

California Advancing and Innovating MediCal (CalAIM): BHRS Implementation Update on Payment Reform

March 25, 2025

Dr. Jei Africa

Director of Behavioral Health and Recovery Services



SAN MATEO COUNTY HEALTH

**BEHAVIORAL HEALTH
& RECOVERY SERVICES**

Agenda

- Provide an update on the status of the implementation of CalAIM focused on **payment reform for behavioral health**



SAN MATEO COUNTY HEALTH

**BEHAVIORAL HEALTH
& RECOVERY SERVICES**

Background

- Established in 2021 by AB 133
- CalAIM is an innovative, multiyear program designed to improve the state's Medi-Cal health insurance system
- Ensure affordability, while maintaining and improving health outcomes
- Changes to managed care plans and mental health plans
- State Department of Health Care Services (DHCS) administers the program



SAN MATEO COUNTY HEALTH

**BEHAVIORAL HEALTH
& RECOVERY SERVICES**

CaAIM Components

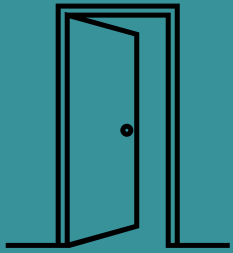


- Population Health Management
- Enhanced Care Management
- Community Supports
- Behavioral Health Delivery System Transformation
- Services and Supports for Justice Involved
- Consistent Managed Care Benefits
- Delivery System Integration



SAN MATEO COUNTY HEALTH
**BEHAVIORAL HEALTH
& RECOVERY SERVICES**

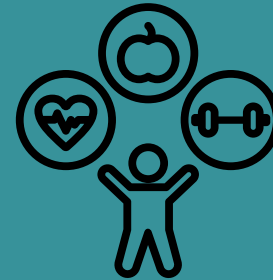
CalAIM Changes to Behavioral Health



Easier Access to
Care: No Wrong
Door



Simplified
Medical
Necessity



Integrated Mental
Health and
Substance Use
Disorder Services



Payment Reform



SAN MATEO COUNTY HEALTH

**BEHAVIORAL HEALTH
& RECOVERY SERVICES**

Medicaid Financing

- Medicaid (Medi-Cal in California) is a partnership between states and the federal government. States administer the program with federal oversight. In California, counties play a vital role in delivering and managing services.
- The State and federal governments share in the cost of Medicaid. States must match all federal financial participation (FFP) with non-federal sources. In California, the State match responsibility is passed to counties.
- Matching funds include Realignment (1991 and 2011), County General Fund, and to a lesser extent Mental Health Services Act
 - Except for General Fund, all sources, have restrictions



CalAIM Payment Reform Background

- Payment reform introduced new billing codes, payment methodology and rate structures
- Prior to July 1, 2023, BHRS operated under a cost reimbursement model with annual settlements between counties and DHCS
- CalAIM reforms convert all payments for Medi-Cal services from cost-based reimbursement to a fee-for-service (FFS) model
- Under the FFS model, providers are paid a fixed rate for each client encounter by based on practitioner type



CalAIM Payment Reform: DHCS Rate Setting

DHCS developed county-specific rates based on historical cost reports and other data

Counties had **no** input nor the opportunity to review the rates prior to the release

Payment rates are all-inclusive and cover clinical services, whether provided by BHRS or contracted providers, and BHRS administrative costs

All inclusive rates prevent BHRS from subsidizing rates near or over 100%

Rates vary greatly from county to county



SAN MATEO COUNTY HEALTH

**BEHAVIORAL HEALTH
& RECOVERY SERVICES**

Current State with Contractors

- Historically, BHRS contracted providers have been paid for Medi-Cal services monthly at 1/12th of their cost-based contracted amount
- FY2023-2024 was a transition and learning period: continued with the 1/12th monthly payments but began working with individual providers to estimate and prepare for shift to FFS reimbursement
- FY2024-2025: maintained 1/12th payment to providers for cash flow predictability during the transition to FFS and added quarterly reconciliations
 - FFS payments (billable services x reimbursement rate) are reconciled against 1/12th monthly payments received
 - Insufficient service volume and inadequate state rates are creating recoupment scenarios for contracted providers
- All contracts will shift to FFS payments in arrears by July 1, 2025



Current Support for Contractors

- Developed a global reimbursement template to assist in understanding impact of new rates
- Monthly/biweekly meeting with providers since late 2023
- Offer monthly training on CalAIM specific BHRS topics
- Developed a newsletter on CalAIM updates
- Provider representatives on BHRS CalAIM Committee
- Provide clinical SUD consultant support to assist with documentation, treatment planning and provide consultation
- Provided one-time incentives using MHSA funds to assist in CalAIM payment reform changes



Next Steps

- Shift to FFS beginning FY 2025-2026
 - FFS payments are the first step toward value-based purchasing like capitation (providers receive a fixed amount per patient, per unit of time, regardless of services rendered)
- BHRS to contract with an actuarial firm on rate structure options for providers
- Continue to advocate with DHCS on updating the rates
- Continue supporting our providers with technical assistance



SAN MATEO COUNTY HEALTH

**BEHAVIORAL HEALTH
& RECOVERY SERVICES**

Thank you.