

**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: May 7, 2013

SUBJECT: State of California Mental Health Managed Care Program

ACTION REQUESTED:

Approve revenue agreement 12-89383 with the California Department of Health Care Services for the management of the Mental Health Managed Care program for Placer County from May 1, 2013 through June 30, 2018, with projected federal revenue during FY 2013-14 of \$6 million (\$2.2 million net County cost and \$3.75 million State match), and authorize the Director of Health and Human Services to sign subsequent amendments.

BACKGROUND:

Welfare and Institutions Code Section 5775 directs the State Department of Mental Health (DMH) (now the State Department of Health Care Services [DHCS]) to implement and administer Mental Health Managed Care for Medi-Cal eligible residents of this state. Placer County Health and Human Services has agreed to operate the Mental Health Plan (MHP) for Placer County and Sierra County since November 1997. Sierra County is in process to develop administration of its own separate managed care system at this time.

This program provides a continuum of specialty mental health services for 1,840 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 MHP. 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 and Human Services' Mental Health Managed Care program has achieved the following outcomes for Placer County 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 evidence-based care with service system design changes implemented as appropriate to be responsive to changes in community needs.

Your Board approved a short-term contract with DMH and DHCS on August 21, 2012. That contract was extended until April 30, 2013 in order for the State and the Counties to finalize the terms of this agreement. The California Association of Mental Health Directors and the California Association of County Counsels are now in agreement with the terms of this plan. This final agreement provides additional clarification and references to federal legislation that governs the managed care plan, and clarity in language to reflect the transition from DMH to DHCS.

In this agreement, DHCS has decided to use the statewide Medi-Cal Specialty Mental Health Program services five-year appropriation amount as the basis for each county's contract amount, rather than an estimate for each county. This year's state contract identified the total federal financial participation

revenue for all 58 counties for a total identified amount of \$8 billion. This total contract amount includes anticipated remaining payments for the last two months of the FY 2012-13 plus five years of the FY 2013-14 estimate. The state has concluded that maintaining a specific county amount is unnecessary since the federal reimbursements included in the MHP contracts are for federal Medicaid entitlement services. The Placer MHPs will simply continue to submit certified public expenditure claims for federal reimbursement that meet their need to provide medically necessary entitlement services for the Medi-Cal Specialty Mental Health program children and adults.

This agreement was approved by the Mental Health, Alcohol, and Drug Advisory Board at its April 22, 2013 meeting.

FISCAL IMPACT:

Through this revenue agreement, DHCS will reimburse all approved Medi-Cal Specialty Mental Health program services submitted by Placer County. The actual revenue for FY 2013-14 is estimated to be \$6 million. This federal amount is matched with \$3.75 million State and \$2.2 million County General Fund that has been included in the Department's FY 2013-14 Requested Budget. The revenue and County General Fund match for future years will be included in future proposed budgets.

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