public educational institutions.

1 This bill is in response to the reversal of a federal Medicaid policy
2 which prohibited Medicaid reimbursement for school health services
3 if the same services were provided free of charge to the general
4 student population *unless* the services were specifically included in a
5 student's IEP, IFSP, or other similar educational plan. Currently,
6 Medicaid reimbursement is only available in New Jersey for those
7 services provided to students who qualify under the rule exception
8 through the Special Education Medicaid Initiative (SEMI) program.
9 SEMI is jointly operated by the Department of Education (DOE), the
10 DHS, and the Department of the Treasury along with participating
11 local education agencies, and allows for recovery of a portion of costs
12 for Medicaid-covered services provided to Medicaid-eligible special
13 education students. However, the federal policy shift allows New
14 Jersey to expand its school-based Medicaid program by providing
15 schools with the authority to expand its school-based Medicaid
16 program by providing schools with the authority to seek
17 reimbursement for covered services provided to all children enrolled
18 in Medicaid, regardless of whether the services are provided at no
19 cost to other students.

20 Under the bill, any local education agency claiming Medicaid
21 reimbursement is required to take all reasonable measures to
22 ascertain and pursue any claims for reimbursement against legally
23 liable third parties. If there is no response to a claim submitted by a
24 local educational agency to a legally liable third party within 45 days,
25 the local educational agency may bill Medicaid; however the local
26 educational agency is required to retain a copy of the claim submitted
27 to the legally liable third party for a period of three years.

28 The bill directs a local education agency to utilize Medicaid
29 reimbursement payments issued under the bill to provide behavioral
30 health services for students and their families, which may include
31 behavioral health assessment, case management, health education,
32 and social emotional learning.

33 The division, in conjunction with the DOE and the Department of
34 the Treasury, is required to assist a local education agency in
35 implementing a plan to submit Medicaid claims for covered
36 behavioral health services and obtain Medicaid reimbursements
37 under the bill. To the extent possible, this system is to overlap with
38 the claims and reimbursement procedures associated with SEMI, as
39 a means to streamline all school-based Medicaid claims. A local
40 education agency may enter into an agreement with one or more other
41 local education authorities in the State for the purposes of contracting
42 with a third party entity to process and submit Medicaid claims for
43 covered behavioral health services provided under this section.

44 Finally, the bill directs the Commissioner of Human Services to
45 apply for such State plan amendments or waivers as may be necessary
46 to implement the provisions of this bill and to secure federal financial
47 participation for State Medicaid expenditures under the federal
48 Medicaid program. This bill is to take effect on the first day of the sixth

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5

1 month next following the federal approval of any such State plan
2 amendments or waivers, except that the Commissioner of Human
3 Services may take any administrative action in advance thereof as is
4 necessary to implement the provisions of the bill.

SENATE EDUCATION COMMITTEE

STATEMENT TO

SENATE, No. 2416

STATE OF NEW JERSEY

DATED: SEPTEMBER 29, 2022

The Senate Education Committee favorably reports Senate Bill No. 2416.

This bill requires the Division of Medical Assistance and Health Services in the Department of Human Services (DHS), or a managed care organization contracted with the division to provide benefits to Medicaid beneficiaries, to reimburse a local education agency for behavioral health services covered under Medicaid, delivered in-person or via telehealth, and provided to a student who is an eligible Medicaid beneficiary. Services provided under the bill are to be reimbursable by Medicaid regardless of the following: whether the student participates in an Individualized Education program (IEP), 504 Accommodation Plan, Individualized Health Care Plan, or Individualized Family Service Plan (IFSP); or whether the covered services are provided at no charge to the student. Furthermore, all services are required to be provided by a licensed medical practitioner approved as a Medicaid provider or a local education agency approved as a Medicaid provider. Under the bill, a “local education agency” means a public authority legally constituted by the State as an administrative agency to provide control of and direction for kindergarten through grade 12 public educational institutions.

This bill is in response to the reversal of a federal Medicaid policy which prohibited Medicaid reimbursement for school health services if the same services were provided free of charge to the general student population *unless* the services were specifically included in a student’s IEP, IFSP, or other similar educational plan. Currently, Medicaid reimbursement is only available in New Jersey for those services provided to students who qualify under the rule exception through the Special Education Medicaid Initiative (SEMI) program. SEMI is jointly operated by the Department of Education (DOE), the DHS, and the Department of the Treasury along with participating local education agencies, and allows for recovery of a portion of costs for Medicaid-covered services provided to Medicaid-eligible special education students. However, the federal policy shift allows New Jersey to expand its school-based Medicaid program by providing schools with the authority to seek reimbursement for covered services provided to all children

enrolled in Medicaid, regardless of whether the services are provided at no cost to other students.

Under the bill, any local education agency claiming Medicaid reimbursement is required to take all reasonable measures to ascertain and pursue any claims for reimbursement against legally liable third parties. If there is no response to a claim submitted by a local educational agency to a legally liable third party within 45 days, the local educational agency may bill Medicaid; however the local educational agency is required to retain a copy of the claim submitted to the legally liable third party for a period of three years.

The bill directs a local education agency to utilize Medicaid reimbursement payments issued under the bill to provide behavioral health services for students and their families, which may include behavioral health assessment, case management, health education, and social emotional learning.

The division, in conjunction with the DOE and the Department of the Treasury, is required to assist a local education agency in implementing a plan to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements under the bill. To the extent possible, this system is to overlap with the claims and reimbursement procedures associated with SEMI, as a means to streamline all school-based Medicaid claims. A local education agency may enter into an agreement with one or more other local education authorities in the State for the purposes of contracting with a third party entity to process and submit Medicaid claims for covered behavioral health services provided under this section.

Finally, the bill directs the Commissioner of Human Services to apply for such State plan amendments or waivers as may be necessary to implement the provisions of this bill and to secure federal financial participation for State Medicaid expenditures under the federal Medicaid program. This bill is to take effect on the first day of the sixth month next following the federal approval of any such State plan amendments or waivers, except that the Commissioner of Human Services may take any administrative action in advance thereof as is necessary to implement the provisions of the bill.

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 2416

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 12, 2023

The Senate Budget and Appropriations Committee reports favorably Senate Bill No. 2416, with committee amendments.

As amended, this bill requires the Division of Medical Assistance and Health Services in the Department of Human Services (DHS), or a managed care organization contracted with the division to provide benefits to Medicaid beneficiaries, to reimburse a local education agency for behavioral health services covered under Medicaid, delivered in-person or via telehealth, and provided to a student who is an eligible Medicaid beneficiary. Services provided under the bill are to be reimbursable by Medicaid regardless of the following: whether the student participates in an Individualized Education program (IEP), 504 Accommodation Plan, Individualized Health Care Plan, or Individualized Family Service Plan (IFSP); or whether the covered services are provided at no charge to the student. Furthermore, all services are required to be provided by a licensed medical practitioner approved as a Medicaid provider or a local education agency approved as a Medicaid provider. Under the bill, a “local education agency” means a public authority legally constituted by the State as an administrative agency to provide control of and direction for kindergarten through grade 12 public educational institutions.

Under the amended bill, any local education agency claiming Medicaid reimbursement is required to take all reasonable measures to ascertain and pursue any claims for reimbursement against legally liable third parties. If there is no response to a claim submitted by a local educational agency to a legally liable third party within 45 days, the local educational agency may bill Medicaid; however the local educational agency is required to retain a copy of the claim submitted to the legally liable third party for a period of three years.

The amended bill directs a local education agency to utilize Medicaid reimbursement payments issued under the bill to provide behavioral health services for students and their families.

The amended bill clarifies that the provisions of the bill shall not be construed to: 1) prohibit a Medicaid beneficiary from receiving behavioral health services covered under Medicaid from a Medicaid

provider who is not a local education agency, provided that the services provided comply with all State and federal laws and regulations; and 2) require Medicaid reimbursement for behavioral health services covered under Medicaid provided to a Medicaid beneficiary by a local education agency in tandem with duplicative behavioral health services provided by another approved Medicaid provider located in the community to the same beneficiary, to the extent that State or federal law or regulation prohibit the provision of such duplicative services.

The division, in conjunction with the DOE and the Department of the Treasury, is required to assist a local education agency in implementing a plan to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements under the bill. To the extent possible, this system is to overlap with the claims, reimbursement, and administrative procedures associated with the Special Education Medicaid Initiative, as a means to streamline all school-based Medicaid claims. A local education agency may enter into an agreement with one or more other local education agencies in the State for the purposes of contracting with a third party entity to process and submit Medicaid claims for covered behavioral health services provided under the bill.

Finally, the amended bill directs the Commissioner of Human Services to apply for any State plan amendments or waivers as may be necessary to implement the provisions of this bill and to secure federal financial participation for State Medicaid expenditures under the federal Medicaid program.

COMMITTEE AMENDMENTS:

The committee amended the bill to:

- remove language from the bill that specifies possible types of behavioral health services a local education agency may support using Medicaid reimbursements provided under the bill.
- add language to clarify that the provisions of the bill are not to be construed to: (1) prohibit a Medicaid beneficiary from receiving behavioral health services covered under Medicaid from a Medicaid provider who is not a local education agency, provided that the services provided comply with all State and federal laws and regulations; and (2) require Medicaid reimbursement for behavioral health services covered under Medicaid provided to a Medicaid beneficiary by a local education agency in tandem with duplicative behavioral health services provided by another approved Medicaid provider located in the community to the same beneficiary, to the extent that State or federal law or regulation prohibit the provision of the duplicative services.

- when assisting a local education agency in implementing a plan to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements under the bill, require, to the extent possible, the division, in conjunction with DOE and the Department of Treasury to utilize a system that not only overlaps with the claims and reimbursement, but also administrative procedures associated with SEMI, as a means to streamline all school-based Medicaid claims.
- make technical amendments to conform the terms used throughout the bill.

FISCAL IMPACT:

Fiscal information for this bill is currently unavailable.

LEGISLATIVE FISCAL ESTIMATE
SENATE, No. 2416
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: DECEMBER 8, 2022

SUMMARY

- Synopsis:** Requires Medicaid reimbursement for covered behavioral health services provided by local education agency to student who is eligible Medicaid beneficiary.
- Type of Impact:** Annual State expenditure and revenue increases. Annual local revenue increase.
- Agencies Affected:** Department of Human Services; Local entities.

Office of Legislative Services Estimate

Fiscal Impact	<u>Annual</u>
State Cost Increase	\$140.9 million to \$252.8 million
State Revenue Increase	\$85.4 million to \$153.2 million
Local Revenue Increase	\$140.9 million to \$252.8 million

- The Office of Legislative Services (OLS) concludes that, subject to certain assumptions, this bill will result in an annual State cost increase of \$140.9 million to \$252.8 million to reimburse local education agencies for delivering Medicaid reimbursable services to eligible students. The State would receive between \$85.4 million and \$153.2 million annually from the federal government for these Medicaid reimbursements, resulting in a net annual State cost under the bill of between \$55.5 million and \$99.6 million.
- The OLS notes that this bill does not require local education agencies to provide new services to Medicaid-eligible students; rather, the bill reimburses the local agencies for services currently rendered.

BILL DESCRIPTION

This bill requires the Division of Medical Assistance and Health Services in the Department of Human Services, or a managed care organization contracted with the division to provide benefits to Medicaid beneficiaries, to reimburse a local education agency for behavioral health

services covered under Medicaid, delivered in-person or via telehealth, and provided to a student who is an eligible Medicaid beneficiary. Under the bill, a “local education agency” means a public authority legally constituted by the State as an administrative agency to provide control of and direction for kindergarten through grade 12 public educational institutions.

The division, in conjunction with the Department of Education and the Department of the Treasury, is required to assist a local education agency in implementing a plan to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements under the bill. To the extent possible, this system is to overlap with the claims and reimbursement procedures associated with the existing Special Education Medicaid Initiative program. The Special Education Medicaid Initiative is jointly operated by the Department of Education, the Department of Human Services, and the Department of the Treasury along with participating local education agencies, and allows for recovery of a portion of costs for Medicaid-covered services provided to Medicaid-eligible special education students.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS concludes that, subject to certain assumptions, this bill will result in an annual State cost increase of \$140.9 million to \$252.8 million to reimburse local education agencies for delivering Medicaid reimbursable services to eligible students. The State would receive between \$85.4 million and \$153.2 million annually from the federal government for these Medicaid reimbursements, resulting in a net annual State cost under the bill of between \$55.5 million and \$99.6 million. This assumes that local education agencies currently expend between \$170.8 million and \$306.4 million to deliver Medicaid reimbursable behavioral health services to 57,588 Medicaid-eligible students. The estimate also assumes that the interim reimbursement rates paid under the existing Special Education Medicaid Initiative program reflect the actual cost of services.

The OLS notes that this bill does not require local education agencies to provide new services to Medicaid-eligible students; rather, the bill reimburses the local agencies for services currently rendered. Local education agencies would be responsible for between \$29.9 million and \$53.6 million of these existing expenditures, reflecting current Special Education Medicaid Initiative program policy as required under the bill. This estimate assumes that the cost of the services provided by local education agencies, and covered under the bill, will be identical prior to the bill’s implementation and following the bill’s adoption. In this scenario, there would be no local cost increase.

The bill directs that the system to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements is to overlap with the claims and reimbursement procedures associated with the existing Special Education Medicaid Initiative program. Currently, the program has a bundled rate methodology. Local education agencies are assigned a group by the State. Group assignment is based on multiple factors, including, but not limited to, participation rate, historical data, and expenditures. Each group has only one rate for all eligible services. The evaluation rate for all services is the same, regardless of a local education agency’s group assignment.

The chart below lays out the current reimbursement rates under the Special Education Medicaid Initiative, which will be the basis for this fiscal analysis:

Special Education Medicaid Initiative Interim Billing Bundled Rates

Description of Service	Group A Rate	Group B Rate	Group C Rate
Evaluation (per evaluation)	\$1,788.55	\$1,788.55	\$1,788.55
Medical Transportation (Round Trip)	\$29.31	\$29.31	\$29.31
Service (per diem)	\$30.99	\$61.98	\$92.97

The Division of Medical Assistance and Health Services NJ FamilyCare data dashboard indicated that, as of August 2022, there are 752,239 people, ages 0 through 18, enrolled in Medicaid. Prorating that amount to account for only those aged 5 through 18 (or school aged children) in Medicaid results in 543,282 individuals. Moreover, according to the Kaiser Family Foundation, in 2020, 10.6 percent of children ages 3 through 17 in New Jersey received mental health care. Applying that rate to the number of school aged children in Medicaid results in 57,588 children receiving mental health care in the Medicaid program.

The OLS assumes that each of those children received one school based evaluation, as well as one school-based counseling session per school week (estimated at 38 weeks per school year), during a school year, for an annual cost of between \$170.8 million and \$306.4 million. The low end of this range represents all schools at Group rate A, and the high end of the range represent all schools at Group Rate C.

This estimate assumes that:

(1) There are no medical transportation costs for these services. To the extent medical transportation costs are incurred, this estimate would increase;

(2) The cost of the services provided by local education agencies, and covered under the bill, will be identical prior to the bill’s implementation and following the bill’s adoption, as the bill does not require these local agencies to provide new services to Medicaid-eligible students; and

(3) The interim reimbursement rates reflect the actual cost of services. The OLS notes that under Special Education Medicaid Initiative program, there is also a cost-settlement process, a “retrospective cost based” approach that compares interim reimbursements to reported annual expenditures. This process requires local education agencies to demonstrate that the interim reimbursements paid for school-based services accurately reflects the actual cost of providing medical services.

Unlike other Medicaid claims, the local education agencies, as the service providers, are responsible for a portion, or 17.5 percent, of the costs of the service under the Special Education Medicaid Initiative program. The State pays for 32.5 percent of the total claim cost, and the federal government pays for 50 percent of the total claim cost. Using these percentages, the total cost of the bill is divided among these three sources as follows:

Total Claim Cost	Local Education Agency Portion (17.5%)	State Portion (32.5%)	Federal Portion (50%)
\$170.8 million to \$306.4 million	\$29.9 million to \$53.6 million	\$55.5 million to \$99.6 million	\$85.4 million to \$153.2 million

As local education agencies will receive the State and federal portions, totaling \$140.9 million to \$252.8 million, in the form of reimbursements for behavioral health services delivered to Medicaid eligible students, the net cost savings for the local agencies under the bill is between \$111.0 million and \$199.2 million.

The OLS notes a few caveats to this estimate. First, if the cost settlement process determines that a local education agency's actual expenditures exceed the amount received in interim reimbursement payments, the local agency will receive a settlement. This would increase the State and federal costs of the bill, as well as the revenue received by the local education agencies. Conversely, if the cost settlement process determines that a local education agency's actual expenditures were lower than the amount received in interim reimbursement payments, the State and federal costs would decrease, as well as the revenue for the local agencies.

Second, this estimate assumes that the number of Medicaid eligible children receiving mental health care in local education agencies before the bill's implementation will remain stable after the bill's adoption. It is possible, however, that expanding school-based Medicaid coverage of behavioral health services will increase the number of Medicaid eligible children receiving behavioral health services in a school environment. Such an increase would result in an increase in net revenue for local education agencies and an increase in costs for the State and federal government. Moreover, it is also possible that the bill's adoption may decrease the number of Medicaid eligible children seeking behavioral health services outside of local education agencies as in-school services become readily accessible due to increased funding. To the extent such a shift occurs, non-school based State Medicaid expenditures would decrease, as well as the federal Medicaid matching funds received by the State for such services.

Finally, this bill impacts Medicaid services delivered under the fee-for-service system and the managed care system. Currently, 97.3 percent of NJ FamilyCare beneficiaries are enrolled in the managed care system. Managed care organizations are paid via a monthly per beneficiary capitation payment. When developing capitation rates, the contracted actuary utilizes encounter claims data from the fiscal year that is two years prior to the rate setting period, managed care organization financial reports, and monthly beneficiary data collected by the organizations and the department. It is possible that a variety of factors in the capitation rate setting process, which the OLS cannot determine, would influence State costs incurred under this bill.

Section: Human Services

*Analyst: Sarah Schmidt
Lead Research Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2416

STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 22, 2023

SUMMARY

- Synopsis:** Requires Medicaid reimbursement for covered behavioral health services provided by local education agency to student who is eligible Medicaid beneficiary.
- Types of Impact:** Annual State and school district revenue increases.
Annual State and school district expenditure increases.
- Agencies Affected:** Department of Human Services, Department of Education, Department of the Treasury, and school districts.

Office of Legislative Services Estimate	
Annual State Revenue Increase	\$16.9 million to \$23.6 million
Annual State Expenditure Increase	Indeterminate
Annual School District Revenue Increase	\$9.1 million to \$12.7 million
Annual School District Expenditure Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that this federal revenue maximization initiative will increase annual State revenue by \$16.9 million to \$23.6 million and annual school district revenue by \$9.1 million to \$12.7 million.
- The revenue growth represents additional federal Medicaid reimbursements under the Special Education Medicaid Initiative (SEMI), New Jersey's school-based Medicaid program. The revenues will be generated from the State's newly authorized ability to claim as Medicaid expenses certain behavioral health services that school districts are already providing to Medicaid-eligible students without currently receiving a Medicaid reimbursement. The bill does not require school districts to provide any new services.
- As the universe of claimable Medicaid expenses expands, the State and school districts may incur additional annual expenditures to file and administer the additional claims.

BILL DESCRIPTION

This bill authorizes school districts to newly claim as Medicaid expenses certain behavioral health services that school districts deliver to Medicaid-eligible students, as permitted under federal law. Under the Special Education Medicaid Initiative (SEMI), New Jersey's school-based Medicaid program, these services are currently only reimbursable for students who participate in an Individualized Education program, 504 Accommodation Plan, Individualized Health Care Plan, or Individualized Family Service Plan; or when the covered services are provided at a charge to the students. The bill will take effect on the first day of the sixth month following any federal approval to secure federal financial participation for the behavioral health services.

The Special Education Medicaid Initiative is jointly operated by the Department of Education, the Department of Human Services, and the Department of the Treasury along with participating school districts, and allows for recovery of a portion of costs for Medicaid-covered services provided to Medicaid-eligible special education students. Currently, 65 percent of federal Medicaid reimbursements accrues to the State and 35 percent to school districts.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that this federal revenue maximization initiative will increase annual State revenue by \$16.9 million to \$23.6 million and annual school district revenue by \$9.1 million to \$12.7 million. The revenue growth represents additional federal Medicaid reimbursements under the Special Education Medicaid Initiative (SEMI), New Jersey's school-based Medicaid program. The revenues will be generated from the State's newly authorized ability to claim as Medicaid expenses certain behavioral health services that school districts are already providing to Medicaid-eligible students without currently receiving a Medicaid reimbursement. The bill does not require school districts to provide any new services to Medicaid-eligible students.

The bill directs that the system to submit Medicaid claims for covered behavioral health services and obtain Medicaid reimbursements is to overlap with the claims and reimbursement procedures associated with the existing SEMI program. Currently, this program is financed through certified public expenditures, which allows school districts to participate in financing the non-federal share of Medicaid costs. A school district certifies its expenses during a defined period that constitute a Medicaid expenditure for Medicaid-covered services and allowable activities. The State claims this amount for federal matching and receives the federal share of allowable expenditures from the federal government. In New Jersey, the school districts receive 35 percent of the federal reimbursement and the State retains the remaining 65 percent.

Based upon Medicaid enrollment from May 2023, information from the Kaiser Family Foundation regarding the number of children nationally who require mental health services, and the availability of behavioral health services in schools, the OLS estimates that between 12,524 and 17,535 Medicaid beneficiaries currently receive behavioral health services that would be eligible for a federal Medicaid reimbursement under this bill.

The chart below lays out the current interim reimbursement rates under the SEMI with each school district assigned to either group A, B, or C:

Service	Group A Rate	Group B Rate	Group C Rate
Evaluation (per evaluation)	\$1,788.55	\$1,788.55	\$1,788.55
Medical Transportation (Round Trip)	\$29.31	\$29.31	\$29.31
Service (per diem)	\$30.99	\$61.98	\$92.97

Assuming the Group B rate and that each eligible child receives one school based evaluation, as well as one school-based counseling session per school week (estimated at 38 weeks per school year), during a school year, the annual amount certified by school districts as Medicaid expenditures under the bill is estimated between \$51.9 million and \$72.7 million. This estimate assumes:

(1) There are no medical transportation costs for these services. To the extent medical transportation costs are incurred, this estimate would increase;

(2) The cost of the services provided by school districts, and covered under the bill, will be identical prior to the bill's implementation and following the bill's adoption, as the bill does not require school districts to provide new services to Medicaid-eligible students; and

(3) The interim reimbursement rates reflect the actual cost of services for which school districts will ultimately be allowed to claim reimbursement.

As the bill allows these current expenditures to be newly claimed as Medicaid expenses, the State will receive an increase of between \$16.9 million and \$23.6 million in federal Medicaid reimbursements under the bill, or 65 percent of the total federal Medicaid reimbursement generated under the bill. Additionally, school districts will receive between \$9.1 million to \$12.7 million in increased revenue, representing the remaining of the 35 percent of the federal Medicaid reimbursements generated under the bill.

In addition, as the universe of claimable Medicaid expenses expands, the State and school districts may incur additional annual expenditures to file and administer the additional claims.

Section: Human Services

*Analyst: Sarah Schmidt
Lead Research Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

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Governor Murphy Signs Legislation to Expand Access to Behavioral Health Care in K-12 Schools

07/13/2023

Legislation Will Require Reimbursement for Provision of Behavioral Health Services to Students Covered by Medicaid

ATLANTIC CITY – As part of his efforts to address youth mental health needs both at the state and national levels, Governor Phil Murphy today signed a bill (A-3334) expanding expenses that New Jersey's K-12 public schools may be reimbursed for in regards to behavioral health services that are provided to students and their families who are Medicaid recipients.

"It's undeniable that many young people are facing mental health challenges right now and would benefit from the support of compassionate, trained professionals," said **Governor Murphy**. "Through the work of my Administration, in collaboration with local, state, and national partners, we are taking decisive action to address the mental health needs of our youth. By ensuring schools will be reimbursed for the provision of behavioral health care services to students covered by Medicaid, this legislation will advance our ongoing efforts to expand affordability and access to the mental health support New Jersey children need."

The Division of Medical Assistance and Health Services (DMAHS) within the New Jersey Department of Human Services (DHS) and its contracted managed care organizations will be responsible for reimbursing local education agencies for the provision of behavioral health services covered under Medicaid to students who are eligible Medicaid beneficiaries. This builds upon the impact of programs like the Special Education Medicaid Initiative (SEMI), in which public school districts are reimbursed a portion of the costs associated with providing health-related services to Medicaid-eligible students in their special education programs.

The covered services offered either in-person or via telehealth must be provided by either a licensed medical practitioner or local education agency approved as a Medicaid provider. Schools are allowed to submit a request for reimbursement through Medicaid if they are unable to be reimbursed through a legally liable third party.

With this authority, DHS will begin seeking federal approvals for this program. Once the program is approved over the course of the next few years, DMAHS, along with the New Jersey Departments of Education and Treasury, will assist schools in implementing a plan to submit Medicaid claims for reimbursement for these services.

"Ensuring access to youth mental health remains a top priority for the Administration," said **Human Services Commissioner Sarah Adelman**. "Under Governor Murphy's leadership, the Department has expanded access to behavioral health services and made significant investments in the provider workforce pipeline. We look forward to leveraging federal flexibility and Medicaid funding to further help school districts connect students to health services."

"Promoting access to mental health and well-being is essential for student success," said **Dr. Angelica Allen-McMillan, Acting Commissioner of Education**. "Mandating Medicaid reimbursement for covered behavioral health services offered by local educational agencies strengthens the foundation of mental health support within New Jersey's educational system. This progressive approach acknowledges the crucial role mental health plays in students' overall development by empowering eligible Medicaid beneficiaries to access the services they need and thus fostering a positive educational experience."

"In the midst of a youth mental health crisis, ease of access to emotional, behavioral, and mental health supports and services are critical to youth wellbeing and parent peace of mind," said **Department of Children and Families Commissioner Christine Norbut Beyer**. "The ability to expand these services into schools through Medicaid reimbursement reduces barriers to students accessing support delivered by their district. Services provided through DCF's [Children's System of Care](#) have long been on the Medicaid platform, and expanding that coverage to district-driven mental health services helps to enhance the existing continuum for students and their families."

The sponsors of the legislation include Senator Vin Gopal and Assembly Majority Leader Louis D. Greenwald, as well as Senate Majority Leader Teresa Ruiz and Assembly Member Angelica Jimenez and Reginald Atkins.

"Any New Jersey student who is in need of behavioral health services or treatment should have access to them," said **Senator Gopal, Chair of the Senate Education Committee**. "This legislation will enable schools to build out and deliver school-based Medicaid services, and allow districts to obtain additional funds through which they can better serve students and their families who are facing behavioral health challenges."

"By leveraging federal dollars to expand Medicaid reimbursement for school-based behavioral health services, we can connect more students with critical supports at no cost to their families or schools. We know that early access to services can change the trajectory of a young person's life," said **Assembly Majority Leader Greenwald**. "At a time when young people continue to face behavioral health challenges that have been exacerbated by the COVID-19 pandemic, these additional funds will be a game-changer in allowing school districts to hire additional mental health professionals and expand their behavioral health services."

"The pandemic and the isolation it brought exacerbated issues of mental health amongst our students," said **Senate Majority Leader Ruiz**. "This will help to expand the availability of mental health services within our schools by extending coverage to all Medicaid recipients at no cost to the district or the parents. It is critical as we rebound from the pandemic that we continue to look for ways to better support our students socially, emotionally and academically."