



September 13, 2011

The Honorable Jerry Brown  
Governor, State of California  
State Capitol  
Sacramento, CA 95814

**SUBJECT: AB 1297 (Chesbro) Medi-Cal: Mental Health — Request for Signature**

Dear Governor Brown:

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 to request your signature on AB 1297 by Assemblyman Wesley Chesbro, which CMHDA is sponsoring. This bill has had bipartisan support, and passed without any “No” votes throughout the legislative process.

AB 1297 will ensure full and timely federal Medicaid reimbursement for Specialty Medi-Cal Mental Health Managed Care services for California’s Medi-Cal beneficiaries living with serious mental illness. 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. As examples, consider the additional federal reimbursement the following counties projected they would receive in one fiscal year:

- |                                |                      |                                |                      |
|--------------------------------|----------------------|--------------------------------|----------------------|
| • <i>San Francisco County:</i> | <i>\$12 million</i>  | • <i>Riverside County:</i>     | <i>\$2.8 million</i> |
| • <i>San Mateo County:</i>     | <i>\$5.4 million</i> | • <i>Sutter-Yuba Counties:</i> | <i>\$2.2 million</i> |
| • <i>Orange County:</i>        | <i>\$4 million</i>   | • <i>Solano County:</i>        | <i>\$2.1 million</i> |
| • <i>Marin County:</i>         | <i>\$3.1 million</i> |                                |                      |

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.

AB 1297 will ensure California accesses all available federal Medicaid resources for this program by bringing the state’s requirements 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 two important areas:

1. Federal Reimbursement Amounts: For purposes of federal reimbursement, AB 1297 requires federal reimbursement amounts to be consistent with federal Medicaid requirements and California's approved Medicaid state plan and waivers. By utilizing existing federal Medicaid Upper Payment Limits, counties will be able to fully recover federal reimbursement for the costs they incur in serving eligible populations.
2. 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.

I would also like to ensure you are aware that amendments were made to the bill on August 31, 2011 to address issues raised by the Department of Finance (DOF) and state department representatives. Specifically, the bill's operative date was delayed to July 1, 2012 (when Medi-Cal Specialty Mental Health will be realigned to counties) as suggested in the DOF analysis, and additional language was added to make it more explicit that state General Funds will not be impacted by the provisions of the bill.

For these reasons, we respectfully ask that you sign AB 1297 when it comes to you for consideration and action. Please do not hesitate to contact me at (916) 556-3477, ext. 108 or [pryan@cmhda.org](mailto:pryan@cmhda.org), or Kirsten Barlow of my staff at (916) 556-3477, ext. 112 or [kbarlow@cmhda.org](mailto:kbarlow@cmhda.org).

Sincerely,



Patricia Ryan  
Executive Director

Cc: The Honorable Wesley Chesbro, Member of the California State Assembly  
Lark Park, Deputy Legislative Affairs Secretary, Office of Governor Brown