



BEHAVIORAL HEALTH SYSTEM FOR FUTURE GENERATIONS RECOMMENDATION #18: INVEST IN SCHOOL-BASED BEHAVIORAL HEALTH INITIATIVES

Recommendation Overview:

Approximately half (46%) of children and youth with behavioral health needs are unable to receive the necessary treatment.¹ Schools can play a critical role in increasing access to early interventions and treatment for students who are struggling with behavioral health issues. School-based behavioral health initiatives have been proven to significantly improve academic performance and social well-being among youth, reduce stigma, and allow for better identification and treatment of behavioral health needs. **Under this recommendation, Montana would expand its existing school-based behavioral health efforts by identifying priority communities for sustained investments in school-based programs and allocating one-time funding to launch school behavioral health initiatives. This recommendation also includes training and coaching school personnel to implement behavioral health interventions in alignment with the Multi-Tiered System of Supports and implement selected evidence-based practices within school districts.**

This recommendation would also include determining appropriate policies in collaboration with the Montana Office of Public Instruction (OPI) and identifying funding sources to ensure sustainability, such as the Medicaid Free Care Rule reversal. The Free Care Rule reversal policy allows states the flexibility in their school-based Medicaid programs for school districts to bill Medicaid for physical and behavioral health services delivered to all Medicaid-enrolled children, not just those with a special education plan documented by an Individualized Education Program (IEP), and states can receive federal reimbursement for services provided to all students if they meet specific criteria.

Intended Impact:

This recommendation focuses on improving youth behavioral health and reducing adverse outcomes. Example performance measures for this recommendation may include:

- Increased workforce training and capacity.
- Increased access to community-based services.

Governor’s Budget Amounts:





Funding by Year ²		Funding Sources ³	
SFY26	SFY27	State Special Revenue	Federal Funds
\$2.7M ⁴	\$7.3M ⁴	\$7.3M ⁴	\$2.7M ⁴

This recommendation includes additional support for schools to expand universal screening and implement additional evidence-based practices. The BHSFG funding request will support the strengthening of existing school behavioral health programs, universal screening linked to referrals, educator training, and reversal of free care rule. Long-term funding will be required for continuing existing programs, educator training and coaching on evidence-based interventions, reversal of the free care rule, and universal screening. This assumes federal Medicaid matching funds for the Free Care Rule reversal, which allows schools to bill Medicaid for medically necessary services provided to students enrolled in Medicaid.⁵



Implementation Considerations:

This Phase 1 foundational recommendation establishes the necessary infrastructure for subsequent recommendations to succeed and/or is critical to strengthening and sustaining system operations.⁶ It is designated to receive funding in both SFY26 and SFY27 in the Governor’s Budget.

Project Requirements	Project Needs
<p>Staffing</p> 	<ul style="list-style-type: none"> Identify the department staff responsible for oversight and monitoring.
<p>System / Infrastructure</p> 	<ul style="list-style-type: none"> Identify contracting mechanisms for school behavioral health services and interprofessional training of school staff. Identify performance measures, reporting, and quality metrics. Expand existing infrastructure of training and coaching models for school-based evidence-based practices. Identify additional services to be included in the School-Based-Services Fee Schedule and State Plan to be billable by Montana School Districts enrolled in Montana Medicaid.
<p>Legislative / Regulatory</p> 	<ul style="list-style-type: none"> Establish and update operating policies and the provider manual and revise the Medicaid Management Information System and Administrative Rules of Montana (ARMs) to enable Medicaid billing for the delivery of school behavioral health services. Submit a SPA to CMS.
<p>Finance / Sustainability</p> 	<ul style="list-style-type: none"> Evaluate the cost of reversing the Free Care rule. Identify the funding source for ongoing interprofessional training for school staff. Identify ongoing sources of funding for long-term sustainability (e.g., Medicaid, grants, state-county funds, and local education agency funds).

¹ Source: Meng JF, Wiznitzer E. Factors Associated With Not Receiving Behavioral Health Services Among Children With A Behavioral Disorder in Early Childhood in the United States, 2021–2022. *Prev Chronic Dis* 2024;21:240126. DOI: <http://dx.doi.org/10.5888/pcd21.2401>

² In November 2024, Governor Gianforte authorized \$100M for SFY26 and SFY27 to implement 10 recommendations identified by the BHSFG Commission. The cost estimates for this recommendation in the BHSFG final report may vary due to the timing of projected expenditures and additional adjustments.

³ Federal match is projected to cover part of ongoing costs but is not expected to begin immediately.

⁴ Budget figures and totals may vary due to rounding.

⁵ Only the costs associated with reversal of free care are assumed to be eligible for federal matching.

⁶ The BHSFG recommendations included in the Governor’s budget are all eight Phase 1 recommendations and two Phase 2 recommendations. Phase 2 BHSFG Commissioner Identified Focus Area Recommendations are those the Commission identified as a leading focus area that may be impacted by the completion of a foundational recommendation and/or are not foundational in nature.

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