



OPERATIONS MEMORANDUM 26-03

TO: All HealthChoices Behavioral Health Primary Contractors (PCs) and Behavioral Health Managed Care Organizations (BHMCOs)

FROM: Jennifer S. Smith, Deputy Secretary, Office of Mental Health and Substance Abuse Services

RE: Mental Health Evaluations for SR Settlement Class Members

DATE: August 27, 2026

Impacted Bulletins and Guidance Documents: N/A

PURPOSE:

This Operations Memorandum provides guidance related to mental health evaluations for SR Settlement class members. “Class members” are defined as all Pennsylvania children and youth under the age of 21 who, now or in the future, are adjudicated dependent and have diagnosed mental health disabilities. This Operations Memorandum provides guidance that providers who conduct mental health evaluations for SR class members should include specific treatment recommendations in their evaluations to address their diagnostic assessments.

BACKGROUND:

The *SR v. Pennsylvania Department of Human Services* settlement, approved in October 2025, requires the PA Department of Human Services (DHS) to issue guidance to Primary Contractors (PC) and Behavioral Health Managed Care Organizations (BH-MCO) regarding mental health evaluations. A mental health evaluation is a comprehensive assessment taking into account the biological, psychological, and social factors driving an individual’s current presentation. Specific recommendations of services and interventions to address the needs identified in the evaluation will assist the BH-MCO’s in identifying services that are best suited to effectively treat the client.

DISCUSSION:

Mental health evaluations should include specific recommendations of services and interventions— regardless of funding source or the availability of the services and interventions— that the class member needs, including, but not limited to, any specific Evidence-Based Therapies. This is consistent with Early Periodic Screening, Diagnosis and Treatment (EPSDT) guidance at the federal level. It is also consistent with System of Care Principles.

EPSDT requires that necessary health care services be made available for treatment of all physical and mental illnesses or conditions discovered by any screening and diagnostic procedures. States are required to furnish all 1905(a) Medicaid coverable, appropriate, and medically necessary services needed to “correct or ameliorate...mental illnesses and other conditions discovered by the screening services, whether or not such services are covered under the State plan.” (42 U.S.C. § 1396d(r)(5)).

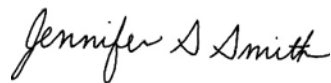
In the System of Care (SOC) approach recommended by the American Academy of Child and Adolescent Psychiatry, the biopsychosocial mental health evaluation and recommended interventions should be trauma-informed and strengths based, with recommendations inclusive of a comprehensive array of services and supports, that are family and youth driven, community-based, culturally and linguistically competent, evidenced informed, and of appropriate service intensity while maintaining the least restrictive natural environment. (J. AM. ACAD. CHILD ADOLESC. PSYCHIATRY, 62:4, April 2023)

Evaluators should coordinate with the child welfare agency and other systems, as appropriate, so recommendations are informed by the class member’s strengths while remaining clinically driven and not limited by current service access.

NEXT STEPS:

Please share this guidance with all providers who conduct mental health evaluations. Any questions or concerns may be directed to RA-HSSRSETTLEMENT@pa.gov.

Sincerely,

A handwritten signature in black ink that reads "Jennifer S. Smith". The signature is written in a cursive, flowing style.

Jennifer S. Smith
Deputy Secretary