Medi-Cal
Early and Periodic Screening, Diagnosis and Treatment (EPSDT)

CMHDA Position: As a federal entitlement program, the State of California should fully fund the EPSDT mental health services program, which is a federal entitlement program, and eliminate the county share of cost for growth beyond the already-established baseline.that counties provide.

County Medi-Cal mental health plans (MHPs) are currently required by the state to assume part of the state's share of cost for growth in the program beyond an already established baseline, which is an inappropriate cost shift.

- County mental health programs have limited resources, and cannot afford to assume the State's responsibility of the share of cost for growth in the EPSDT program. For example, Realignment funds for mental health have remained flat for four years, and are expected to remain that way for the foreseeable future.
- As a federal entitlement program, states are required to ensure that the level of services that EPSDT eligible children need are maintained regardless of the ability of local financial participation. Under Title 42, Chapter IV, Part 433, Subpart B, **the General Administrative Requirement for State Financial Participation**, Section 433.53, specifically states that "if there is local financial participation, lack of funds from local sources will not result in lowering the amount, duration, scope or quality of services or level of administration under the plan in any part of the state."

Issue: In the 2002-03 State Budget Act, the Governor administratively imposed a 10% county mental health share of cost for growth in the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program for mental health services. This means that, since July 1, 2002, county mental health plans, which manage the Medi-Cal Specialty Mental Health Program under contract with the state, have been required to use scarce Realignment funds to pay for a part of the growth (5%) in these services (beyond an already established baseline). CMHDA believes this is an inappropriate cost shift of a state responsibility to counties which they cannot afford, and that this share of cost should be eliminated.

Background: The EPSDT benefit has been a requirement of the Medicaid program since its inception in 1966. As such, EPSDT services are an entitlement, through the federal Medicaid program (Medi-Cal in California). The federal Omnibus Budget Reconciliation Act of 1989 (OBRA '89) expanded the benefit, requiring state EPSDT

programs to provide diagnostic and treatment services needed to "correct or ameliorate defects, physical and mental illnesses, and conditions discovered by screening services, whether or not such services were covered under the Medicaid State Plan." In 1995, in response to legal action, the California Department of Health Services (DHS) expanded the EPSDT benefit to full-scope Medi-Cal beneficiaries less than age 21 who need specialty mental health services to correct or ameliorate mental illnesses. These services qualify under the EPSDT Medi-Cal benefit and are commonly referred to as EPSDT services.

In its implementation of the expanded EPSDT benefit, DHS recognized that county mental health departments had been the historic providers of mental health services to children and youth with serious emotional disturbances (SED). Accordingly, county mental health departments were determined to be the logical choice to provide the expanded EPSDT benefit to the SED population. DHS developed an interagency agreement with DMH through which county mental health plans are reimbursed the ***entire*** non-federal share of cost for all EPSDT-eligible services in excess of the expenditures made by each county for such services during FY 1994/95. However, the ***funding agreement that implemented the EPSDT mental health benefit is subject to the annual state budgetary process.***

When specialty mental health services were consolidated under a federal waiver in 1997-98, county mental health plans assumed the responsibility to provide these services to all Medi-Cal children and youth meeting the medical necessity criteria, in addition to the SED population already being served.

Another lawsuit against the state, filed in 1998, resulted in the approval of a new EPSDT supplemental specialty mental health service for the Medi-Cal program called Therapeutic Behavioral Services (TBS). As a result of this second lawsuit, counties were required to expand EPSDT services to include the new TBS benefit. Since these services were not included in the original realigned services, new SGF are provided to MHPs as a match for these services as well.

As a result of both lawsuits, more children became eligible for this federal entitlement program. Consequently, both enrollment and the scope of services provided under the program grew. Despite the fact that counties were urged by the state and the courts to expand services to this population, state budget problems caused concern about the cost of the EPSDT program growth. In the 2002-03 State Budget Act, the Governor administratively imposed a 5% share of cost to county mental health plans for growth in the EPSDT program for mental health services to children -- after the Legislature had rejected the proposal. If MHPs exceed the EPSDT baseline for growth, which now includes TBS, counties must pay the 5% local match for the state's share of cost. Counties contend that the shifting of a state responsibility for the cost of EPSDT growth to county MHPs is inappropriate..

The EPSDT benefit was designed to be a comprehensive set of services with a broad definition of medical necessity. Its purpose is to identify and correct illnesses and conditions early, for the purpose of curtailing more serious problems later in life. *County MHPs were instructed to implement this benefit along these very broad lines.*

Further, state DMH conducts regular audits of county MHPs, and monitors for expenditures that appear to be higher or lower than the statewide average. The pressure to expand access and services while remaining cognizant of total spending is perceived by some stakeholders as putting county mental health plans in a double bind.

Counties' continuing commitment is that children and youth meeting medical necessity criteria receive the mental health care they need to grow and develop, consistent with federal and state requirements for EPSDT. In order to continue to provide mental health services and improve the quality of life for children, youth and their families, the Legislature and the Governor must commit to fully funding EPSDT services in California.