



County of San Mateo

Inter-Departmental Correspondence

Department: HEALTH

File #: 22-994

Board Meeting Date: 12/13/2022

Special Notice / Hearing: None
Vote Required: Majority

To: Honorable Board of Supervisors

From: Louise F. Rogers, Chief, San Mateo County Health

Lisa Mancini, Interim Director, Behavioral Health, and Recovery Services

Subject: Agreement with the State of California Department Health Care Services

RECOMMENDATION:

Adopt a resolution authorizing an agreement with the State of California Department of Health Care Services for Medi-Cal Managed Care and Specialty Mental Health services for the term of July 1, 2022, through June 30, 2027, for a zero-dollar amount.

BACKGROUND:

In April 1995, under a waiver granted to the State of California Department of Health Care Services (DHCS) by the US Centers for Medicare and Medicaid Services, San Mateo was the first California county to implement a mental health managed care system for Medi-Cal beneficiaries. Under the conditions of the federal waiver, Behavioral Health, and Recovery Services (BHRS) was authorized to become the San Mateo County Mental Health Plan, providing mental health services to Medi-Cal beneficiaries in previous agreements with the State. These agreements provided for federal Medi-Cal revenue to support managed care and other specialty mental health services.

DHCS began to draft new rules and regulations for the Drug Medi-Cal Organized Delivery System. In an effort to create parity between the Medi-Cal system and the Drug Medi-Cal system, DHCS has combined and revised the rules and regulations governing all Medi-Cal delivery systems. The changes became effective on July 1, 2017.

DISCUSSION:

BHRS is requesting approval of a new agreement for the term of July 1, 2022, through June 30, 2027. This new agreement defines revised requirements in areas such as: quality improvement, management and assurance, record keeping, client rights, availability and accessibility of services, utilization management, provider certification and fee-for-service reimbursement. It also establishes requirements for day treatment services, Therapeutic Behavioral Services, certification of program integrity, the Health Insurance Portability and Accountability Act, and other program requirements.

This new agreement sets forth the Medi-Cal reform requirements, more commonly known as CalAIM, including new Medical Necessity requirements and access criteria that simplify client access to care. It also contains provisions that allow for treatment to begin immediately prior to assessing if the client meets eligibility criteria. Such services will be reimbursed to the County even if the client is later determined to not meet criteria for specialty mental health services. This agreement also allows the County to implement changes that significantly decrease staff workload. Specifically, the agreement introduces lessened documentation requirements, which frees up more time for staff to treat existing clients and increases staff capacity to serve more clients. Implementation of these changes, such as modifying the Electronic Health Record, incur costs for the County. In response, DHCS created the Behavioral Health Quality Improvement Program under which BHRS submitted an Implementation Plan that earns incentive payments as the necessary changes per the Plan is completed. To date, BHRS has earned \$932,413 of the \$1,437,979 available and anticipates earning the full amount.

In addition, DHCS determined that the new agreement no longer needs to state a contract dollar amount, as funding used to pay for specialty mental health services flows through a variety of payment mechanisms, such as realignment distributions and per claim federal financial participation reimbursement. DHCS has determined that the contract is not the vehicle by which those funds are paid to counties. DHCS has statutory authority to reimburse counties and this approach will serve to eliminate the need for future contract amendments to change funding amounts based on actual or estimated expenditures.

BHRS requests this Board to authorize the Chief of San Mateo County Health or designee to execute this agreement and any amendments thereto and on behalf of the County.

The agreement and resolution have been reviewed and approved by the County Attorney as to form. This agreement is coming to this Board late due to delayed notification from DHCS.

It is anticipated that 96% of clients will be maintained at equal or lower level of care.

Performance Measure:

Measure	FY 2021-22 Actual	FY 2022-23 Estimated
Percentage of clients maintained at equal or lower level of care	95% 12,331 clients	96% 13,653 clients

FISCAL IMPACT:

The term of the agreement is July 1, 2022, through June 30, 2027. BHRS anticipates that San Mateo County will receive approximately \$286,663,199 over the term of this agreement. This includes federal funding for mental health Managed Care services and Early Periodic Screening, Diagnosis and Treatment (EPSDT) services, and all federal financial participation funding for Short-Doyle Medi-Cal services. The required match for Managed Care and EPSDT services will be provided through 2011 Realignment. Revenues for these services in FY 2021-22 were \$54,602,970. Revenue for these services for FY 2022-23 are estimated at \$56,197,396. Projected revenues for these services have been included in the BHRS FY 2022-23 Adopted Budget. Similar arrangements will be made in future budget years.

BHRS receives federal revenue by claiming for services that have been provided to clients with Medi-Cal eligibility. The claims will be reimbursed from various funds, such as: the Mental Health Account and the Behavioral Health Subaccount of the Local Revenue Fund 2011, funds from the Mental

Health Services Fund, and other funds that the State Controller makes distributions to the counties in compliance with applicable statute and regulations including Welf. & Inst. Code §§ 5891, 5892 and 14705(a)(2).