Expanding Access to Preventive Behavioral Health Services for Children

The Policy

Medicaid and most insurers reimburse preventive physical health services, but similar coverage for preventative behavioral health has lacked. Historically, behavioral health providers can only bill for services if a child has a formal DSM-V diagnosis, creating barriers to early intervention and preventive care. This limitation prevents children from receiving timely mental health support, undermining efforts to address mental health parity. In 2019, New Jersey strengthened its behavioral health (BH) payment parity through A2031/S1339, but gaps in preventive mental health services persisted.

With the passage of A5052 into law in January 2026, New Jersey has taken a significant step toward closing this gap. The law requires coverage of preventive behavioral health services for children without requiring a formal DSM-5 diagnosis who are covered by Medicaid (NJ FamilyCare) or a state-regulated commercial insurance plan. This aligns preventive behavioral health and physical health care and strengthening the state's pediatric mental health framework.

The passage of A5052 positions New Jersey as a national leader in preventive behavioral health policy for children. By removing the requirement for a DSM-5 diagnosis to access covered services, the state:

- Aligns behavioral health with the preventive standards long applied to physical health.
- Strengthens compliance with federal EPSDT guidance encouraging states not to require diagnoses for medically necessary behavioral health services.
- Creates an opportunity to embed early relational health and dyadic care models like HealthySteps into routine pediatric practice.

Considerations for Implementation

Effective implementation, including guidance to carriers, billing clarity, workforce readiness, and provider and public education, will be critical to ensure the policy translates into meaningful access for children and families.

Following enactment of A5052, the focus shifts to implementation and sustainability. Key next steps include:

1. **Clear Billing and Reimbursement Guidance**
    - Issue guidance to Medicaid managed care organizations and state-regulated plans clarifying use of Z-codes and other non-DSM risk-based codes.
    - Ensure payment rates support brief preventive visits, dyadic services, and anticipatory guidance.
2. **Integration into Routine Pediatric Care**

- Support pediatric and family medicine practices incorporating preventive behavioral health screening and brief interventions into well-child visits.
- Promote integration with existing models such as HealthySteps, dyadic care, and early relational health frameworks.

3. **Workforce Education and Training**
    - Provide training for pediatric providers, behavioral health clinicians, and billing teams on appropriate documentation and coding.
    - Align with EPSDT requirements to reinforce that preventive behavioral health services are covered services.
4. **Monitoring and Oversight**
    - Ensure DOBI and DMAHS oversight to confirm compliance across Medicaid and state-regulated commercial plans.
    - Track utilization patterns to assess whether access improves among children under 18.

Impact

- Nationally, annual costs associated with untreated mental health disorders include[i]:
    - Approximately $33 billion in child welfare expenditures.
    - Around $21 billion in juvenile justice expenditures.
    - Nearly $600 billion in substance use recovery expenditures.
- A $1 investment in mental health prevention yields $1.80 - $3.30 in savings in healthcare, education, criminal justice, and labor market expenditures.[ii]
- Positive outcomes of pediatric mental health care include reductions in behavior problems and anxiety in children; less parental stress, anxiety, and depression; and long-term improved school success, physical and mental health, and financial stability.[iii]

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[i] https://www.nccp.org/wp-content/uploads/2025/02/Cost-Effectiveness-of-Infant-and-Early-Childhood-Mental-Health-Treatment.pdf
[ii] Washington State Institute for Public Policy (2017). Benefit-cost results. http://www.wsipp.wa.gov/BenefitCost/WsippBenefitCost_AllPrograms
[iii] https://www.nccp.org/wp-content/uploads/2025/02/Cost-Effectiveness-of-Infant-and-Early-Childhood-Mental-Health-Treatment.pdf