

**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: August 21, 2012

SUBJECT: State of California Mental Health Managed Care Program

ACTION REQUESTED:

Approve a contract with the California Department of Mental Health and the California Department of Health Care Services for the management of the Mental Health Managed Care program for Placer County from April 1, 2012 through December 31, 2012, including not to exceed total revenue amount of \$11,034,054 (required Net County Cost match estimated at \$2,550,000) and authorize the Director of Health and Human Services to sign subsequent amendments up to a cumulative total of 10% of contract amount, consistent with the agreement's subject matter and Scope of Work.

BACKGROUND:

The Welfare and Institutions Code mandates the State Department of Mental Health (DMH) to implement and administer Managed Mental Health Care for Medi-Cal eligible residents of this state. Placer County Health and Human Services has agreed to operate the Mental Health Plan for Placer County since November 1997. As part of the current state directed transition and transfer of responsibilities from the State Department of Mental Health to the Department of Health Care Services a short term nine month contract has been negotiated with counties. The timing of this interim contract from the state requires a retroactive approval to April 2012. This serves as an interim contract during the transition to a new oversight agency and will be in place until further negotiations are completed and a longer term contract is established. It is expected that the next contract will be brought back to this Board prior to the end of this calendar year.

This program provides a continuum of specialty mental health services to children and adults meeting clinical criteria using County-operated programs, contracted community agencies, and a network of professional providers to achieve treatment goals for persons with a range of mental health disorders. This contract specifies State requirements for the Placer County Mental Health Plan. These requirements include availability and accessibility of services, quality management, improvement, assurance and utilization management components, along with beneficiary problem resolution processes.

Since 1997, Placer County Health & Human Services Mental Health Managed Care program has achieved the following outcomes for Placer residents needing mental health services:

- Increased access by expanding the number and type of providers available at the community level;
- Effective and efficient use of all available resources;
- Residents provided choices to the greatest extent possible; and
- Consistent delivery of evidenced based care with service system design changes implemented as appropriate to be responsive to changes in community needs.

The state has chosen to contract using an extremely conservative approach to assure counties have a tool to obtain all the potential federal revenue available to them. The revenue estimates by the state of \$11,034,054 significantly exceeds Placer County HHS's estimates of expected revenue of \$4,250,000. According to the state some of the revenue estimates are based on relative county claim percentages of the total federal financial participation (FFP) currently estimated statewide. These FFP amounts are not based on county budgets and do not necessarily reflect the counties expected costs.

Placer County will bill Medi-Cal to receive federal funding for eligible services as a part of this program.

FISCAL IMPACT:

Total federal revenue to be received under this contract is estimated by the State Department of Health Care Services at an amount not to exceed \$11,034,054 however the Department believes that this revenue projection is over stated. The Department's federal revenue for this contract period is estimated to be \$4,250,000 and will require a match of \$2,550,000 in county general funds. As the contract covers two fiscal years the required county general fund match for FY 2011-12 was \$750,000, which was recognized as revenue through the year end close process. The estimated match for FY 2012-13 is \$1,800,000, which has been included in the Department's FY 2012-13 Proposed Budget.

The contract is on file with the Clerk of the Board for review.