



February 11, 2022

Ms. Keely Bosler
Director, California Department of Finance
1021 O Street, Suite 3110
Sacramento, CA 95814

RE: Request to Forgive Proposed County Behavioral Health Recoupments

Dear Director Bosler:

The California State Association of Counties (CSAC) and the County Behavioral Health Directors Association of California (CBHDA), representing all 58 of California's Boards of Supervisors and county Behavioral Health Departments, write to respectfully update our letter from December 2021 requesting the discharge of the remaining \$134.5 million repayment from counties incurred due to a 2018 federal Office of Inspector General (OIG) audit.

Our updated request now respectfully includes the additional discharge of proposed recoupments related to old psychiatric inpatient hospital claims and services rendered by counties to individuals who did not qualify for federal financial participation on the basis of their immigration status. Taken together, the proposed recoupments by the Department of Health Care Services from county behavioral health plans would amount to a total of \$379.4 million, which would harm the ability of county behavioral health agencies to maintain existing service levels and likely require significant programmatic and service cuts during a time of increased demand for services due to the COVID-19 public health emergency and its impact on mental health and substance use disorders.

In January 2022, counties were provided with requested additional detail regarding the state's proposed recoupment of \$181 million in specialty mental health psychiatric inpatient hospital claims, as well as \$62.2 million in claiming for services ineligible for federal match due to beneficiaries' immigration status. DHCS has offered that both the inpatient hospital claims and the ineligible federal match paid to counties were due to DHCS coding errors. As such, counties have respectfully requested that DHCS provide additional detail to support the department's claims of inappropriate payment based on incorrect state coding over a period of years and allow counties the opportunity to review the associated claims to ensure the accuracy of these recoupment estimates.

Taken together, a recoupment of this size would be equivalent to almost three times the size of this year's estimated growth in 1991 and 2011 realignment to county behavioral health combined. The impact to small and frontier counties in some cases would be devastating.

For example, according to the DHCS estimates, one rural county faces a recoupment that is larger than their total annual operating budget. In another example from a small, rural county, the proposed inpatient psychiatric hospital recoupment amount is larger than the total amount (inclusive of non-federal and federal financial participation) spent by the county on inpatient costs over the past ten years. The scale of these recoupments would decimate services for clients in need of services today and put these small, frontier counties into long-term, unsustainable debt to the state.

As noted in our December letter, county behavioral health plans have faced a surge in need for behavioral health services from Californians who have endured the layered traumas of the pandemic, wildfire losses, and the racial reckoning of the last couple of years. Today, counties are at the dawn of significant system investment and transformation due to CalAIM and innovative state investments. We are grateful for the state's willingness to invest in core infrastructure, and housing for individuals with behavioral health needs, however, service dollars to meet our clients' complex needs remain scarce. Our public behavioral health system relies on squeezing efficiency out of our current funding streams with little additional service funding investment. At present, pandemic impacts on the workforce, along with increased staffing competition from schools, private commercial insurance and new opportunities for private pay practitioners have drained our workforce and made recruitment more expensive and difficult than ever before.

It is our understanding that the state has already paid what is owed to the federal government for these three recoupment categories using state general funds. It is possible that these recoupments, if forgiven, could assist the state with the current or budget year State Appropriations Limit. We are consulting with your staff and counsel to gain more information on this.

To close, CSAC and CBHDA respectfully request forgiveness of the 2014 OIG Audit outstanding debt, the psychiatric hospital inpatient claim recoupment, and the state-only claiming error for specialty mental health and drug Medi-Cal. We look forward to partnering with your department and DHCS to ensure accuracy and timely correction of state coding errors to avoid possible recoupments in the future.

On behalf of county supervisors and behavioral health directors, we extend our deep gratitude for your consideration of our request.

Thank you,



Farrah McDaid Ting

fmcting@counties.org

Senior Legislative Representative
CSAC



Michelle Doty Cabrera

mcabrera@cbhda.org

Executive Director
CBHDA

cc. Dr. Mark Ghaly, Secretary, California Health and Human Services Agency
Michelle Baass, Director, Department of Health Care Services
Richard Figueroa, Deputy Legislative Secretary, Office of Governor Newsom

Tam Ma, Deputy Legislative Secretary, Office of Governor Newsom
Marko Mijic, Deputy Secretary, California Health and Human Services Agency
Stephanie Welch, Deputy Secretary, California Health and Human Services Agency
Marjorie Swartz, Office of the Senate pro Tempore Atkins
Scott Ogus, Senate Budget and Fiscal Review Committee
Joe Parra, Senate Republican Caucus
Tim Conaghan, Senate Republican Caucus
Anthony Archie, Senate Republican Caucus
Agnes Lee, Office of the Assembly Speaker Rendon
Andrea Margolis, Assembly Committee on Budget
Joseph Shinstock, Assembly Republican Caucus
Corey Hashida, LAO