



Legislation Text

File #: 11-0349, **Version:** 1

Health Services Department recommending the Board approve and authorize the Chair to sign a letter to Assembly Member Wesley Chesbro and the California Mental Health Directors Association in support of Assembly Bill 1297. This bill, developed and backed by the Honorable Wesley Chesbro, will bring the State's requirements for Specialty Medi-Cal Mental Health Managed Care into alignment with Federal requirements, in order to maximize Federal reimbursement.

FUNDING: N/A.

Fiscal Impact/Change to Net County Cost: There is no Net County Cost associated with this letter of support. AB 1297, if passed, will improve reimbursement for Medi-Cal Specialty mental health services.

Background:

California's Medicaid program, Medi-Cal, provides general mental health care services for Medi-Cal beneficiaries. However, for individuals with serious mental illnesses, county Mental Health Plans provide *specialty* mental health services under the "Specialty Medi-Cal Mental Health Managed Care" program. The features of the program are determined by the State's federally-approved Medicaid state plan amendment and waivers. In addition to Federal requirements, California has established some state-only requirements that place restrictions on county Mental Health Plans, some of which needlessly limit the Federal Medicaid reimbursement available to the program. AB 1297 seeks to eliminate these burdensome, State-only requirements in order to ensure California (and individual counties) can access all available Federal resources.

AB 1297 clarifies that the State's standards and guidelines for this program must be consistent with Federal Medicaid requirements and California's approved Medicaid State plan and waivers in the following ways:

- 1) Federal Reimbursement Amounts - For purposes of Federal reimbursement, AB 1297 requires reimbursement amounts to be consistent with Federal Medicaid requirements and California's approved Medicaid state plan and waivers. The goal of this provision is to eliminate California's use of administratively-established Statewide Maximum Allowances (SMAs) and instead utilize existing Federal Medicaid Upper Payment Limits (UPL). SMA's for some services have been frozen, with no increases since fiscal year 2006-07, despite increases in the cost of doing business. These SMA's were frozen primarily to limit State General Fund payments for the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program, which provides Medi-Cal mental health services for children and young people under age 21. As a result, counties have been unable to fully recover available Federal reimbursement for costs incurred in serving eligible populations. To assure that Federal reimbursement can be appropriately claimed, AB 1297 requires only the use of Federal UPL for the purposes of Federal reimbursement.
- 2) Federal Reimbursement for Administrative Costs: AB 1297 clarifies that administrative costs should be consistent with Federal Medicaid requirements and California's approved Medicaid

state plan and waivers - eliminating the provision in existing law that limits reimbursement for administrative costs to fifteen percent (15%) of the total cost of direct client services. As the government entity that certifies the full public expenditure of funds in order to draw down Federal matching funds, the County would be entitled to be fully reimbursed by the Federal government for the cost of providing services.

- 3) Federal Timeframes for Submitting Claims: AB 1297 requires counties to submit claims for Federal reimbursement within the timeframes specified in the Federal Medicaid requirements and California's approved Medicaid state plan and waivers. The goal of this provision is to eliminate California's use of an administratively-established submission deadline of six (6) months for Specialty Medi-Cal Mental Health Managed Care claims. At present, the Federal timeframe for Medicaid claims submission is twelve (12) months.

Reason for Recommendation:

Since AB 1297 targets Federal Medicaid requirements and reimbursement, it is not anticipated to result in costs for the State General Fund. However, it is likely that the bill will result in the generation of significant additional Federal Medicaid funds for the Medi-Cal Specialty Mental Health Managed Care program in California.

Action to be taken following Board approval:

- 1) Chair to sign the attached letter of support regarding AB 1297.
- 2) Board Clerk's Office to return signed letter to Department.
- 3) Department to forward signed letter as appropriate.

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