Montana Department of LABOR & INDUSTRY

Licensing Reform Task Force

Healthcare Subcommittee

FOLLOW-UP INFORMATIONAL MEMO: BEHAVIORAL HEALTH SUPERVISION, CANDIDATE REIMBURSEMENT, AND LAC PATHWAY ISSUES

Purpose

This memo consolidates Recommendations 11, 12, and 18 for follow-up Healthcare Subcommittee review. Each recommendation relates to behavioral health workforce access, supervision, payer or reimbursement constraints, and whether Montana's current requirements create unnecessary barriers for candidates or already-licensed clinicians. Because these issues overlap, the Subcommittee may wish to treat them as a single behavioral-health follow-up workstream rather than three separate final recommendations.

Recommendations Covered

Recommendation	Survey Result	Issue Type	Suggested Subcommittee Treatment
Recommendation 11: Clarify whether supervisors of candidate-licensed therapists must employ supervisees as W-2 employees; address BCBS policy requiring 100% proximity	11 Yes / 0 No / 3 Tabled — 73.3% Yes	Supervision structure; payer policy; rural access	Follow-up clarification and stakeholder review
Recommendation 12: Allow social work candidates in private practice to treat clients with Medicaid, Medicare, and Tricare	10 Yes / 1 No / 4 Tabled — 66.7% Yes	Reimbursement; federal and state payer constraints; access for vulnerable populations	Study with Medicaid/DPHHS, federal-payer, and private-practice stakeholders
Recommendation 18: Reduce barriers for master's-level clinicians to qualify as LACs; create reduced pathway for LCPCs/LCSWs; eliminate specific LAC education requirements for gambling disorder, co-occurring disorders, and behavioral pharmacology	8 Yes / 2 No / 5 Tabled — 53.3% Yes	Licensure standards; scope; supervision; portability	Further policy development; not ready for immediate blanket adoption

The recommendation summary identifies Recommendation 11 as broadly supported but legally and operationally complex, Recommendation 12 as moderately supported and implementation-sensitive, and Recommendation 18 as mixed or contested because it implicates behavioral-health standards, supervision, and profession-specific requirements.

Recommendation 11: Candidate Supervision Structure and BCBS Proximity Policy

Public Comment Summary

A public comment asks the Task Force to clarify how supervision may be provided to candidate-licensed therapists, specifically PCLC and SWLC candidates, and whether supervisors must hire supervisees as W-2 employees. The commenter states that current Board of Behavioral Health and DLI language does not address the issue, leaving it open to interpretation.

The same comment asks the Task Force to address a BCBS policy, including BCBS Montana, that reportedly requires supervisors to be within "100 percent proximity" of supervisees at all times, including during sessions. The commenter states that this is not workable in rural Montana because there are not enough licensed supervisors to ensure that level of proximity, and that requiring the supervisor to sit in on every session would interfere with the counseling process and reduce service availability.

Follow-Up Issues

This recommendation should be separated into two questions:

1. **Licensure supervision question:** Does Montana law or Board rule require a candidate's supervisor to employ the candidate as a W-2 employee, or may supervision occur in other structures, such as independent contractor, agency, group practice, private practice, or external supervision arrangements?
2. **Payer policy question:** To what extent can DLI, the Board, CSI, Medicaid, or the Task Force influence a private payer's provider-in-training or proximity policy?

Suggested Direction

This issue is appropriate for a clarification memo, rule review, or Board guidance request. If current Montana law does not require W-2 employment, the Subcommittee may consider recommending that the Board or DLI clarify permissible supervision structures, while making clear that payer credentialing or reimbursement policies may still impose separate requirements outside licensure control.

Recommendation 12: Social Work Candidates and Government-Insurance Clients

Public Comment Summary

A public comment from an LCSW asks the Task Force to consider allowing recent MSW graduates working under a licensed professional to treat clients with government insurance, including Medicaid, Medicare, and Tricare. The commenter states that candidates can treat Montanans with government insurance only if they work in a Mental Health Center, that becoming a Mental Health Center is burdensome, and that candidates in the commenter's private practice can treat clients with private insurance but are barred from treating clients with low incomes, elderly clients, veterans, or people on disability.

Follow-Up Issues

This recommendation appears to be primarily a reimbursement and payer-eligibility issue rather than a core licensure issue. The Subcommittee should determine:

- whether the barrier is in Montana licensure law, Medicaid provider-enrollment rules, Mental Health Center requirements, federal Medicare or Tricare rules, payer credentialing policy, supervision rules, or billing rules;

- whether candidate-level services may be billed incident-to or under supervision in any setting;
- whether Montana has authority to change Medicaid policy for supervised candidates in private practice;
- whether Medicare or Tricare constraints are federal and outside state control; and
- whether any change would require DPHHS/Medicaid policy, federal approval, statute, rulemaking, or provider-manual updates.

Suggested Direction

This issue should be referred for targeted review with Medicaid/DPHHS, CSI if private insurance issues are implicated, Board of Behavioral Health staff, social work stakeholders, and private-practice providers. The Subcommittee should avoid recommending immediate substantive reimbursement changes until state versus federal authority is mapped.

Recommendation 18: LAC Pathway for Master's-Level Clinicians and Education Requirements

Public Comment Summary

A detailed public comment asks the Task Force to reduce barriers for master's-level clinicians to work as Licensed Addiction Counselors and reduce education requirements for all potential LAC candidates in gambling disorder, co-occurring disorder, and behavioral pharmacology. The commenter describes Montana's LAC requirements as including a qualified degree, 285 addiction-specific education hours, and 1,000 hours of supervision, and states that those requirements apply the same way regardless of whether the applicant is already licensed as an LCSW or LCPC.

For already-licensed LCPCs and LCSWs, the commenter argues that additional LAC education and 1,000 hours of supervision are duplicative because these clinicians have already demonstrated core counseling skills, clinical documentation, ethical practice, and completed 3,000 hours of supervised practice. The commenter proposes a reduced education and supervision pathway for existing LCPCs and LCSWs, including exemption from the additional 1,000 hours of LAC supervision and targeted education only where needed, such as ASAM placement criteria.

The commenter also challenges specific education requirements, arguing that gambling disorder, co-occurring disorders, and behavioral pharmacology requirements are not aligned with LAC scope or national standards. The comment states that Montana requires 15 hours each in gambling disorder, co-occurring disorders, and behavioral pharmacology, and argues that LACs do not diagnose, treat, or medicate mental health disorders.

Follow-Up Issues

Recommendation 18 is broader and more contested than Recommendations 11 and 12. It raises several distinct policy questions:

- whether existing LCPCs and LCSWs should receive a reduced pathway to LAC licensure;
- whether any reduced pathway should require addiction-specific education, ASAM training, examination, supervised addiction practice, or documented addiction-treatment experience;
- whether the 1,000-hour LAC supervision requirement is necessary for already-licensed master's-level clinicians;
- whether Montana's LAC education requirements should be compared against national standards and neighboring states;
- whether gambling disorder, co-occurring disorders, and behavioral pharmacology requirements are within or adjacent to LAC scope;
- whether removing these education requirements could reduce public protection or, conversely, reduce risk by aligning education with actual scope; and
- whether changes are statutory, rule-based, or both.

Suggested Direction

This issue should not be advanced as a blanket immediate recommendation without additional work. A narrower and more defensible follow-up recommendation would be to direct the Board of Behavioral Health and DLI staff to develop options for:

- a reduced LAC pathway for existing Montana LCPCs and LCSWs;
- objective criteria for crediting prior graduate education, supervision, and clinical experience;
- targeted addiction-specific education requirements that remain necessary for public protection;
- comparison to national LAC or addiction-counselor standards; and
- identification of which requirements are statutory versus rule-based.

Consolidated Analysis

Recommendations 11, 12, and 18 all respond to the same broad concern: Montana needs more behavioral health providers, especially in rural and underserved communities, and current supervision, reimbursement, and licensure pathways may create avoidable friction. However, each issue sits in a different legal category:

Issue	Likely Primary Authority	Immediate Recommendation?	Better Follow-Up Vehicle
W-2 status for candidate supervision	Board/DLI licensure interpretation; possibly rule or guidance	Possible clarification if law is silent	Board/DLI guidance or rule review
BCBS proximity policy	Private payer policy; possible CSI/payer engagement	Not without authority review	Payer stakeholder discussion; clarify licensure versus payer rules
Candidate billing for Medicaid/Medicare/Tricare	Medicaid/DPHHS and federal payer rules; possibly provider manuals	Not immediately	Medicaid/federal authority map and stakeholder review
Reduced LAC pathway for LCPCs/LCSWs	Board/DLI; statute and/or rule	Possible only after standards review	Board options memo; statutory/rule crosswalk
Removing specific LAC education topics	Board/DLI; rule/statute; public protection review	Not immediately	Compare against national standards and scope

Recommended Subcommittee Direction

For the July 17 meeting, the Healthcare Subcommittee should consider converting Recommendations 11, 12, and 18 into a single follow-up item: **Behavioral Health Supervision, Candidate Reimbursement, and LAC Pathway Review**.

The follow-up item should direct staff to:

1. determine whether Montana law or Board rule requires W-2 employment for PCLC or SWLC supervision;
2. distinguish licensure supervision requirements from payer policies such as BCBS provider-in-training or proximity requirements;
3. map state and federal authority over Medicaid, Medicare, and Tricare reimbursement for social work candidates in private practice;
4. evaluate whether a reduced LAC pathway for already-licensed LCPCs and LCSWs is legally and clinically appropriate;
5. compare Montana's LAC education and supervision requirements with national standards and compact/portability goals;
6. identify which issues can be resolved by guidance, rulemaking, Medicaid/provider-manual changes, payer engagement, or statutory amendment; and
7. return to the Subcommittee with options rather than immediate substantive regulatory recommendations.

Conclusion

Recommendations 11, 12, and 18 raise important behavioral health workforce and access issues, but they are not equally ready for immediate action. Recommendation 11 may be appropriate for clarification of licensure supervision rules, while the BCBS portion requires payer-policy review. Recommendation 12 requires Medicaid, Medicare, Tricare, and private-practice reimbursement analysis before a state recommendation can be framed. Recommendation 18 warrants further development because it could reduce barriers for already-licensed master's-level clinicians but also implicates addiction-counselor standards, public protection, and scope-of-practice boundaries. A consolidated follow-up review is the most appropriate next step.