



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

| | FY 2026 Difference | FY 2027 Difference | FY 2028 Difference | FY 2029 Difference | FY 2030 Difference | FY 2031 Difference |
|------------------------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenditures: | | | | | | |
| General Fund | | | | | | |
| State Special Revenue | \$3,528,289 | \$3,528,289 | \$4,462,515 | \$4,462,515 | \$4,529,453 | \$4,597,395 |
| Federal Special Revenue | | | \$2,783,889 | \$2,783,889 | \$2,825,648 | \$2,868,032 |
| Other | | | | | | |
| Revenue: | | | | | | |
| General Fund | | | | | | |
| State Special Revenue | | | | | | |
| Federal Special Revenue | | \$0 | \$2,783,889 | \$2,783,889 | \$2,825,648 | \$2,868,032 |
| Other | | | | | | |
| Net Impact - General Fund Balance: | \$0 | \$0 | \$0 | \$0 | \$0 | \$0 |

Description of fiscal impact:

This recommendation includes three components to strengthen school-based behavioral health efforts by: 1) making sustained investments in school-based programs and allocating one-time funding to launch school behavioral health initiatives; 2) sustaining the screening linked to care universal screening pilot program; and 3) determining appropriate policies in collaboration with the Montana Office of Public Instruction (OPI) and identifying funding sources to ensure sustainability, such as the reversal of the Medicaid free care rule.¹ There will be costs associated with purchasing school behavioral health programs, universal screening linked to referrals, educator training, and reversal of the Free Care Rule.

FISCAL ANALYSIS

Assumptions:

1. The department will contract with select school districts to enhance implementation of select evidence-based school-based programs, such as the PAX Good Behavior Game. The department estimates operational costs of

¹ This assumes federal Medicaid matching funds for the reversal of free care, which allows schools to request reimbursement for services for students enrolled in Medicaid.



\$3,803,274 over FY 2026 and FY 2027, with annual recurring costs of \$1,803,274 beginning in FY 2028. This estimate is based on the current budget for training, coaching, and evaluation of the PAX Good Behavior Game, which has been funded this biennium with funding through the American Rescue Plan Act (ARPA) at \$1,000,000 per year. The Department estimates that the number of school districts participating will double from 56 to 112. Additionally, the department intends to expand the number of evidence-based programs available for training and coaching to three to four additional programs on top of the PAX Good Behavior Game. These will be funded with 100% state special revenue funds.

2. The department will contract with a vendor to design and implement Project Extension for Community Healthcare Outcomes (ECHO), a virtual learning program aimed at helping school staff enhance their ability to provide behavioral health services to students. The department anticipates annual recurring costs of \$250,000, starting in FY 2026. These will be funded with 100% BHSFG state special revenue funds.
3. The department will continue the universal behavioral health screening linked to care program currently funded by the Governor's Emergency Education Relief fund. The department anticipates annual recurring costs of \$875,015, starting in FY 2026, based on the current annual budget for the program. These will be funded with 100% BHSFG state special revenue funds.
4. The department will contract with a vendor to provide training and technical assistance to school districts in preparation for the administration and billing of Medicaid reversal of the Free Care Rule. The department anticipates these costs will total \$200,000 over FY 2026 and FY 2027.
5. The department assumes Centers for Medicare and Medicaid Services (CMS) approval of the Medicaid reversal of the Free Care Rule to expand coverage for school-based behavioral health services to begin in FY 2028.
6. The department expects implementation of the reversal of the Free Care Rule to begin in FY 2028. This accounts for a total program cost increase of \$4,318,116 as more children will be eligible for Medicaid services. The increase in benefits will be eligible for school-based Medicaid Standard Federal Medical Assistance Percentage (FMAP) (38.53% state funded and 61.47% federally funded in FY 2028). This result in state share of \$1,534,227 ($\$4,318,116 \times .3853$) and federal funds of \$2,783,889 ($\$4,318,116 \times .6147$).

Technical Notes:

1. The department assumes that all state funds required for implementation and recurring costs will be allocated from the BHSFG state special revenue fund.



2. Any delay in procurement for contractors may push projected costs into future fiscal years.
3. Any delay in CMS approval of the new payment methodology may delay increase in benefit expenditures.
4. Projected expenditures for FY 2030 and FY 2031 assume a 1.5% inflationary factor for state and federal funds.