

**Department of Health Care Services  
Proposed Trailer Bill Language**

**Transfer of Medi-Cal Functions from the Department of Mental Health  
to the Department of Health Care Services**

**FACT SHEET**

**Summary:** This proposed trailer bill legislation (TBL) would transfer the Medi-Cal specialty mental health services from the Department of Mental Health (DMH) to the Department of Health Care Services (DHCS). Realignment is addressed in a separate proposal as is the disposition of non-Medi-Cal programs under DMH. This proposal does not include any significant policy changes to the current programs.

**Background and History:** Medicaid is a joint Federal and State health care program for eligible low income individuals. The Department of Health Care Services (DHCS) is the Medicaid single state agency for California and directly administers most of California's Medicaid (known as Medi-Cal) programs. DHCS has interagency agreements with other departments to administer various components of the Medi-Cal program. The Department of Mental Health (DMH) currently administers the Medi-Cal Specialty Mental Health Services Program via an interagency agreement with DHCS and a 1915(b) Freedom of Choice Waiver. DMH contracts with County Mental Health Plans (MHPs) to provide, or arrange for the provision of, specialty mental health services to Medi-Cal beneficiaries in each county. In addition, DMH is responsible for the Medi-Cal mental health Pre-Admission Screening and Resident Review (PASRR) program.

As part of the Fiscal Year 2011-12 budget process, Governor Brown signed Assembly Bill 102 (Committee on Budget, Chapter 29, Statutes of 2011), which enacted law to transfer the administration of the Medi-Cal Specialty Mental Health Services Program from DMH to DHCS, effective July 1, 2012. The intent of the transfer is to:

- Improve access to culturally appropriate community-based mental health services, including a focus on client recovery, social rehabilitation services, and peer support;
- Effectively integrate the financing of services, including the receipt of federal funds, to more effectively provide services;
- Improve state accountabilities and outcomes;
- Provide focused, high-level leadership for behavioral health services within the state administrative structure.

This TBL focuses on the transfer of the Medi-Cal related specialty mental health services; it does not address Realignment or the disposition of non-Medi-Cal

programs under DMH, nor does it propose any major policy changes to the current program.

**Why Changes are Necessary:** AB 102 transfers the administration of the Specialty Mental Health Services Program from DMH to DHCS effective July 1, 2012; however, it does not provide DHCS with the specific statutory authority necessary to fully administer the program such as the ability to contract with county mental health plans, establish policies and regulations, etc. Under current law, this authority still resides with DMH. This TBL will allow DHCS as the single state agency to administer the Medi-Cal Specialty Mental Health Services Program in tandem with the larger Medi-Cal program beginning July 1, 2012.

This TBL provides DHCS with authority to oversee the full continuum of Medi-Cal funded mental health services and work directly with the counties, thereby decreasing redundant or duplicative processes.

**Summary of Arguments in Support:** Efficiencies will result from the single state agency managing and having oversight of the full continuum of Medi-Cal mental health services. The local mental health plans will work with a single state agency rather than multiple agencies for the Medi-Cal program, and DHCS will work with counties and stakeholders to improve the coordination, development and delivery of Specialty Mental Health Services.

**Potential for Opposition, if yes, Why:** Some stakeholders have expressed opposition to the transfer of the Specialty Mental Health Services Program to DHCS; however, AB 102 has already put this transfer into effect. It is likely that some stakeholders will expect significant changes in policy or benefits that they seek under DHCS, but this proposal focuses solely on effectuating the administrative transfer.

Financing is a critical component of the Medi-Cal program, and it is possible that having this TBL separate from Realignment TBL will be confusing to some stakeholders who will want the pieces combined.

**Is there a BCP associated with this language?** DHCS has submitted a BCP to address some resource gaps associated with this transfer.

#### **Legislative History:**

**AB 102** (Committee on Budget, Chapter 29, Statutes of 2011) enacted law to transfer the administration of the Medi-Cal Specialty Mental Health Services Program from DMH to DHCS, effective July 1, 2012.