

**MEMORANDUM  
PLACER COUNTY HEALTH AND HUMAN SERVICES  
Adult System of Care**

**TO:** Honorable Board of Supervisors

**FROM:** Richard J. Burton, M.D., M.P.H.  
Placer County Health Officer and Director of Health & Human Services  
Maureen F. Bauman, Director of Adult System of Care

**DATE:** June 21, 2011

**SUBJECT:** 1115 Waiver Agreement with State Department of Health Care Services

---

---

**ACTION REQUESTED:**

Approve an agreement with the California Department of Health Care Services to retain federal financial participation received as a result of certified public expenditures made Placer County from February 1, 2010 through June 30, 2012, and authorize the Director of Health and Human Services to sign the agreement and subsequent amendments.

**BACKGROUND:**

The California Department of Health Care Services has requested California counties to assist the State to draw down federal financial participation in an effort to relieve the State's significant fiscal deficit and maximize federal claiming. This action is allowed under the 1115 Demonstration Waiver, and under state statute AB X4 6 (Chapter 6, Statutes of 2009) in which the California Department of Health Care Services can use State/local funded county mental health expenditures (costs) to claim federal reimbursement. The 1115 Demonstration Waiver Special Terms and Conditions, approved November 1, 2010 (Bridge to Reform), permit the State to use allowable State/local funded costs in Designated State Health Programs incurred from February 1, 2010 through October 31, 2015 for federal claiming. Placer County has the ability to draw down all available federal dollars prior to the State. The State can only draw down on eligible dollars not utilized by Placer County for match.

The eligible costs for federal claiming have been identified in the Placer County Mental Health cost report previously submitted to the State Department of Mental Health. County Mental Health Services for the Uninsured (CMHS) program include direct service costs funded by the State realignment funds and Mental Health Services Act for furnishing mental health services allowable under Section 1905(a) of the Social Security Act.

The agreement will allow the State to use county's mental health cost reports to claim the federal funds. The California Department of Health Care Services will use the mental health cost reports filed by counties with the California Department of Mental Health to draw down federal funds using the claiming methodology approved by the federal government. The agreement states that the participating counties will not be liable for any federal disallowance or deferral based on the expenditures. This agreement covers the period February 1, 2010 through June 30, 2012.

In an effort to relieve the State's significant fiscal deficit and maximize federal claiming, the Bridge to Reform waiver secures \$400 million annually in State General Fund relief through federal support for State and county programs that serve the uninsured. Although the federal claiming does not provide a direct fiscal benefit to Placer County and the other participating counties, the additional federal funds to the State General Fund will prevent the State from making further program cuts, which may impact counties' funding sources from the State.

**FISCAL IMPACT:**

This action does not impact the County General Fund.

A copy of the agreement is on file with Clerk of the Board for review.

