

### Goal

The LDOE wants to use ESSER funds to support LEAs in both increasing mental health services **and** in using Medicaid funds to help pay for those services. The challenge, however, is that as ESSER funds are federal, using ESSER funds directly to provide the additional mental health services would, by definition, make them ineligible for Medicaid reimbursement. The following steps may be used in budgeting so as to maximize all revenues available:

**The LDOE will provide matching ESSER funds for any general fund dollars an LEA is willing to allocate to providing additional mental health services for the next two years.**

The LEA can use the provided ESSER dollars to offset an existing ESSER eligible expense that is currently paid for with general funds. According to the *Frequently Asked Question about the Elementary and Secondary School Emergency Relief Fund (ESSER Fund)*, “the ESSER Fund does not contain a supplanting prohibition. As a result, ESSER funds may take the place of State or local funds for allowable activities.”

During the two years of ESSER, the LEA bills Medicaid for the mental health services provided. When the ESSER funding ends, the LEA can move the general fund dollars back to the original expense and use the Medicaid reimbursement to continue providing mental health services (although at a decreased level if no additional dollars are committed).

### Example of Fund Movement

- LEA currently spends \$100,000 of its general fund on an existing expense that is ESSER eligible.
- LEA decides to spend that \$100,000 general fund dollars on Medicaid billable additional mental health services.
- LDOE allocated \$100,000 of ESSER to the LEA to use on any ESSER eligible expense.
- The \$100,000 in existing ESSER eligible general fund expense can be covered by the \$100,000 in additional ESSER funds provided by LDOE (LEAs can use any [expense that qualifies for ESSER funds](#) under the broad definition).
- LEA spends the \$100,000 of ESSER on the existing ESSER eligible general fund expense and the \$100,000 of general fund that had been spent on that expense moves to new Medicaid billable mental health services.
- The total LEA cost increase is \$100,000 for the mental health services, but the LEA also receives \$100,000 in ESSER dollars - so the additional services are budget neutral.
- For the 2 years of ESSER, the LEA can bill Medicaid for the full \$100,000 per year because they made the fund swap so that the Medicaid billable services are funded with general fund dollars.
- If the LEA chooses vendor services as the method of service - the Medicaid reimbursement would be around 55%, so over the course of the two years, the LEA could generate an additional \$110,000 that could continue to go to health services after ESSER funding runs out.
- At the end of the ESSER funding, the \$100,000 in general fund reverts to its original general fund expense.
- The LEA can choose to continue funding the mental health services at the same level by finding another revenue source – or – they can reduce the services to what they can afford based solely on the Medicaid reimbursement they have received over the last 2 years.

### Medicaid Support

Since 2019, LEAs have been able to bill Medicaid for mental health services provided to **all students** – not just those with IEPs. However, many LEAs have been wary of the Medicaid billing process or not fully understood this newly expanded pathway. For this reason, the LDOE has built out a robust [School-Based Medicaid Program Resource Library](#) with a multitude of resource documents. Additionally, a full-time staff member from LDOE will be available to support LEAs in adding these services. Once LEAs have been approved for this funding, they can arrange an initial coaching session with the LDOE SBMP expert to walk through their implementation plan for these funds. LEAs should email [sbmp@la.gov](mailto:sbmp@la.gov) to arrange the initial session. Additional support will be provided as needed.

**SNS and MOE Concerns**

Supplement not Supplant (SNS): According to the *Frequently Asked Question about the Elementary and Secondary School Emergency Relief Fund (ESSER Fund)*, “the ESSER Fund does not contain a supplanting prohibition. As a result, ESSER funds may take the place of State or local funds for allowable activities.”

Maintenance of Effort (MOE): In order to ensure there are no MOE complications when the ESSER funds run out, be sure to code your added mental health staff to a non-MOE code. For example, keypunch code 24240 is for social workers – but **does not** count towards your MOE. LDOE can provide additional assistance with coding on an as needed basis.