



March 23, 2011

The Honorable Wesley Chesbro
State Capitol, Room 2141
Sacramento, CA 95814

SUBJECT: AB 1297 (Chesbro) Medi-Cal: Mental Health — SUPPORT

Dear Assembly Member Chesbro:

On behalf of the California Mental Health Directors Association (CMHDA), which represents the directors of public mental health authorities in counties throughout California, I am writing in support of your bill, AB 1297, which CMHDA is sponsoring. AB 1297 will ensure timely federal Medicaid reimbursement for Specialty Medi-Cal Mental Health Managed Care services for California's Medi-Cal beneficiaries living with serious mental illness.

As you know, 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 (MHPs) 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 amendments and Medicaid 1915(b) waiver. In addition to these federal requirements, California has established some state-only requirements for county Mental Health Plans to follow, 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 accesses all available federal resources.

AB 1297 will bring the state's requirements for the Specialty Medi-Cal Mental Health Managed Care program into alignment with federal requirements in order to maximize federal reimbursement. Specifically, the bill 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 important areas:

- **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. The SMAs for all services (except inpatient, psychiatric health facility, and adult crisis residential) have been frozen and not adjusted for increases in the cost of doing business since Fiscal Year 2006-07. The SMAs were frozen in order to limit state General Fund payments for the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) program. However, as a result, counties have not been able to fully recover

federal reimbursement for the costs they incur in serving eligible populations. To both assure that federal reimbursement can be appropriately claimed and that state General Fund risks are not increased, AB 1297 will only require the use of federal Upper Payment Limits for the purposes of federal reimbursement – not state General Funds for the program.

- 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. Therefore, AB 1297 deletes the provision in existing law that limits reimbursement for administrative costs to 15% of the total cost of direct client services. As the government entities that certify the full public expenditure of funds in order to draw down federal matching funds, counties are entitled to be fully reimbursed by the federal government for the cost of providing services.
- Federal Timeframes for Submitting Claims: AB 1297 requires counties to submit claims for federal reimbursement within the timeframes specified in 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 months for Specialty Medi-Cal Mental Health Managed Care claims. At present, the federal timeframe for Medicaid claims submission is twelve months.

Finally, since the bill’s provisions target federal Medicaid requirements and reimbursement, AB 1297 will not 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.

We appreciate your leadership and support on this bill, and look forward to working with you and your staff to achieve its enactment into law. Please do not hesitate to contact me at (916) 556-3477, ext. 108 or pryan@cmhda.org, or Kirsten Barlow of my staff at (916) 556-3477, ext. 112 or kbarlow@cmhda.org.

Sincerely,



Patricia Ryan
Executive Director

Cc: The Honorable Chair and Members of the Assembly Health Committee
Cassie Royce, Senior Consultant, Assembly Health Committee
Kelly Brooks, California State Association of Counties
Mickey Richie, Regional Council of Rural Counties
Peter Anderson, Assembly Republican Caucus
Cliff Allenby, Interim Director, DMH
Toby Douglas, Director, DHCS