# 1. Purpose

The purpose of this funding guidance overview is to provide guidance to County Offices of Education (COEs) and Local Education Agencies (LEAs) about the permissible uses of funding for the school-linked partnership and capacity grants. As part of the Children and Youth Behavioral Health Initiative (CYBHI), the Department of Health Care Services (DHCS) is launching the school-linked partnership and capacity grant program to provide COEs and LEAs, as well as institutions for higher education, with critical resources to promote utilization of the CYBHI statewide multi-payer fee schedule. This guidance memo outlines the program requirements and permissible uses of funds for this grant initiative. Prospective grant applicants are encouraged to carefully review the information outlined below prior to completing their initial application.

For additional information please refer to the DHCS website or email DHCS.SBS@dhcs.ca.gov.

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# 2. Context

### A. Overview of the California Children & Youth Behavioral Health Initiative (CYBHI)

Established in 2021, the Children and Youth Behavioral Health Initiative (CYBHI) is a $4.7 billion investment that seeks to reimagine the systems, regardless of payer, which support behavioral health for all California's children, youth, and their families. The CYBHI is a multi-year initiative led by five departments within the California Health and Human Services (CalHHS) Agency.[1]

As part of the CYBHI and Governor Newsom's Master Plan for Kids' Mental Health, DHCS is expanding access to school-based (or school-linked) behavioral health services provided to students at a school site. Of the 20 initiatives within the CYBHI, ~50% directly or indirectly seek to improve school-based behavioral health services (see Appendix: Exhibit 1).

Six of those 20 initiatives focus exclusively on expanding or improving services in a school setting. This includes efforts to expand the behavioral health workforce, create new partnerships, and change how providers are reimbursed.

- Over ~$1B is available in **one-time funding** to enable the development of improved infrastructure and capabilities of schools and school districts to meet the behavioral health needs of students. These programs are intended to provide schools a starting point – building initial infrastructure, programs and policies that can then be sustained through other funding mechanisms *(for example, see details below on the statewide, multi-payer, school-linked fee schedule).*
    - **The Student Behavioral Health Incentive Program (SBHIP)** provides $390M in incentives for Medi-Cal Managed Care Plans to partner with Local Educational Agencies (LEAs) on the delivery of school-based services
    - **School-Linked Partnerships and Capacity Grants** will distribute $550M in grant funding for LEAs and public institutions of higher education to build capacity, infrastructure, and partnerships needed to utilize the fee schedule *(see details to follow)*
    - **Mindfulness, Resilience and Well-being Grants** (2023-2024) will award $65 million in grant funding to further leverage California's existing SEL infrastructure. Funding is directed to support a network of 250+ focal schools that are located across each of California's 58 counties. County office of education leaders are working alongside district, school, and classroom leaders, providing support designed to prepare educators to deepen

[1] Five departments include DHCS, Department of Health Care Access and Information, Department of Managed Health Care, California Department of Public Health, and the Office of the Surgeon General.

connections with students through relationship and community building, and to be front line responders to protect the psychological wellbeing of all young people across the state.

- **Youth Peer-to-Peer Support Program** (2023-2027) implements peer-to-peer support programs that expand access to behavioral health support services in DHCS selected high schools by disseminating $8M in grant funding and partnering with The Children's Partnership
- **CalHOPE Student Services** (2022-2024) operates an educator support program, including a network of ~6,000 members across all 58 counties who provide training and resources to educators and promote SEL-based instruction

- The State is also providing **sustainable funding via new reimbursement models** that reimagine how providers are reimbursed for behavioral health services in schools. The **Statewide Multi-Payer School-Linked Fee Schedule** establishes a specific set of behavioral health services and rates at which Medi-Cal and commercial plans are required to reimburse local education agencies, public institutions of higher education, and other school-affiliated providers.

# 3. Overview of school-linked partnerships and capacity grant program

## A. Authorizing statute

DHCS has authority[2] to award competitive grants to qualified entities for the following purposes:

1) To build partnerships, capacity, and infrastructure supporting ongoing school-linked behavioral health services for children and youth 25 years of age and younger.

(2) To expand access to licensed medical and behavioral health professionals, counselors, peer support specialists, community health workers, and behavioral health coaches serving children and youth.

(3) To build a statewide provider network for behavioral health prevention and treatment services for children and youth, including those attending institutions of higher education.

[2] California Welfare and Institutions Code 5961.2 (link)

(4) To enhance coordination and partnerships with respect to behavioral health prevention and treatment services for children and youth via appropriate data sharing systems.

The statute further grants DHCS authority to define the eligibility criteria, grant application process, and methodology for the distribution of funds appropriated for the purposes described in this section to those entities it deems qualified. As such, DHCS is awarding $550 million in one-time grants to strengthen school-linked behavioral health services. This funding will be distributed among:

- California public K-12 schools ($400 million), and
- California public institutions of higher education ($150 million)

## B. Program goals

Based on input from education stakeholders and partners, DHCS is designing the school-linked partnerships and capacity grants program around three primary goals:

1. **Fee schedule readiness:** Increase the number of Local Educational Agencies (LEAs) who meet the operational readiness requirements needed to join the behavioral health provider network and utilize the fee schedule. This will ensure that one-time funds are used in a way that promotes long-term sustainability

2. **Expanded access:** Increase availability, equity, and range of behavioral health services in schools or school-linked settings by augmenting LEAs' capabilities and capacity. This provides an opportunity for educational entities to increase capacity and expand service delivery in the nearer term. Similarly, investments in the systems around school-linked services can help expand access to behavioral health care in schools

3. **Collaborative Infrastructure:** Develop or enhance collaborative infrastructure across LEAs, MCPs (Medi-Cal and commercial plans), county behavioral health departments, and CBO providers that focus on child and youth behavioral wellbeing. Grant funds can be spent on developing plans to achieve common goals, policies to enable and measure success, and tools to improve collaboration to help these systems better support children and families.

## C. Defining fee schedule readiness

*Note: For additional information on the fee schedule please watch the introductory video here*

LEAs seeking to join the school-linked behavioral health provider network and begin utilizing the fee schedule must achieve operational readiness across the following four categories:

- **Medi-Cal enrollment:** All LEAs must be Medi-Cal enrolled to be eligible to participate in the CYBHI fee schedule and to receive reimbursement for eligible services rendered under the fee schedule. Example requirements to be Medi-Cal enrolled may include:[3]
    - Completion of a Medi-Cal Provider Participation Agreement
    - Completion of a CYBHI-specific fee schedule program agreement to confirm the LEA's commitment to comply with mandatory program requirements
    - Completion of a Medi-Cal disclosure statement to gather information on the LEA (e.g., name, address, debts due to government that relate to federal or state health care programs, previous suspensions) and individuals who meet the definition of a managing employee[4] (e.g., social security number, past felonies, previous suspensions)
    - Submission of a certificate of general liability insurance covering the LEA and participating school sites. *General liability insurance covers premises and operation at the LEA address and includes costs of defense, legal costs, damage to property, and claims expenses because of injuries to other persons*
    - Submission of a certificate of professional liability insurance covering the LEA and participating school sites. *Professional liability insurance covers against the loss, damage, or expense incident to a claim arising out of the harm of any person as a result of malpractice in rendering professional services by any person who holds a license or certificate*
    - Submission of a certificate of workers' compensation insurance covering the LEA and participating school sites
- **Service delivery infrastructure and capacity building:** LEAs must have sufficient existing service delivery infrastructure and capabilities to expand service offerings to meet the behavioral health needs of students, including those without an Individualized Educational Plan (IEP). In addition, they must demonstrate sufficient capacity (e.g., physical space, staffing, resources, contracts) to furnish services covered by the fee schedule (see Appendix: Exhibit 2)

  LEAs can provide these services through a variety of models, including:

    - Employment of licensed behavioral health professionals

**3** DHCS will share further details and publish documents on the DHCS website (in the coming months)

**4** Any individual who exercises operational or managerial control over, or who directly or indirectly conducts the day-to-day operation of an applicant or provider.

- Employment of Pupil Personnel Service (PPS) credentialed practitioners
- Contracting or affiliating with behavioral health practitioners, provider groups, clinics, community-based organizations (CBOs), or county behavioral health departments

*Note: DHCS is in the process of defining how to measure "sufficient" capacity prior to being able to utilize the fee schedule and will follow-up with additional detail*

- **Data collection and documentation:** LEAs must have defined policies and protocols for collecting, storing, and transmitting the following information to the State's Third-Party Administrator (TPA) (as appropriate), including the following:
  - Student data and healthcare coverage information (e.g., subscriber name, date of birth, insurance provider, policy number, group number),
  - Provider network information (e.g., provider name, certification number), and
  - Information on the provision of behavioral health services (e.g., date of service, name of recipient, service location, treatment plans).

  Data collected and transmitted must include, at a minimum: date of service; name of recipient; Medi-Cal identification number (if applicable); provider agency and person providing the service, and associated NPI numbers; nature, extent, or units of service; place of service; and eligibility for Individuals with Disabilities Education Act funding. This is in accordance with California Code of Regulations, Title 22, Section 51476, which explains that LEA providers must also keep, maintain, and have readily retrievable records to fully disclose the type and extent of services provided to Medi-Cal eligible students.

  Data collection and documentation processes must also comply with Health Insurance Portability and Accountability Act (HIPAA) and Family Educational Rights and Privacy Act (FERPA) requirements, in addition to any other applicable state and federal laws pertaining to privacy of protected health information and personal identifying information.

  *Note: DHCS in the process of defining potential Data Use Agreements between providers and the State's Third-Party Administrator – details will follow.*

- **Billing infrastructure:** LEAs must be able to transmit sufficient data and information to the state's Third-Party Administrator (TPA) to be able to file a claim. LEAs must also be able to receive payments. DHCS will require LEAs to have:
  - A designated billing entity (e.g., COE, LEA, individual school-sites)

- Sufficient technology infrastructure for claims submission (e.g., automated data sharing between providers and payers, medical billing software, claim analytics)
- Sufficient technology infrastructure for payment remittance

All LEAs who are applying to join the school-linked behavioral health provider network will be required to submit the necessary documentation to demonstrate readiness prior to DHCS approval.

# 4. Qualified entities and permissible uses of funding

### A. Entities qualified to submit a grant application

County Offices of Education (COEs), the California Schools for the Deaf, and the California School for the Blind. Each COE will determine, with input from local partners, the funding strategy and disseminate funding to LEAs, charter schools, community-based organizations and/or other implementing partners in the county. Please see Section 5: Grant administration for additional details about the grant administration process for COEs.

The intent of these dollars is to support LEAs that are implementing or will implement the CYBHI fee schedule at some future date; as such, all LEAs are eligible to access funding now, even if they plan to begin utilizing the fee schedule in Cohorts 2 (June 2024) or 3 (January 2025), or beyond. COEs may also choose to distribute funds to LEAs that are not ready to commit to implementing the fee schedule, as long as the funds are allocated appropriately and consistent with the permissible use of funds outline in the next section. Eligible LEAs/entities include:

- County Offices of Education
- Local education agencies
- Charter schools
- California Schools for the Deaf
- California School for the Blind
- Community partners

## B. Permissible use of funds

Given the goals outlined above (See section 2B. Program goals), the majority of funding is intended to be used to achieve fee schedule readiness, with additional funding available for improving access, equity, and range in behavioral health services.

### County Offices of Education and Local Education Agencies

The majority of the funding for this grant program is intended to go to Local Education Agencies (LEAs). County Offices of Education (COEs) will work in collaboration with their LEAs as LEAs determine their priority funding activities. LEAs may choose to delegate or defer to their COE to fulfill an objective of the priority funding activity, for example purchasing an electronic health record system or claims submission software for multiple LEAs within the County. In that case, the COE will pool the contributions from the LEAs to support activities on behalf of their LEA(s). However, should a COE not fulfill activities on behalf of their LEAs, 80% of the funding is intended to flow directly to LEAs. As a part of the COE Implementation Plan process, COEs must provide rationale for LEA allocations. Should LEAs have lower than 80% allocation overall to their LEAs, the Grant Administrator will require sufficient rationale for the COE role in LEA funding activities.

### County Offices of Education permissible distribution of funding[5]

County Offices of Education (COEs), as well as the California Schools for the Deaf and the California School for the Blind, will be responsible for appropriately distributing funds allocated by DHCS and disseminated by the grant administrator(s) amongst the LEAs within their jurisdiction in line with program goals. The following guidelines outline how COEs can distribute funds allocated to their county. The following distribution model applies for funds utilized by COEs directly as well as by LEAs:

- **Fee schedule operational readiness:** At least 70% of each county's funding should be dedicated funding used by LEAs to achieve operational readiness, join the provider network, and begin to utilize the fee schedule (note: LEAs do not need to begin utilizing the fee schedule in Cohort 1 to be eligible for grant funding). NOTE: COEs that serve also as LEAs and COEs that will be centralizing some of the key functions of the fee schedule (e.g., billing will go through the COE) may also utilize funds in this category for that purpose.

- **Administrative costs:** Up to 10% of funding can be reserved by the COE to offset any COE administrative costs incurred while distributing grant funds among LEAs and/or supporting them as they onboard onto the provider network

[5] As determined by DHCS.

- **Collective impact:** Up to 10% of each county's funding can be dedicated to projects that build a necessary collaborative infrastructure for coordinated systems that focus on the needs of children and families. This can come in the form of technical assistance, coaching, and implementation support. Investments in collective impact can contribute to fee schedule readiness and/or expanding service delivery beyond the minimum readiness requirements. Example efforts include developing and designing a common agenda and shared measurement system to track progress, integrating activities across systems, and including families and communities in supporting youth behavioral health.

- **Other:** Up to 10% of each county's funds can be dedicated to other expenditures that the COE deems necessary to build capacity, invest in infrastructure or establish partnerships necessary to strengthen the COE or LEA's ability to provide behavioral health services and supports to students. DHCS and the grant administrator(s) will be required to approve other uses of funding through the implementation plan (see details below)

COEs will be required to submit an implementation plan for review by DHCS and the grant administrator(s). The plan should outline how the COE plans to use funds to achieve operational readiness and the allocations for LEAs in their county as well as a rationale for the allocation. In addition, in collaboration with COEs, LEAs will be required to submit an implementation plan for review by their COE, DHCS and grant administrator(s). The plan should outline how those LEAs plan to use grant funds to achieve operational readiness (see Section 4 on Grant Administration for additional detail). Entities that are unsure of whether planned activities qualify as permissible uses of funding are encouraged to contact the grant administrator(s) prior to submitting their implementation plan by emailing capacitygrants@sccoe.org.

COEs and LEAs should ensure that implementation plans prioritize the primary goal of operational readiness, and that one-time spending contributes to sustainable improvements. DHCS and the grant administrator(s) will provide technical assistance to support entities in designing implementation plans.

**Permissible Uses of Funds – Priority Funding Activities**

As stated above, at least 70% of grant funds distributed to COEs/LEAs should be used to implement the infrastructure, build capacity or invest in partnerships necessary to achieve operational readiness and develop systems to ensure that the fee schedule will be implemented in a manner that will increase equity and access to behavioral health services.

Funds used for developing operational readiness should address one or more of the four areas of operational readiness. See examples of permissible funding activities within each category below.

- **Medi-Cal enrollment:** This includes expenditures directly related to the process of an LEA or their designated providers / practitioners enrolling in Medi-Cal. The grant administrator(s) will provide technical assistance related to enrolling in Medi-Cal and operating in compliance with relevant state and federal regulations. Example LEA expenditures may include:
    - Paying wages for staff time spent enrolling the LEA or designated providers/practitioners in Medi-Cal
    - Covering administrative costs related to enrolling the LEA or designated providers/practitioners in Medi-Cal (e.g., any fees, operational burdens)
- **Service delivery infrastructure and capacity building:** This includes expenditures for LEAs to meet DHCS-set thresholds to deliver needed behavioral health services to all students. Service delivery infrastructure and capacity could include workforce augmentation, physical space expansion, or technological enablement. Investments in a collaborative infrastructure beyond individual LEAs that promotes the delivery of care to children and families are also eligible. Example expenditures may include:
    - Hiring or contracting with eligible providers to increase a school or school-site's capacity to deliver behavioral health services and grow the portfolio of behavioral health services offered (e.g., SUD services)

      *Note: Grants provide an opportunity for one-time funding to potentially expand workforce. The LEA should consider how these expansions will be sustainable after grant funding ends. Fee schedule reimbursement may sustain a portion of salaries for new employees.*
    - Contracting with community-based organizations, county behavioral health agencies, or other behavioral health providers to furnish covered school-based services to students.
    - Training COE, LEA or school-site staff to deliver evidence-based interventions in school-based behavioral health services (e.g., training costs for Cognitive Behavioral Intervention for Trauma in Schools, hiring supervisors to help staff get Pupil Personnel Services credentialed)
    - Modifying, furnishing, or preparing physical spaces to create rooms for on-site provision of behavioral health care services (e.g., creating a wellness room)
    - Purchasing supplies, technology, or tools that increase access to behavioral health services for students or improve service delivery (e.g., buying iPads so

students can access virtual services while at school; buying books about behavioral health or workbooks for students)

- Funding clinical supervision services for individuals working towards their credentials or licensure

- Covering travel costs for providers and employees to participate in relevant training opportunities, including transportation, lodging, and food

- **Data collection and documentation:** This includes spending to meet state and federal guidelines (e.g., HIPAA) on LEA's ability to maintain and transmit data on student health and healthcare coverage, service-level data, and the LEA's eligible practitioners and affiliated or contracted school-linked providers. Funds can be spent on technological enablement (e.g., software licenses, Electronic Medical Records, implementation technology) or workforce augmentation and improvement (e.g., training providers on data policies and processes, hiring new staff focused on data collection, outsourcing to a third party). Example expenditures may include:

  - Purchasing software licenses to enable data collection and exchange (e.g., Electronic Medical Records, or EMR) and technology needed to use it (e.g., computers / tablets for providers to use intake software)

    *Note: Electronic Medical Records and other similar infrastructure can be purchased at the county level and shared among LEAs.* Recruiting, hiring, onboarding, and supporting salaries for medical administrative assistants or other employees focused on maintaining and transmitting data related to behavioral health care coverage and service delivery

    *Note: Grants provide an opportunity for one-time funding to potentially expand workforce. Salaries for new employees may be able to be sustained through ongoing fee schedule reimbursement*

  - Contracting for services related to data collection, storage, and transmission.

  - Training providers or administrative employees on how to use data collection and exchange software (e.g., EMR)

- **Billing infrastructure:** This includes spending to meet DHCS guidelines on LEAs' ability to file claims and communicate necessary data to utilize the fee schedule. This includes having the resources and tools to maintain, select, and transmit service-level data for billing purposes. Funds can be spent on technological enablement (e.g., tools like billing software) or workforce augmentation (e.g., hiring internal staff, contracting with external parties, training staff on billing processes). Example expenditures may include:

- Recruiting, hiring, onboarding, and supporting salaries for billing specialists focused on operating data systems and claims filing
- Purchasing needed software licenses and technology services / solutions to facilitate the billing and claims process and additional technology needed for providers and LEAs to implement the solutions
- Training providers or administrative employees on how to use billing software
- Contracting with a full-service third-party billing vendor

  *Note: Billing vendors will need to submit information to the state's TPA in order to file claims and receive reimbursements.*
- Investing in systems infrastructure necessary to support claims transmission to state's TPA vendor

**Other Permissible Uses of Funds – Secondary Funding Activities**

Though funds should primarily be used to help LEAs achieve operational readiness and begin using the fee schedule, LEAs can also use grant funds to build collaborative infrastructure across multiple stakeholders (e.g., COEs, LEAs, Medi-Cal MCPs, CBO providers) that support coordinated systems to deliver services to children and families**.** These funds can be used for technical assistance, coaching, and implementation support. Examples of these expenditures include:

- Developing plans, policies, or procedures with a common goal that guides collaboration across systems and LEAs within a county
- Purchasing and disseminating tools to measure success along shared collaborative goals (e.g., new tools to communicate between school providers, community and family supports, and payors)
- Training or providing technical assistance to LEAs to share best practices and improve the county's ability to collaboratively provide behavioral health support to children and families

In addition, funds can be used to improve equity, access, and range in behavioral health services. Spending on equitable access could focus on removing barriers to engaging specific populations. Spending on improving the range of behavioral health services could focus on developing innovative partnerships with new types of providers or building behavioral health services into the student experience (e.g., universal screenings). Example expenditures may include:

- Implementing selected Evidence Based Practices and Community-Defined Evidence Practices (EBPs/CDEPs)
- Building and using the CYBHI Behavioral Health Virtual Services platform and tools for students to access behavioral health services
- Establishing partnerships with managed care plans, county behavioral health, and community-based organizations to deliver behavioral health services
- Adopting an outsourced clinical training model to improve capacity and access to different treatment types (e.g., funding graduate students to provide behavioral health services on campus)
- Providing universal behavioral health screenings to identify emerging behavioral health needs in the student population

The examples listed above do not constitute a comprehensive list of eligible expenditures. If a COE determines an alternative purpose for which they would like to use funds, they can communicate the rationale to the grant administrator(s). DHCS and the grant administrator(s) will review petitions for alternative uses of funds and communicate a decision.

All expenditures should be directly, demonstrably, and credibly related to achieving operational readiness, developing collective infrastructure, or improving equity, access, and range in school-linked behavioral health services. Expenditures outside of these guidelines will not be permitted without explicit permission from DHCS. If a COE or LEA would like to request funds for another purpose, a proposal may be submitted to the grant administrator(s) and DHCS for consideration. Any excess funds following completion of the implementation plan may still be utilized by the COE or LEA; however, in this situation, entities should send an updated implementation plan to DHCS through the grant administrator(s).

**Ineligible uses of funds**

Examples of ineligible uses of funds include:

- Fundraising
- Taxes
- Debts, late payment fees, contingency funds

# 5. K-12 Grant Allocation Methodology

DHCS used information from the California Department of Education, Local Control Funding Formula (LCFF), and Healthy Places Index to build a preliminary grant allocation

methodology. The grant administrator(s) will provide information to each county about the allocations.