

Transforming Rural Health Care Through Medicaid Innovation: **Leveraging Peers and Lay Counselors to Address Behavioral Health Care Workforce Shortages in Rural Areas**

What's the issue? Rural areas are [disproportionately impacted](#) by rising rates of mental health conditions and substance use disorders (SUD). While the behavioral health care workforce shortage is a national concern, it is especially severe in rural areas, where [70% of counties](#) have no practicing psychiatrist and [96% of counties](#) are entirely or partially designated mental health professional shortage areas.

The Medicaid connection. States can expand the behavioral health care workforce by leveraging trained, unlicensed providers to deliver supportive services that complement and extend the reach of traditional care, allowing licensed providers to focus on higher-need cases. Staff with lived experience and community ties are especially well positioned to meet this need:

TRANSFORMING RURAL HEALTH CARE THROUGH MEDICAID INNOVATION SERIES

This resource is part of a series exploring how states can leverage innovative Medicaid approaches to improve rural health care delivery and strengthen access, workforce capacity, and sustainability in rural communities. [LEARN MORE](#)

- **Peer support specialists** are trained, and often certified, to draw on their lived experience with mental health conditions or SUD to deliver supportive care; and
- **Lay counselors** are trained to provide mental health counseling, often through community colleges or professional development programs. Many already work in the “helping professions” as case managers, community health workers (CHWs), first responders, and faith leaders, among other professions.

Nearly every state now [reimburses for peer services](#) through Medicaid, and [some states reimburse for a broad range of SUD services provided by lay counselors](#).

How can states use peers and lay counselors to support priorities of the Rural Health Transformation (RHT) Program? States can use peers and lay counselors to support the RHT Program’s sustainable access and workforce development priorities. Investments in this workforce align with several RHT Program categories, including provider payments, workforce, and behavioral health.

Opportunities and examples. States can pursue a range of strategies to expand and retain the peer and lay counselor workforce in rural communities, including:

- **Building statewide workforce infrastructure.** In [Massachusetts](#), the state created a Roadmap for Behavioral Health Reform that established a Behavioral Health Workforce Center, ensured adequate reimbursement for behavioral health services, developed a paraprofessional workforce strategy, and created supports for this workforce, among other activities.

- **Expanding training and offering incentives.** In [Virginia](#), the state's RISE-UP program is training 100 clinical mental health counseling students to serve rural communities, providing each student with a \$10,000 stipend to offset travel costs for rural internships. In [California](#), the Lay Counselor Academy trains CHWs, first responders, and other health and social care workers to provide mental health counseling where licensed providers are scarce. An [evaluation](#) of the program found that trained lay counselors reported improved capacity to support clients, while organizations employing them reported that the workforce enabled licensed staff to focus on higher-need cases.
- **Establishing partnerships that open education-to-career pathways.** States can direct funds to training programs and organizational partnerships that enable on-the-job learning and clearer hiring pipelines. In [Arizona](#), the PeerWORKS program at the University of Arizona College of Medicine – Tucson trains peers to expand behavioral health services in rural and underserved communities. In [New York State](#), the Office of Mental Health partnered with the State University of New York to create a scholarship that offers paid, part-time internships for community college students pursuing careers in mental health care.
- **Investing in population-specific programs.** In [Arkansas](#), the Rural Health Partnership offers free Mental Health First Aid training to community members, college students, health care workers, and emergency workers to better support youth in rural areas. The program connects youth to mental health supports in trusted settings, such as in schools.

Key considerations for implementation. Peers and many lay counselors have lived experience with mental illness and/or SUD, and [peers in particular may face stigma](#) from providers and patients. To reduce compassion fatigue and prevent burnout, these staff require mentors, strong leadership, and professional support systems.

Potential impact. Peers and lay counselors offer an affordable, effective way to expand and improve behavioral health services in underserved rural areas. [Evidence shows](#) they reduce stigma associated with accessing mental health and SUD services, offer resources and care coordination, improve treatment engagement, and ease workloads for licensed professionals. A large study on trained lay counselors delivering mental health interventions found [significant improvements in outcomes](#) across diverse settings. For individuals with SUD, peer support is linked to [higher engagement in recovery and lower relapse rates](#).

What's next? States can strengthen the rural behavioral health workforce by investing in peers and lay counselors as trusted, community-based care team members who complement traditional providers. With RHT Program resources, states may consider expanding Medicaid reimbursement, building training pipelines, and supporting organizational partnerships, such as through community colleges, that create sustainable career pathways. Taken together, these approaches can help address workforce shortages and improve access to behavioral health care in rural communities.

Additional resources for more information:

- **[Mental Health in Rural Communities Toolkit](#)** – Supports organizations seeking to implement mental health programs in rural areas with a focus on developing, implementing, evaluating, and sustaining programs. The toolkit includes sections on [non-clinical mental health workers](#) and other [rural mental health workforce considerations](#). (*Rural Health Information Hub, updated May 2024*)
- **[Strengthening the Behavioral Health Workforce Academy](#)** – Summarizes an evaluation of the Lay Counselor Academy, a California-based program that trains health and social care workers to provide mental health counseling. (*California Health Care Foundation, April 2025*)
- **[Supporting and Financing Peer Services](#)** – Provides an overview of peer services, explores financing strategies, and highlights the importance of community partnerships with recovery service organizations and local government to ensure program success. (*SAMHSA, 2024*)
- **[Implementing Peer Support Services in Small and Rural Law Enforcement Agencies](#)** – Outlines considerations for small and rural law enforcement agencies seeking to establish and maintain peer support services. Provides a roadmap for developing similar programs based on lessons from existing peer support programs in other communities. (*International Association of Chiefs of Police, 2023*)
- **[Peer Support Services](#)** – Details evidence about the effectiveness of peer support services, particularly for people with serious mental illness, and offers policy guidance for states and Medicaid agencies on opportunities to support this workforce. (*Mental Health America, December 2023*)
- **[Trends in State Strategies to Improve the Behavioral Health Workforce](#)** – Summarizes state strategies to build a skilled, sustainable behavioral health care workforce, including incentivizing recruitment and retention, collaborating with health professionals, changing scope of practice, and expanding telehealth services, among other strategies. (*National Academy for State Policy, February 2025*)

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