



DEPARTMENT OF MENTAL HEALTH

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DMH Legislative Report for the Mental Health Commission – November 13, 2023

This report includes DMH's summary of the State's Plan Amendment (SPA) to the 1115 Waiver, the California Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) demonstration. The State submitted the proposal to the Centers for Medicare and Medicaid (CMS) on October 20, 2023. The highlights of the proposed new services/benefits include:

Statewide benefits proposed:

- Major behavioral health workforce initiative (related to the workforce initiative that is proposed under SB 326/Proposition 1)
- Activity stipends for youth (stipends could help pay for extra-curricular activities including youth sports, youth leadership programs, arts/music programs, mentorship programs, etc.)
- Cross-sector incentive program that would provide funding to improve collaboration between Medi-Cal Managed Care Plans, county behavioral health systems, and county child welfare departments serving children in the child welfare system.
- Incentive program for county Mental Health Plans and Drug Medi-Cal Organized Delivery Systems to improve performance on quality measures and reduce disparities in behavioral health access and outcomes.

Benefits available if a county decides to opt in:

- Transitional rent for up to 6 months for those who are experiencing, or at-risk of experiencing homelessness (county opt-in option).
Note: If approved by CMS, this would represent a major policy shift in California, allowing the use of Federal Medicaid funds to be used to pay for housing.
- Counties could receive Federal Financial Participation (Fed Medicaid revenue) for short-term IMD stays (defined as 30-60 days) if counties agree to provide other required services/Evidence-Based Practices. This new benefit would cover short-term stays in STRTPs too.
Note: If approved by CMS, this would represent the first time that IMD costs would be covered using Federal Medicaid revenue).
- Option to provide a variety of community-based services including:
 - ACT (Assertive Community Treatment)
 - FACT (Forensic Assertive Community Treatment)
 - CSC for FEP (Coordinated Specialty Care for First Episode Psychosis)
 - IPS Supported Employment
 - Community health worker services
 - Clubhouse services

Next Steps:

Now that the State has submitted the proposal to CMS, CMS has opened a 30-day comment period. CEO will be collecting comments from the Departments and coordinating the drafting of an updated comment

letter from the County. After the comment period closes, CMS will review the comments and negotiate the final waiver terms and conditions with the State. Final approval of the state's proposal could take months, quite possibly more than 6 months.

DMH's Current Thinking About the BH-CONNECT Proposal:

Overall, DMH believes that the BH-CONNECT proposal, if approved by CMS, could provide a wide variety of new benefits to our residents and DMH clients. In particular, DMH is strongly supportive of the proposal to develop a major behavioral health workforce initiative to address the state-wide staffing shortages throughout the sector. The proposal to create incentive funds that would allow county behavioral health departments to invest in improving our performance and access to care, as well as the focus on improving collaboration with our child welfare partners, are also appreciated. And DMH is supportive of the proposals that would allow counties to opt-in to use MediCal funds to pay for transitional rent and to start receiving Federal Medicaid revenue for short-term IMD stays. In general terms, DMH believes that the BH-CONNECT proposal would provide the County's public mental health system with a variety of new opportunities to provide enhanced care to our residents.

However, the Department must also note several caveats that are still outstanding. Firstly, without the details that are highlighted in the attached comment letter (dated August 31st), it is difficult for the Department to complete our analysis of the likely financial and service impact if the proposal is approved by CMS as drafted. Secondly, these unanswered questions also make it impossible for the Department to make a recommendation at this time about whether or not the County should opt-in to some of the County opt-in options. For example, the Department estimates that if the IMD exclusion was lifted for short-term stays, then this would have resulted in the Department receiving approximately \$21M in FFP revenue to offset \$30M in IMD short-term stay costs for FY 22-23. Yet without additional details about the requirements to implement the required community-based services (listed above), it is not clear if the \$21M in new revenue would offset the additional costs that the Department would incur implementing the full list of newly required programs. Thirdly, it is also important to note that while BH-CONNECT may represent an opportunity for DMH to provide new benefits and services to our County residents, none of the services proposed under BH-CONNECT would replace the funding that would be shifted away from our core mental health services if Proposition 1 passes on the March 2024 ballot. While this fact does not influence whether or not the Department supports the BH-CONNECT proposal, it is worth highlighting and noting that BH-CONNECT will not address any of the concerns that the Department has raised in the past several months regarding the loss of local control over MHPA funds proposed under Proposition 1.

Additional Resources

Link to the state's BH-CONNECT application. [ca-bh-connect-pa-10202023.pdf \(medicaid.gov\)](https://www.medicaid.gov/ca-bh-connect-pa-10202023.pdf)
BH-CONNECT Demonstration Proposal - Los Angeles County Comments