



## STATE OF WASHINGTON

June 14, 2021

The Honorable Pat McCarthy  
Washington State Auditor  
P.O. Box 40021  
Olympia, WA 98504-0021

Dear Auditor McCarthy:

Thank you for the opportunity to review and respond to the State Auditor's Office performance audit on K-12 student behavioral health in Washington. The Health Care Authority and Office of Financial Management worked together to provide this response.

We share the SAO's desire to address the behavioral health needs of children and youth in a timely and efficient manner. We also support a comprehensive approach to K-12 student behavioral health, which includes primary prevention, intervention, treatment and recovery support services.

This performance audit began as an audit of behavioral health prevention and intervention services. However, the audit scope was expanded to include a limited review of behavioral health treatment services. The final audit recommendations focus predominately on Medicaid-funded screening and treatment services, with little mention of prevention and intervention services, as was originally planned and where the bulk of HCA and SAO discussions were spent.

While we support a full continuum of behavioral health services for every student and child in Washington, we believe this performance audit falls short of making comprehensive recommendations to significantly improve access to these services. Specifically:

- To best meet the behavioral health needs of all students, it is imperative that we fully fund prevention, intervention, treatment access and recovery support services in each school district, and provide age-appropriate services in each school building. It is also important to engage Medicaid *and* commercial insurance plans, which cover behavioral health treatment services for many students in our state. The audit report concludes Washington has a fragmented response to student behavioral health. We do not believe this is a totally accurate conclusion.

While not every school building in our state provides a full continuum of behavioral health services today, we do have a system that is well-regarded nationally, and we have a number of collaborative efforts under way to address gaps. A key effort is the Children and Youth Behavioral Health Work Group created by the Legislature. The work group convenes representatives from the Office of the Superintendent of Public Instruction, HCA, providers, legislators and advocates to identify and support system changes and service enhancements. A sub-group addresses school-based behavioral health services. We believe this structure is the appropriate mechanism for continued collaboration.

- Not all school districts wish to offer behavioral health treatment services on site. While most schools could provide prevention, intervention, screenings and recovery support services with adequate training and funding, on-site treatment challenges include building space, risk, certification, staffing, program knowledge and billing capacity.

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School districts interested in offering on-site treatment services would need enhanced infrastructure resources to develop and operationalize treatment programs (for example, staff to do insurance billings). For many schools, fully funded prevention and intervention programs can reach all students and make appropriate community-based treatment referrals. Those same school districts could offer ongoing recovery support services on-site to support the student recovery goals.

We believe public funds, including Medicaid, play an important role in supporting behavior health services for Washington youth in schools and in the community at large. We also know that approximately half of students are covered by commercial health care plans. Continued development of a robust system for all must include public and privately funded resources, and school and community-based providers need to know how to access and leverage both.

Please thank your team for its commitment and effort over the past couple of years as we partnered on this performance audit.

Sincerely,



Sue Birch  
Director  
Health Care Authority



David Schumacher  
Director  
Office of Financial Management

cc: Jamila Thomas, Chief of Staff, Office of the Governor  
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## OFFICIAL STATE CABINET AGENCY RESPONSE TO THE PERFORMANCE AUDIT ON K-12 STUDENT BEHAVIORAL HEALTH IN WASHINGTON – OPPORTUNITIES TO IMPROVE ACCESS TO NEEDED SUPPORTS AND SERVICES – JUNE 14, 2021

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The Health Care Authority and the Office of Financial Management provide this management response to the State Auditor’s Office performance audit report received on May 24, 2021.

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### SAO PERFORMANCE AUDIT OBJECTIVES:

The purpose of this performance audit was to evaluate current prevention and early intervention efforts in behavioral health for students by asking these questions:

- Are there opportunities for state agencies, educational service districts and school districts to better identify and connect Washington students to needed services?
  - Can state agencies, counties, educational service districts and school districts reduce barriers to accessing these services and improve coordination of them?
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*SAO recommendations 1-2 are for the Legislature. Recommendations 3-6 are for the Health Care Authority. Recommendation 7 is for the Office of Superintendent of Public Instruction.*

### For the Health Care Authority

To make greater use of Medicaid services and funding to support student behavioral health, as described on pages 31-36, we recommend the Health Care Authority:

**SAO Recommendation 3:** Create guidance for educational service districts and school districts interested in contracting with managed care organizations to provide behavioral health services to students. HCA should work with representatives from education agencies and managed care organizations to develop this guidance. At a minimum, the guidance should:

- Refer to DOH resources on becoming a licensed behavioral health provider
- Describe how to contract with managed care organizations, which should also list designated contact staff at the organizations and at HCA
- Provide a comprehensive list of behavioral health services, from screening through treatment, for school-age children
- Identify behavioral health professionals who can deliver the listed services

As an alternative to developing guidance, HCA could consider conducting a cost-benefit analysis to determine if a new billing guide would more effectively help education agencies interested in becoming Medicaid providers.

**STATE RESPONSE:** We thank SAO for the recommendation to provide additional guidance. The barriers to increasing the use of Medicaid funding and support in schools, however, are more complex and foundational than a lack of guidance documents. While many school districts do provide behavioral health prevention, early intervention and recovery support services, not all schools can afford to offer these services. Furthermore, the primary function of schools is not providing behavioral health treatment services, and it is not a simple undertaking. Therefore, schools must first have the desire to commit to becoming behavioral health treatment providers, and then need the resources and capacity to undertake this work.

To work toward the shared goal of increasing student access to behavioral health services, HCA is developing a work group to improve opportunities for schools to bill Medicaid through managed care organizations. These efforts may also encourage schools to explore billing private insurance, helping expand access to services for all students. Goals of the work group will include efforts to:

- Explore standardizing contracts between the health plans and schools/educational service districts (ESDs);
- Explore the option of schools/ESDs using billing agents or clearinghouses to bill for services;
- Provide information about becoming a licensed provider through the Department of Health;
- Partner with OSPI/ESDs/schools to better understand challenges;
- Explore the creation of a school behavioral health billing guide; and
- Collaborate with the School-based Behavioral Health & Suicide Prevention Subgroup of the Children and Youth Behavioral Health Work Group.

To further increase support for students and behavioral health care access, HCA will continue to work with OSPI, ESDs and districts to explore options that include:

- Partnering with local mental health and substance use prevention, early intervention, treatment and recovery providers already in the community; and
- Contracting and developing school-based health centers that include mental health and substance use prevention, early intervention, treatment and recovery supports in their service design.

Because Medicaid covers roughly half of all students statewide, there is an ongoing need to explore opportunities in regions with a variety of medical coverages. This may include regional purchasing agreements so schools can serve all students in partnership with local service providers.

HCA will encourage our five Medicaid managed care organizations to incentivize providers serving school-age children to serve more Medicaid-enrolled children and/or contract with their local schools to provide student supports for behavioral health. This will leverage the existing workforce and the strengths of providers already doing great work in their community.

The guidance referenced in the recommendation would be a natural by-product of the work of this work group, which we anticipate having in place by November 2021.

**Action Steps and Time Frame:**

- HCA will convene a work group to develop strategies that support schools in accessing Medicaid-covered services, and to look for opportunities to develop partnerships that will increase access to services for all students. *By November 1, 2021*

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**SAO Recommendation 4:** Collaborate with OSPI, service districts, managed care organizations and school district representatives to reduce administrative burdens on service districts and school districts. This includes, but is not limited to:

- Standardizing forms
- Creating boilerplate language for contracts between managed care organizations and education agencies. It should include the services and reimbursement methodology, such as setting a minimum fee schedule to establish the reimbursement to expect for services.

**STATE RESPONSE:** As noted above, we believe addressing this recommendation would be a natural by-product of the work group HCA is initiating. Changing forms prior to that work being completed would likely necessitate rework and would impact only a small number of districts. HCA is always available to provide assistance or guidance.

**Action Steps and Time Frame:**

- HCA will convene a work group to develop strategies that support schools in accessing Medicaid-covered services, and to look for opportunities to develop partnerships that will increase access to services for all students. *By November 1, 2021*
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**SAO Recommendation 5:** Conduct a study to evaluate what would be needed to establish an 1115 waiver program for behavioral health services and request approval from the Center for Medicare and Medicaid Services, using the Family Planning Only program as a model.

**STATE RESPONSE:** We appreciate SAO exploring waiver options to help increase access to behavioral health services for students, and for acknowledging in the report that there are several important steps to take before seeking such a waiver. We do not agree that conducting a study as suggested is appropriate at this time. Behavioral health services are very different from family planning services, with different health and safety concerns and considerations. We are unaware of a waiver of this nature in any other state. Considering the extensive resources required to develop and seek approval of a Medicaid waiver, it would not be prudent to go down this path without knowing if the Centers for Medicare and Medicaid Services would consider approving such a waiver. HCA can develop a concept paper to present to CMS. If CMS indicates that such a waiver could be considered for approval, we could then have additional discussions to evaluate the idea.

While waivers can be an effective mechanism for expanding Medicaid-funded services, we believe there are other ways to address access, including the continuing work of the School-based Behavioral Health & Suicide Prevention Subgroup of the Children and Youth Behavioral Health Work Group. This advisory subgroup is charged with identifying strategies to create and maintain an integrated system of care in the K-12 school system that can rapidly identify students in need of care and effectively link them to appropriate services. This group has been successful in having its recommendations adopted by the Legislature.

**Action Steps and Time Frame:**

- HCA will prepare and submit a concept paper to the Centers for Medicare and Medicaid Services to determine if it would consider a waiver of this nature. *By December 31, 2021*
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**SAO Recommendation 6:** To ensure Medicaid-enrolled students are receiving behavioral health screenings, as described on page 38, we recommend the Health Care Authority: Incorporate a review of children’s behavioral health screenings into HCA’s current monitoring process to ensure beneficiaries receive screenings to which they are entitled.

**STATE RESPONSE:** The audit test performed by SAO did not find that Medicaid-enrolled children are not receiving behavioral health screenings. Many of these screenings are performed as part of a well-child visit, which includes several other health and wellness screenings. As is normal and customary in health care — not just Medicaid — some types of visits, such as well-child exams, include multiple

procedures but are billed together under a single billing code. The agreements that insurers (including Medicaid) have with providers define what procedures are required during those visits.

While SAO's analysis was only able to confirm 45 percent of children received a separately identifiable behavioral health screening during well-child visits – or already had a treatment plan in place – HCA has no reason to believe the screenings are not occurring in most cases. By contractual agreement, well-child visits include behavioral health screenings.

HCA performs a wide range of program integrity activities designed to ensure services are appropriate and meet all Medicaid requirements. As mentioned in the report, one of those activities includes contracted monitoring of well-child visits. Various elements of those visits are monitored depending on identified risks, cycles and other factors, and may change as conditions change. We will assess the need to target behavioral health screenings as part of that monitoring process.

To significantly impact students' ability to connect with behavioral health supports, we will continue to work toward universal behavioral health screenings in schools for all students, not just Medicaid-enrolled students. Providing prevention and early intervention services in all school buildings would support those students screened as at-risk for behavioral health issues, where prevention and early intervention staff could assist with referrals to community-based or in-school treatment and recovery supports as available.

**Action Steps and Time Frame:**

- HCA will assess the level of any risk or potential value of incorporating review of behavioral health screenings into its ongoing monitoring processes. *By December 31, 2021*
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