

**LEGAL NOTICE  
STATE OF NEW JERSEY  
DEPARTMENT OF HEALTH AND SENIOR SERVICES  
DEPARTMENT OF HUMAN SERVICES  
DIVISION OF MEDICAL ASSISTANCE AND HEALTH SERVICES**

**School-Based Health Services**

**TAKE NOTICE** the New Jersey Department of Human Services (DHS), Division of Medical Assistance and Health Services (DMAHS) intends to seek approval from the United States Department of Health and Human Services (HHS), Centers for Medicare and Medicaid Services (CMS), for an amendment to the New Jersey Medicaid (Title XIX) State Plan regarding School-Based Health Services. Subject to CMS approval, effective for dates of service on and after July 1, 2026, DMAHS is proposing to prospectively implement an expansion of behavioral health and existing program health services, also known as Free Care, to all Medicaid enrolled general education students without an IEP within the public school setting. The state will continue to follow the previously CMS approved cost settlement-based payment methodology for School-Based Health Services. Under this payment methodology, Local Education Agencies (LEAs) will continue to be reimbursed based on established statewide rates on an interim basis. At the conclusion of the fiscal year, LEAs will complete a cost report, which, with the results of an approved random moment time study (RMTS) and a Medicaid IEP ratio, will be used to determine the Medicaid reimbursable costs incurred by the LEA for the provision of direct medical services to Medicaid students. Through the cost settlement and reconciliation process, this cost will be compared to the interim payments received by the LEA to determine the final settlement amount.

The purpose of this amendment is to ensure all student Medicaid recipients receive direct medical services recommended by a physician or other licensed practitioner in the school setting. A Certified Public Expenditure (CPE) will be furnished by the participating Local Education Agencies (LEAs). This SPA is meant to comply with P.L.2023,c.108 enacted in July of 2023, requiring Medicaid to reimburse for behavioral health services in public schools.

The estimated Department of Education total costs associated with this amendment for SFY 2027 and SFY 2028 are \$105,907,382 (\$52,953,691 State share) and \$148,270,335 (\$74,135,167 State share) respectively.

A copy of this Notice is available for public review at the local Medical Assistance Customer Centers and the twenty-one County Welfare Agencies.

This Notice is intended to satisfy the requirements of Federal statutes and regulations, specifically 42 CFR 447.205, and 42 U.S.C. 1396a(a)(13). A copy of this Notice is available for public review at the Medical Assistance Customer Centers, County Welfare Agencies, and the Department's website at:

<http://www.state.nj.us/humanservices/providers/grants/public/index.html>.

Comments or inquiries must be submitted in writing within 30 days of the date of this notice to:

Division of Medical Assistance and Health Services  
Office of Legal & Regulatory Affairs  
Attention: Margaret Rose  
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