



Supporting Recovery for Youth with First Episode Psychosis via the Workforce Development System and American Rescue Plan

First Episode of Psychosis and the Importance of Early Intervention:

During the COVID-19 pandemic, the country experienced a significant increase in anxiety, depression and other behavioral health conditions. Substance misuse also increased significantly.¹ The COVID-19 pandemic and the corresponding economic crisis were especially devastating for Black, American Indian, Alaska Native and Hispanic communities, who experienced a disproportionate number of COVID-19 infections and deaths along with higher than-average unemployment rates. Asian American, Native Hawaiian and Pacific Islander (AANHPI) populations also experienced increased stigma and hate crimes further impacting the behavioral health of AANHPI communities. Emerging data also indicate that the pandemic hit people with schizophrenia and other serious mental illnesses particularly hard. Individuals with schizophrenia, for instance, are nearly 10 times more likely to contract COVID-19 and nearly three times more likely to die from it if they do become ill, compared with individuals who do not have a mental illness.²

Prior to the unprecedented, pandemic-related stressors, each year an estimated 115,000 individuals experience their first episode of psychosis (FEP), and 70 percent of FEP occurs before the age of 25.³ With a peak onset of

Coordinated Specialty Care uses shared decision making with a team of specialists who work with the patient to create a personal treatment plan. The specialists offer psychotherapy, medication management geared to individuals with FEP, family education and support, case management, and work or education support, depending on the individual's needs and preferences.

FEP occurring between 15-25 years of age, psychotic conditions such as schizophrenia can derail a young person's social, academic and vocational development and begin a path of compounding disability.⁴ On average, 50 percent of individuals who experience FEP do not complete secondary school.⁵ Substance abuse is also common among young adults with FEP.⁶

Untreated psychosis costs our economy an estimated \$155.7 billion a year in direct health-care costs, unemployment compensation and lost productivity for caregivers.⁷ Person-centered, age-appropriate, culturally sensitive and trauma-informed treatment can help many young people with psychosis lead healthy and productive lives. Early intervention during the FEP is key to a favorable prognosis and long-term success.⁸

Coordinated Specialty Care (CSC)

CSC is critical in the early intervention of mental health service delivery for youth experiencing their FEP. Research demonstrates that FEP CSC programs are cost effective and feasible in U.S. community mental health settings. In addition, they provide better clinical and functional outcomes than typical treatment.⁹ Despite growth in programs and the strong research and business case that exists, the need for CSC for youth experiencing FEP far exceeds

the number of programs available. Difficulties in expanding CSC services is attributed to a variety of issues, and chief among them is funding.¹⁰ This brief indicates how elements of CSC service delivery, including supported employment and education, can be funded using traditional funding sources (e.g. Mental Health Block Grant (MHBG), Medicaid and state funds) and alternative funding options, including those available through the workforce development system. These are funding sources that states can leverage to provide services to youth experiencing FEP.

State Example: *OnTrackNY is a coordinated specialty care (CSC) treatment program for youth and young adults experiencing psychosis. Initially, OnTrackNY was a part of two NIHM studies; with success, the New York State Office of Mental Health earmarked state funds to expand OnTrackNY after the NIHM studies were completed. Further, OnTrackNY teamed up with Columbia University Department of Psychiatry and Columbia's Center for Practice Innovations. To have an OnTrackNY team requires four full time equivalents (FTEs): two full-time licensed clinicians; one full-time education and employment specialist; a half-time peer specialist; and a part-time nurse and prescriber. Each team serves 35 to 45 individuals; services include but are not limited to therapy, psychiatry, family support, education support, and employment supports. This program usually lasts two years for individuals.*

State Funding Options for CSC

Community Mental Health Services Block Grant (MHBG) Program and Substance Abuse Prevention and Treatment Block Grant Program (SABG)

In May 2021, U.S. Health and Human Services' Secretary Becerra [announced](#) that the Substance Abuse and Mental Health Services Administration (SAMHSA) would disperse \$1.5 billion in MHBG and Substance Abuse Prevention and Treatment Block Grant Program (SABG) funding to help communities

grappling with mental health and substance use needs during the COVID-19 pandemic.

The MHBG program enables states and territories to provide comprehensive community mental health services and address needs and gaps in existing treatment services for those with severe mental health conditions. The SABG program allows states and territories to plan, implement and evaluate activities to prevent, treat and help people recover from co-occurring substance use disorder. This funding also will allow recipients to invest in existing prevention,

treatment and recovery programs; promote support for providers; and address unique local substance use disorder service needs.

Transforming Lives through Supported Employment Program

This SAMHSA-sponsored program helps state and community efforts to refine, implement and sustain evidence-based supported employment programs and practices (e.g., supported education) for transition-aged youth/young adults (ages 16-25) with serious emotional disturbance, and adults with serious mental illness or co-occurring mental and substance use disorders. See *the [Supported Employment Program](#)*.

Medicaid

The Affordable Care Act expanded mental health and substance use coverage, and Medicaid may cover various CSC service program elements. A 2018 issue brief on use of Medicaid to finance CSC services¹¹ and a joint information bulletin on coverage¹² describe how to develop comprehensive plans for serving individuals with FEP by using a variety of Medicaid 1905(a) State Plan options including targeted case management services, preventative services, rehabilitative services, Medicaid managed care, home and community-based services, and Section 1115 of the Social Security Act.

American Rescue Plan (ARP)

The ARP allocates approximately \$4 billion in mental health and substance abuse funding over the supplemental funding previously provided through the Consolidated Appropriations Act of 2021 and regular fiscal year 2021 appropriations. On May 13, 2021, in a [letter to State Medicaid Directors](#), the Centers for Medicare & Medicaid Services clarified that states could use these additional funds to, “assist eligible individuals in

receiving mental health services, substance use treatment and recovery services, and necessary rehabilitative services to regain skills lost during the pandemic.”¹³

Elementary and Secondary School Emergency Relief (ESSER) Fund

Funding allocated under the ESSER Fund, which was funded through the Coronavirus Aid, Relief and Economic Security Act (CARES); the Coronavirus Response and Relief Supplemental Appropriations (CRRSA); and the ARP can be used for any activity authorized under the Individuals with Disabilities Education Act (IDEA), the Adult Education and Family Literacy Act, or the Perkins Career Technical Education Act of 2006 (Perkins V). ESSER funding can be used for numerous CSC services, such as implementing transition programs and coordination of services with agencies involved in supporting the transition of children with disabilities, English learners and those experiencing homelessness to postsecondary activities, and students who graduated high school or will do so during the pandemic but have not yet successfully transitioned to college or careers.

Governor’s Emergency Education Relief Fund (GEER)-ESSER funds can also support CSC programming because they can be used for college or career counseling, assistance with college applications, entry into job training programs, mental health services and financial literacy.¹⁴ Additional information can be found at [U.S. Department of Education](#).

Funding Mechanisms with a Focus on Supported Employment and Education (SEE)

A key component for CSC, SEE can be divided into three phases: 1). Assessment (Education and Career Inventory), 2). Job search or enrollment in school and 3). Follow-

along supports. The following resources can assist with SEE funding: Workforce Innovation and Opportunity Act, Pre-Employment Transition Services and Ticket to Work.

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