



## Legislation Text

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**File #:** 22-0520, **Version:** 1

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Health and Human Services Agency (HHS) recommending the Board consider approving and authorizing the Chair to sign a letter to the California Department of Finance in support of the California Behavioral Health Directors Association (CBHDA) and the California State Association of Counties (CSAC) action requesting forgiveness of the pending California Department of Health Care Services (DHCS) recoupment for \$1,712,033 in Medi-Cal behavioral health services claims.

**FUNDING:** 1991 Behavioral Health Realignment.

**DISCUSSION / BACKGROUND:**

On January 27, 2022, the Health and Human Services Agency (HHS) was notified by the California Department of Health Care Services (DHCS) of a pending recoupment for Medi-Cal behavioral health services claim. The DHCS consolidated recoupment for HHS is estimated at \$1,712,033 and is inclusive of the following three (3) categories:

1. 2018 United States Department of Health and Human Services Office of Inspector General (OIG) Audit - \$354,348: In a report released August 2018 as a result of the OIG audit of DHCS, the OIG identified \$180.7 million due from California counties to the federal government for unallowable Medicaid reimbursements for Specialty Mental Health Services. During 2019, DHCS had initially recouped one-quarter (1/4) of this repayment amount from counties by offsetting county 1991 Realignment funds and agreed to defer offsets in 2020 and 2021 as the Realignment revenues were determined to be too low to cover the amounts due. El Dorado County was identified to be responsible for \$354,348. DHCS proposes to resume recoupments in Fiscal Year (FY) 2022-23.
2. State-Only Claiming Error for Medi-Cal Beneficiaries with Unsatisfactory Immigration Status (UIS) receiving Specialty Mental Health Services (SMHS) and Drug Medi-Cal (DMC) - \$26,132: As a result of a United States Centers for Medicare and Medicaid Services (CMS) Financial Management Review of DHCS for Medi-Cal Beneficiaries with UIS, DHCS identified \$62.2 million of claims from California counties for federally ineligible covered SMHS and DMC benefits dating back to 2008. In these cases, DHCS had claimed federal reimbursement for qualified non-citizens for services that should have been covered using state-only and County 1991 Realignment funds. As a result, counties were provided with federal funds for claims that were not eligible to federal reimbursement. El Dorado County was identified to be responsible for \$26,131 during this timeframe, which includes \$26,064 for SMHS and \$68 for DMC. DHCS proposes to recoup the amount due over a four-year period, beginning in FY 2022-23.
3. 2022 Fees-for-Services Medi-Cal Specialty Mental Health Services (SMHS) Psychiatric Inpatient Hospital Claims - \$1,331,553: The majority of hospitals providing inpatient SMHS receive payment through the Medi-Cal Fee-for-Service claims system, which pays the federal and non-federal share for psychiatric inpatient hospital services, then is reimbursed for the non-federal share from County 1991 Realignment revenue. Due to Medi-Cal claims system coding errors by the former California Department of Mental Health and DHCS, the state failed to identify and fully offset their non-federal share from County 1991 Realignment revenue between 2011 and 2020. DHCS has identified \$181

million of claims from California counties, of which El Dorado County is identified to be responsible for \$1,331,553. DHCS proposes to recoup the amount due over a four-year period, beginning in FY 2022-23.

In response to the initial 2018 OIG audit recoupment, the County Behavioral Health Directors Association of California (CBHDA) and the California State Association of Counties (CSAC) issued a joint letter to the California Department of Finance on December 15, 2021, to advocate to forgive these debts and request the discharge of approximately \$134.5 million in remaining statewide repayments, due to the ongoing fiscal distress and pressures on counties for the delivery of specialty mental health and substance use services.

On February 11, 2022, in response to the DHCS proposed consolidated recoupment, CBHDA and CSAC issued a second joint letter to the California Department of Finance, formally requesting that the state forgive the proposed recoupments in all three categories: 2018 OIG audit, state-only immigration status errors, and psychiatric inpatient claim errors. CBHDA maintains that two of these issues are the result of state errors that persisted over many years and does not feel that it is fair or equitable to counties facing mounting costs for Medi-Cal obligations and a workforce crisis.

HHSA remains dedicated to providing mental health and substance use treatment services to our most vulnerable and marginalized community members. If the DHCS proposed recoupment amount of \$1,712,033 is not forgiven, it would harm the ability of the HHSA Behavioral Health Division to maintain existing service levels and would likely require significant programmatic and service cuts during a time of increased demand for services due to the COVID-19 public health emergency and the devastating Caldor Fire wildfire, and their resulting impacts on mental health and substance use disorders.

As a result, HHSA is requesting the Board Chair to sign a letter to the California Department of Finance in support of joining the CBHDA and CSAC action, requesting forgiveness of the outstanding debt to DHCS.

**ALTERNATIVES:**

The Board could choose not to send the letter.

**PRIOR BOARD ACTION:**

N/A

**OTHER DEPARTMENT / AGENCY INVOLVEMENT:**

N/A

**CAO RECOMMENDATION:**

Approve as recommended.

**FINANCIAL IMPACT:**

There is no direct financial impact to the County to issue the letter to request forgiveness of the pending recoupment for Medi-Cal behavioral health services claims.

**CLERK OF THE BOARD FOLLOW UP ACTIONS**

Clerk of the Board to obtain Chair's signature on the letter and mail the original to the California

Department of Finance and copies to the government representatives identified on the letter.

**STRATEGIC PLAN COMPONENT:**

Good governance

**CONTACT**

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