SOUTH CAROLINA DEPARTMENT OF HEALTH AND HUMAN SERVICES
Healthy Connections MEDICAID

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The Honorable Henry D. McMaster
Governor of South Carolina
South Carolina Statehouse, First Floor
Columbia, South Carolina 29201

Dear Governor McMaster,

In January of this year, you directed the South Carolina Department of Health and Human Services (SCDHHS) to perform a comprehensive review and analysis of the South Carolina Department of Mental Health's (DMH) school mental health services program. Immediately after you issued Executive Order 2022-02, I instructed the experienced auditors of SCDHHS' Bureau of Program Integrity and Internal Audit (PI) to conduct a review of DMH's school mental health services program. I also instructed SCDHHS' Office of Behavioral Health to engage with stakeholders, including the South Carolina Department of Education, DMH staff, school district leaders, parents, Medicaid managed care organizations (MCOs) and the behavioral health provider community.

I am pleased to report back to you that the agency has completed its review and analysis of the program. A summary of the review's findings is included below. Based on the findings and feedback and data received from the stakeholders mentioned above, I have also included seven recommendations for removing barriers that currently exist to quality mental health services access for children in South Carolina's schools.

PI Report's Key Findings
A copy of the full review report completed by PI is attached as an appendix to this letter. Key findings from the report include:

- Current state school-based mental health services are generally provided through DMH. While an essential and very beneficial service, these services are available in fewer than 50% of South Carolina's public schools. Currently, there are approximately 600 mental health counselors serving South Carolina schools with DMH employing approximately 60% of that workforce. The current counselor-to-student ratio equates to roughly 1:1,300 students. There are clearly more children in need of counseling than are being seen due to the limited availability of counselors, and the need is growing.
- DMH counselors are not required to be licensed but must meet certain credentialing requirements. A provision in state law exempts DMH and school districts from requiring counselors to be licensed. However, one of the reasons PI found private insurance frequently does not pay for school-based services rendered by DMH is failure to meet "credentialing criteria." The primary failure to meet this criterion is attributable to DMH counselors' lack of licensing.

- Analysis of school-based claims reveals that, on average, Medicaid was billed for approximately 80% of annual total services rendered by DMH. For reference, Medicaid serves 60% of all children in the state. As mentioned above, private insurance frequently does not pay for school-based services rendered by DMH counselors who are typically unlicensed. This is a deterrent for some families to receive services due to the cost associated with paying for school-based services out-of-pocket and has resulted in families receiving unexpected bills after services were rendered. The report also found that non-Medicaid students usually do not continue therapy.
- The starting pay for a DMH school-based counselor with master's degree-level training is approximately $36,500. Current Medicaid reimbursement to DMH is sufficient to support a salary at close to twice this level.
- The Medicaid agency currently has differential rate schedules for DMH counselors compared to counselors employed by school districts and other providers. The rate schedule for DMH is twice what is paid to school districts. Specifically, DMH is reimbursed $77 for a 30-minute individual therapy session, while school district providers receive $37.
- DMH's current billing practices lack consistency across counties and require processing at the local DMH county office and main office level leading to billing inconsistencies.
- In addition to funds it receives from Medicaid and other payors, DMH receives contracted payment from school districts for services provided to students in that school district. The amount DMH bills school districts via service contracts is not determined through an equitable method or standardized methodology.
- Crisis counseling is infrequently provided by DMH despite high and increasing need for these services in schools. Crisis counseling services address an immediate need to stabilize an emotional or behavioral emergency. Because of their nature, these services must be provided as needed and not on a set schedule. Many school administrators described scenarios in which a student was in crisis, but the DMH counselor was not available due to being at another school. This leaves untrained school administrators in the position of managing a mental health crisis, some of which involve students displaying destructive or self-harm behaviors.
- Counselors and school administrators indicate caseloads are too high to be managed effectively, and there are not enough hours dedicated to providing services at schools by DMH counselors. The report and feedback received directly from school districts indicates a wide variance in the number of cases managed by counselors, with some counselors limiting their caseload to 35 students and others carrying a caseload of up to 60 students at a time. Most counselors cover multiple schools, up to four different schools at a time, which requires traveling between schools and further limits access to counseling services. Additionally, many referrals are being declined because the counselor's existing caseload is too high. In other cases, children's counseling sessions are not being fulfilled as indicated in their plan of care.
- Reviewed medical records contain a high number of administrative errors and frequently lack the level of documentation required to meet established policies. Timeliness of service oversight is also a common issue.
- Data obtained through a survey of South Carolina school districts indicate the majority (59%) would prefer employing their own mental health counselors rather than contracting with DMH for mental health services.

SCDHHS Recommendations

The fact that half of South Carolina schools do not have access to a mental health counselor, that even fewer have access to crisis intervention services, and the preference expressed by the majority of the state's school districts to hire their own counselors rather than contracting with DMH for mental health services indicate fundamental changes are needed to improve access to mental health services for South Carolina's children. We suggest replacing the current delivery method of school-based mental health services with a solution that offers schools more choice and control in accessing school-based mental health services. The following recommendations are designed to remove the obstacles that currently greatly disincentivize schools from exercising that choice and control.

1. Eliminate the rate disparity currently in place that incentivizes schools to contract with DMH rather than hire their own mental health counselors. This change will provide funding that will enable schools to offer competitive salaries to counselors. Under this recommendation, SCDHHS will contract directly with the school districts. The district will then be free to either; a) hire their own counselors and bill Medicaid directly; b) continue to utilize DMH by assigning the contract to that agency who will then bill Medicaid; c) assign the contract to a private provider who will bill Medicaid directly; or, d) use a combination of these delivery methods to meet the needs of the children in their district.
2. Streamline administrative processing for school districts by removing administrative barriers and allowing them to bill Medicaid directly for school-based services.
3. Establish a standard methodology for school district financial participation. The amount that districts contribute needs to be established at a level that ensures active participation but does not place an excessive financial burden on the district.
4. Leverage telehealth services to improve access to more mental health services. During the first year of the COVID-19 public health emergency, 53% of the total claims reimbursed by Medicaid for services that were delivered through telehealth were for behavioral health services. Creating additional flexibilities to deliver services through telehealth will improve access to school-based services.
5. Emphasize the need for all counselors to be available to provide crisis intervention services in schools.
6. Improve the ability of children to receive the quality services they need by providing a three-year phase-in for school-based counselors to become fully licensed.
7. Provide consultation and professional development resources to school personnel and school-based counselors to help better integrate mental health in schools' culture and day-to-day operations.

As you acknowledged in your State of the State address this January, the mental health crisis facing South Carolina's students is here. This is a crisis we must address through immediate, bold changes to how we think about and provide mental health services in our schools. The recommendations described in this letter will provide South Carolina's schools the flexibility, funding and structure to increase access to quality school-based mental health services. This approach will help schools to serve as an early detection system and provide direct access to early intervention in the form of quality mental health counseling services.

Finally, the current counselor-to-student ratio in South Carolina's schools of 1:1,300 is unacceptable. SCDHHS' goal through implementing these changes is to reduce the current counselor-to-student ratio by half by 2023, which is effectively the equivalent of having a counselor available in each school in the state.

Thank you for your continued attention to our state's mental health crisis and dedication to ensuring South Carolina students have access to vital mental health counseling and services.

Sincerely,

Robert M. Kerr