

Improve Access to Children’s Mental Health Services through Medicaid Reimbursement

The Legislature Should Allow Medicaid Reimbursement for Intensive Mental Health Services, Effective Community Services, and Crisis Services

Covering more services in Medicaid will help address the rise in children’s mental health challenges.

Children’s mental health challenges have been on the rise nationally and across the state. In Texas, nearly a quarter of parents surveyed from 2021-2022 (23 percent) reported their child had one or more mental, emotional, developmental, or behavioral problem.¹ From 2005 to 2023, the number of Texas high school students reporting suicide attempts rose by 31 percent.² Mental health crisis visits at Texas Children’s Hospital in Houston increased by 800% from 2019 to 2022.³ If left unaddressed, mental health struggles can escalate to a point where parents are at a loss about how to help their children, potentially resulting in the child entering the foster care or juvenile justice system.

Currently, one in three Texas youth are insured with Medicaid or CHIP.³ Texas only covers two ends of the spectrum of children’s mental health services: basic therapy/counseling and medications or full inpatient hospitalization. Medicaid coverage does not cover intensive outpatient programs, partial hospitalization, effective community services, or crisis intervention services. The full range of services need to be available so that parents are empowered to make the choice for what is medically necessary and best for their child. By covering more intensive mental health services through Medicaid, more children will have access to the care they need when and where they need it.



Covering additional services would particularly help address foster care challenges.

Adding several key children’s mental health services as a Medicaid benefit would help effectively prevent or address crises that could result in a child entering foster care if left unaddressed. While most children enter foster care because of concerns about abuse or neglect, **in FY 2024, 6 percent of youth who entered foster care did so because they have complex mental health challenges that their families are unable to manage without additional support.**⁴

In addition to the Legislature’s goal of preventing children from entering foster care due to unmet mental health needs, Texas should also ensure that youth in foster care have access to the mental health care they need.

Unmet behavioral health needs have been the main driver of the Children Without Placement crisis. As of October 2024, 35 of the 89 children without placement entered foster care because their parents did not know how to support their behavioral health needs.⁵ These children often experience intense needs, such as psychiatric hospitalization, suicidal ideation, and juvenile justice system involvement.⁶ Since reaching an all-time high of 416 children without placement in the summer of 2021, DFPS has diligently worked to reduce the number of children without placement by 78 percent.⁷ However, their efforts are unsustainable without support from the Texas behavioral health care system. These vulnerable youth deserve consistent access to the mental health care they need to remain stable.

The Child and Family Services Review Process, a periodic federal review process that reviews state child welfare systems, found that one of the biggest challenges for the Texas foster care system is connecting children to needed mental health services.⁸ In its Mental Health Services Team Report, one of the Department of Family and Protective Services’ (DFPS) key recommendations was to work with the Health and Human Services Commission (HHSC) to build a full array of behavioral health services.⁹ Because all children in foster care receive health care coverage through Medicaid, allowing reimbursement for more mental health services through Medicaid is an effective way to advance the goal of connecting youth in foster care to the behavioral health services they need.

Medicaid does not cover three key types of children’s mental services. The Legislature should change that.

1) Intensive Mental Health Services for Texas Youth

Adding Intensive Outpatient Programs (IOP) and Partial Hospitalization Programs (PHP) as a Medicaid benefit would increase access to intensive mental health services for Texas youth. These services, offered in clinics or hospitals, would help youth “step down” from a higher level of care (such as mental health hospitalization) and back to their daily lives.

Services like IOP and PHP help children who are struggling get more intensive therapies if they need more than regular therapy but do not need 24-hour hospital care. Therapeutic support and treatment are available for several hours daily so that children can go to school and return home to their families at night. IOP and PHP programs help avoid hospitalization and lower costs, and more than 30 states including Alabama, Mississippi and Tennessee cover IOP and PHP in their Medicaid programs.^{10, 11} For Texas, the annual cost estimate (for both children and adults) is \$3 million in General Revenue.¹²

2) Effective Community Services for Youth with High Needs

Adding evidenced-based therapies like Multisystemic Therapy (MST) and Functional Family Therapy (FFT) as a Medicaid benefit would increase access to home- and community-based interventions. These therapies improve family dynamics, reduce youth behavioral issues, and prevent foster care placements.

MST focuses on youth with serious mental health challenges, enhancing family and school outcomes. **Studies have shown that 86 percent of children at risk of entering foster care who receive MST targeted to help families involved with Child Protective Services remain at home and avoid placement in the foster care system.**¹³ As of August 2024, 22 MST teams in Texas were actively accepting referrals, with 280 total youth served since the project’s inception in September 2022.¹⁴ About 7,000 Texas youth and their families could utilize MST services, but Texas would need about 140 total teams to meet this need.¹⁵

FFT targets family relationships and has demonstrated a reduction in criminal recidivism and out-of-home placements. Research indicates that children in families who participate in FFT are 3.5 times less likely to be

removed from their homes and 50 percent less likely to face new abuse or neglect allegations when mental health concerns are involved.¹⁶

Several states, including South Carolina, Louisiana, and Nebraska, cover MST or FFT in their Medicaid State Plans.¹⁷ ¹⁸ ¹⁹ In Texas, MST and FFT will cost \$8 million in General Revenue annually, with \$1.4 million GR savings after 5 years.²⁰

3) Crisis Services

Adding Crisis Stabilization and Crisis Respite Services as a Medicaid benefit would help avoid costly emergency room visits, hospital stays, and jails to address mental health crises.²¹ These services also reduce severe symptoms of mental or behavioral health challenges, which will allow more youth to stay safely with their caregivers in their homes and communities.

Crisis stabilization provides immediate support to address acute symptoms through face-to-face counseling at a crisis stabilization unit, home, or school. **In 2023, the Legislature funded state grants to some local mental health authorities to operate Youth Crisis Outreach Teams**, intended to address the immediate needs of youth and provide up to 90 days of support. **Current funding supports eight total teams, including three prioritizing children involved in DFPS, which leaves large portions of the state uncovered or with limited access to crisis stabilization.**²²

Crisis respite services offer short-term relief for families struggling to care for a loved one with severe mental illness, either in-home or out-of-home. Expanding access to crisis respite is a key recommendation of the DFPS Mental Health Services Team.²³ Currently, 28 states cover stabilization services in Medicaid.²⁴

The state should take legislative action to add these mental health services to Children’s Medicaid so that children have the right level of care at the right time. This step would expand mental health access for youth, strengthen caregiver support, prevent crises and costly hospitalization stays, reduce risks of foster care placement, and improve outcomes for youth in foster care.

Endnotes

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