February 20, 2013

TO: Senate Pro Tempore Darrell Steinberg
Assembly Speaker John Peréz
Senator Ed Hernandez, Chair, Senate Health Committee
Assembly Member Richard Pan, Chair, Assembly Health Committee

FROM: Patricia Ryan, Executive Director
Molly Brassil, Associate Director

SUBJECT: Recommendations for Medi-Cal Expansion: Public Mental Health Services

On behalf of the California Mental Health Directors Association (CMHDA), which represents the directors of public mental health authorities in counties throughout California, we are writing to share our recommendations regarding California's expansion of Medi-Cal under the Affordable Care Act (ACA) and the public mental health system. CMHDA believes these recommendations will help to ensure access to the highest quality mental health services for those in need and achieve overall health care reform objectives.

Please see the attached document, which describes our recommendations in depth. In particular, CMHDA urges you to consider the following recommendations:

- Given that California has realigned all community mental health services to counties, it is imperative that sufficient resources are available for counties to meet the mental health needs of all anticipated enrollees who meet medical necessity criteria and are entitled to Medi-Cal specialty mental health services. CMHDA projects that anticipated enrollment increases of *currently eligible* Medi-Cal beneficiaries (due to required Medicaid simplifications) will increase counties' annual costs for Medi-Cal specialty mental health services by $20 to $40 million.
- The mental health benefits and services available to newly eligible Medi-Cal beneficiaries in 2014 should be equivalent to those available to the currently eligible Medi-Cal population. This includes all benefits and services required in California's two federally approved Medicaid state plan amendments and California's Medicaid Title 42, Section 1915(b) "freedom of choice" waiver, which are delivered by county mental health plans in California.
- The mental health benefits and services available to newly eligible Medi-Cal beneficiaries in 2014 meeting medical necessity criteria for specialty mental health services should be managed by county mental health plans in the same manner that benefits and services are managed for currently eligible beneficiaries.

We appreciate your leadership in ensuring California takes full advantage of the opportunities and resources the ACA offers to your constituents with mental health service needs, and we hope to partner with you to achieve mutual goals in the coming year. We welcome the opportunity to further discuss these recommendations at your convenience. Please contact us at (916) 556-3477, or via email at pryan@cmhda.org or mbrassil@cmhda.org.

Cc: Honorable Members, Senate Health Committee
Honorable Members, Assembly Health Committee
Honorable Members, Senate Budget Subcommittee #3
Honorable Members, Assembly Budget Subcommittee #1
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Agnes Lee, Consultant, Assembly Speaker Peréz
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Jane Adcock, California Mental Health Planning Council
Sherri Gauger, Mental Health Services Oversight and Accountability Commission

CMHDA Recommendations for Medicaid Expansion and Mental Health

Adopted by CMHDA Governing Board 2-13-13

Background

The ACA explicitly includes mental health and substance use disorder services, including behavioral health treatment, as one of ten categories of service that must be covered as essential health benefits. Furthermore, the ACA mandates that mental health and substance use disorder benchmark coverage must be provided at parity, compliant with the Paul Wellstone and Pete Domenici Mental Health Parity and Addiction Equity Act (2008). Individuals with mental illness have the opportunity to significantly benefit from the health care law, as insufficient insurance health care coverage for these conditions has traditionally prevented countless people from obtaining needed treatment. If applied correctly, the health care reform law has the opportunity to ensure that clients, families and communities struggling with mental illness have access to culturally competent prevention and treatment opportunities and to achieve maximum savings as envisioned by the ACA. Research suggests that without addressing the treatment needs of persons with serious mental illness, it may be very difficult to achieve the three critical healthcare reform objectives articulated by the Institute for Healthcare Improvement's Triple Aim:

- Improve the health of the population
- Enhance the patient experience of care (including quality, access, and reliability)
- Reduce, or at least control, the per capita cost of total healthcare

**Please note that the following recommendations pertain only to mental health and do not address substance use disorder considerations. CMHDA continues to work with the County Alcohol and Drug Program Administrators' Association of California to develop recommendations for substance use disorders.*

Recommendations for "Mandatory" Medicaid Expansion/Streamlining and Mental Health

According to the recently released UC Berkeley/UCLA report – *Medi-Cal Expansion Under the ACA: Significant Increase in Coverage with Minimal Cost to the State* (January 2013), it is estimated that of the 2.5 million Californians who are currently eligible for Medi-Cal but not enrolled, between 240,000 and 510,000 are expected be enrolled at any point in time by 2019. While the ACA promises to cover 100% of the service costs for individuals eligible under the optional Medicaid expansion, matching ratios for currently eligible individuals remain the same (50% FMAP). The Governor's proposed budget for Fiscal Year (FY) 13-14 included a

"placeholder" cost to the state of $350 million in FY 13-14 (impact beginning January 2014) to plan for this anticipated increase in enrollment for currently eligible individuals. CMHDA estimates that the fiscal impact on the county specialty mental health system of this anticipated increase in enrollment will be between $20 and $40 million annually[1]. ***Given California's realigned structure, it is imperative that any provisions made to ensure the availability of funding to meet the needs of this anticipated increase in currently eligible individuals include sufficient resources for counties to meet the mental health needs of those meeting medical necessity criteria for specialty services.***

Recommendations for "Optional" Medicaid Expansion and Mental Health

Regardless of the administrative strategy ultimately developed (i.e. state, county or other option), CMHDA recommends the following strategies to ensure appropriate access to critical mental health services:

1) **The mental health benefits available to the newly eligible population in 2014 should be equivalent to those available to the currently eligible Medi-Cal population.**

   - ***This includes all benefits and services required in California's two federally approved Medicaid state plan amendments made available through the county mental health plans pursuant to California's Medicaid Title 42, Section 1915(b) "freedom of choice" waiver.*** These two state plan amendments – 1) targeted case management, and 2) rehabilitative mental health services – increase the scope of outpatient, crisis, residential, and inpatient mental health coverage provided by county mental health plans to Medi-Cal beneficiaries with serious mental illness when determined medically necessary. Effectively addressing the rehabilitative needs of children, youth, adults and older adults with serious mental illness requires assertive, proactive, culturally and linguistically appropriate outreach in a variety of settings by specialty and community providers who have the expertise in engaging individuals at the earliest possible point in an episode of mental illness and/or substance use.

   - Recovery and resiliency-driven services that are culturally and linguistically appropriate must be the standard for covered mental health benefits available to California's Medicaid expansion population.

   - The ACA offers an extraordinary opportunity to provide access to rehabilitative and recovery-oriented mental health services to individuals before they become disabled. Qualified adults without a disability will for the first time have access to mental health services through the Medi-Cal program or subsidized insurance.

[1] The estimated annual cost of $20-40 million is based on applying a 10% penetration rate to on the estimated increase in enrollment of those currently eligible provided by UC Berkeley-UCLA for both a base and enhanced scenario and then applying the median cost to those numbers.

- Increasing access to effective outpatient and crisis stabilization services provides an important opportunity to reduce costs associated with expensive inpatient and emergency room care and to better meet the needs of individuals with mental illness in the least restrictive manner possible.

- Specialty mental health services provided in field, home and community-based settings must be available and reimbursable under all coverage programs and opportunities.

- Mental health benefits must promote high quality, patient-centered and cost-effective care, and continue to support the existing safety net. This includes, but is not limited to, services not traditionally provided in the medical arena and/or covered by other parts of the Medicaid program, such as many homeless outreach services, mobile response programs, services to children and youth in specialized foster care, supports for housing stability, field-based services, etc. These services are critical in addressing social determinants of health and are an integral component of California's specialty mental health system.

- In order to ensure that newly eligible individuals have access to the same rehabilitative and targeted case management services that are critical in supporting recovery from mental illness, CMHDA recommends that regardless of the larger strategy developed for implementation of the optional Medicaid expansion, the mental health benefit structure for the newly eligible be equivalent to what is available under California's state plan to those currently eligible.

2) **Benefits and services available to newly eligible beneficiaries meeting the medical necessity criteria for specialty mental health services should be managed by the county mental health plans in the same manner that benefits for currently eligible individuals are managed.**

3) **Access to mental health services for both the Medicaid expansion and mandatory populations should be based upon the already established medical necessity criteria for Medi-Cal specialty mental health services.** This is essential to ensure seamless continuity of care and consistent access to services regardless of change in economic status or type of health care coverage.

4) **Mental health systems must be equitable partners with physical health care systems.** Parity between mental health and other medical systems and services must be realized at every level.

5) **There should be a strong emphasis on the required Memorandum of Understanding (MOUs) between the county mental health plans and the managed care organizations as a tool for ensuring strong coordination of services for newly eligible individuals with specialty mental health needs**. Current MOUs may need to

be redesigned and strengthened in order to achieve the desired coordination goals, including identifying opportunities for shared savings strategies and addressing information exchange barriers.

6) **California should explore opportunities to streamline its current claiming/reimbursement system(s) for mental health services in order to reduce administrative burden and costs and maximize available federal funding for service provision.**

7) **Safety net funding for residually uninsured populations must be preserved.** As healthcare reforms take hold and insurance coverage gradually expands, we must ensure that a shifting or reduction in safety net funding does not diminish access to mental health services for residually uninsured populations.

8) **There must be strong coordination of mental health and primary care services.** Strong coordination between systems is essential to ensuring quality care and realizing cost savings. The aim of the ACA is to ultimately reduce the cost of healthcare delivery to the entire population. In order to more effectively care for the whole person, there must be more seamless coordination between system partners. This includes reducing barriers to the exchange of information necessary to appropriately coordinate care, improve quality, and address confidentiality.

9) **Workforce composition, development and expansion are critical to address the needs of the Medicaid expansion populations, including pathways to employment, competencies for peer support, etc.** This includes a culturally diverse workforce and the utilization of non-licensed providers and peer support to most effectively and efficiently meet the needs of consumers/clients with mental health conditions. Workforce limitations in the Medicare program, such as the exclusion of Licensed Marriage and Family Therapists and Licensed Professional Clinical Counselors, needs to be addressed in order to ensure strong continuity of care of dually eligible beneficiaries.

10) **Data reporting systems should be strengthened.** Access to quality, appropriate, timely data is essential for county and state evaluation and quality improvement activities. System partners at the state and county levels should work collaboratively to identify short and long term priorities to reduce reliance on separate data storage platforms which create redundancy in data entry, transmission and storage for the state and the counties.

11) **Financing systems may need to be reformed to better align payment policies with care coordination and quality improvement goals and objectives.**