



Region IX

Division of Medicaid & Children's Health Operations

90 Seventh Street, Suite 5-300 (5W)

San Francisco, CA 94103-6706

JUN 22 2011

Toby Douglas  
Director  
California Department of Health Care Services  
1501 Capitol Avenue, MS 0002  
P.O. Box 997413  
Sacramento, CA 95899-7413

Dear Mr. Douglas:

The Centers for Medicare & Medicaid Services (CMS) is approving California's request for a continuation of the Medi-Cal Specialty Mental Health Services Consolidation waiver, authorized under Section 1915(b)(4) of the Social Security Act (the Act). This waiver has been assigned control CA17.R07. CMS is approving this waiver renewal for a two-year period effective July 1, 2011 through June 30, 2013.

The approval provides for the waiver of the following sections of the Social Security Act: 1902(a)(1), statewideness; 1902(a)(10)(B), comparability of services; 1902(a)(23), freedom of choice; and 1902(a)(4), to mandate enrollment into a single Prepaid Inpatient Health Plan. The approval also provides a waiver from 42 Code of Federal Regulations (CFR) Sections: 438.56 regarding disenrollment; 438.52 for enrollment of beneficiaries in a single County Health Plan; and 438.10(f)(3) related to informing requirements. The Medicaid Eligibility Groups included in the waiver are Section 1931 Children and related populations, 1931 Adults and related populations, Blind/Disabled Adults and related populations, Blind/Disabled Children and related populations, Aged and related populations and Foster Care Children.

The decision to renew this program is based on information submitted to the Federal review team in response to questions sent to the State throughout the renewal process. The waiver must remain consistent with the Medicaid program and meet all statutory and regulatory requirements for assuring beneficiaries' access to care and receipt of quality services, and demonstration of cost effectiveness.

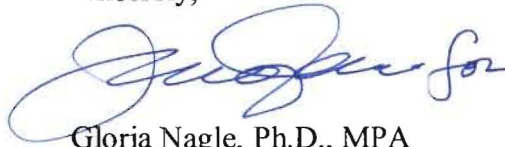
Please note that approval of this waiver renewal does not extend Federal financial participation for costs associated with activities not meeting Federal requirements. We acknowledge the State's efforts to develop a CPE protocol and to update the State plan via pending SPA 09-004 to address reimbursement issues. We look forward to working with State officials to resolve payment issues surrounding the SPA and the waiver during the approval period.

The State must continue its participation in regular monitoring activities with CMS, including monthly calls. As part of these activities, we expect the State to provide reports to CMS on the status of the CPE protocol and its efforts to update the State plan. When there is an indication the waiver is not cost effective, the State must submit the necessary amendments to the waiver in a timely manner. Failure to keep this waiver cost effective may result in CMS requesting a phase-down plan from the State for termination of the waiver program.

If the State decides to utilize any type of new funding arrangement(s) that currently are not specified in the waiver application, the State will need to amend the waiver to reflect the change. For example, if the State determines that it will use the authority granted by CMS in both October 2010 and May 2011 and institute QAF funded payments to county mental health plan PIHPs, the State will need to amend the waiver reflecting the new funding and payments to the county mental health plans.

Thank you for your cooperation during the waiver renewal review process. We appreciate your staff's commitment to working with CMS to provide mental health services to the State's Medi-Cal beneficiaries. If you have any questions, please contact Rodd Mas at (415) 744-2978 or via email at [Rodd.Mas@cms.hhs.gov](mailto:Rodd.Mas@cms.hhs.gov).

Sincerely,

A handwritten signature in blue ink, appearing to read "Gloria Nagle".

Gloria Nagle, Ph.D., MPA  
Associate Regional Administrator  
Division of Medicaid & Children's Health Operations

cc: Mark Reed, CMS Central Office