



**BOARD OF SUPERVISORS
AGENDA LETTER**

Agenda Number:

Clerk of the Board of Supervisors
105 E. Anapamu Street, Suite 407
Santa Barbara, CA 93101
(805) 568-2240

Department Name: County Executive Office
Department No.: 012
For Agenda Of: October 4, 2022
Placement: Departmental
Estimated Time: 45 minutes
Continued Item: No
If Yes, date from: N/A
Vote Required: Majority

TO: Board of Supervisors

FROM: CEO Mona Miyasato, County Executive Officer
Contact Info: Terri Maus-Nisich, Assistant CEO

DocuSigned by:

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SUBJECT: California’s Advancing and Innovating Medi-Cal (CalAIM) Initiative

County Counsel Concurrence

As to form: N/A

Other Concurrence: N/A

Auditor-Controller Concurrence

As to form: N/A

Recommended Actions:

It is recommended that the Board of Supervisors:

- a) Receive and file a joint report on California’s Advancing and Innovating Medi-Cal (CalAIM) initiative from the County Executive Office and CenCal Health;
- b) Provide direction as appropriate; and
- c) Determine that the activity is not a “Project” subject to California Environmental Quality Act (CEQA) review per CEQA Guideline Section 15378(b)(4), the creation of government funding mechanisms or other government fiscal activities which do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment; and per CEQA Guideline Section 15378(b)(5), since the activity is an organizational or administrative activity of government that will not result in direct or indirect physical changes in the environment.

Summary Text:

California Advancing and Innovating Medi-Cal (CalAIM) is a new framework for how Medi-Cal services will be provided, developed and paid for. It is a historic State reform to better coordinate care across physical health, behavioral health and social services, and it will have significant impacts on the

operations and finances of County departments serving Medi-Cal recipients. The majority of CalAIM initiatives will be coordinated by the State Managed Care Plan, CenCal Health, and implemented in collaboration with the County Department of Behavioral Wellness (BWell) who oversees Santa Barbara County's Specialty Mental Health and Drug Medi-Cal plans. This item is on the agenda for the Board to receive a joint presentation on CalAIM from the County Executive Office (CEO) and CenCal Health.

Discussion:

This report presents information about CalAIM including anticipated impacts to County services, the initiative's scope and timeframe, and required partnership between CenCal Health and various County departments.

- *What is CalAIM?*

California Advancing and Innovating Medi-Cal (CalAIM) is a framework that encompasses a broad-based delivery system, program redevelopment, and payment reform across the Medi-Cal program. The intent is to offer Californians a more equitable, coordinated, and person-centered Medi-Cal delivery system to help people maximize their health and life trajectory. CalAIM will integrate Medi-Cal enrollees' care coordination and case management across physical health, behavioral health, and social service providers. This model focuses on integrated care for enrollees at various stages of risk and need.

The three primary goals of CalAIM are to:

1. Identify and manage comprehensive needs through whole person care approaches and social drivers of health.
2. Improve quality outcomes, reduce health disparities, and transform the delivery system through value-based initiatives, modernization, and payment reform.
3. Make Medi-Cal a more consistent and seamless system for enrollees to navigate by reducing complexity and increasing flexibility.

CalAIM envisions enhanced coordination, integration, and information exchange among managed care plans – in our case CenCal Health; physical, behavioral, community-based, and social service providers; and county agencies. It additionally requires the exchange of information about Medi-Cal enrollees, including an array of administrative, clinical, social, and human service information.

- *What are key components of CalAIM?*

- ***Behavioral Health Payment Reform***

The largest and most challenging CalAIM reforms primarily involve Specialty Mental Health Services and Drug Medi-Cal, which are operated by BWell. CalAIM's goal is to reduce the State and federal barriers imposed on counties by transitioning from a cost-based reimbursement model to a rate-based intergovernmental transfer model. This plan should decrease administrative effort, speed up reimbursements, and streamline the auditing process. Additionally, counties are working with the State to update documentation requirements, redefine medical necessity to increase access to reimbursable

services, and explore regional as well as non-contiguous regional opportunities. These payment reforms and behavioral health policy changes create risk if the County is not able to attain full cost recovery. It could require the County to reevaluate the Specialty Mental Health and Drug Medi-Cal program administration and operation structure.

The State has budgeted \$21.8 million in Behavioral Health Quality Improvement Program (BHQIP) incentive funds to assist counties with all of the above projects. BWell submitted their BHQIP Plan to Department of Health Care Services (DHCS) in Spring 2022. It was approved and BWell began competing plan objectives in Summer 2022. BWell is eligible for an initial \$250,000 in startup funds, and then the rest will be allocated based on services claims data from FY 2019-20 with a \$100,000 per-year minimum for each county that applied for the program.

It is also anticipated that the State will submit an Institutes of Mental Disease (IMD) waiver to the federal government in FY 2022-23. If granted, the IMD waiver would substantially increase access to inpatient mental and substance use disorder services throughout the state. BWell will be pursuing support for advocacy of the IMD waiver from the Board of Supervisors during the 2023 Legislative Platform process.

- ***Enhanced Care Management***

Enhanced Care Management (ECM) is a benefit reserved for the highest-need Medi-Cal enrollees to provide intensive care coordination. Managed Care Plans (MCPs) – CenCal Health for Santa Barbara County – will engage beneficiaries in a variety of settings, including at home or in shelters and create service linkages to community resources and providers. CenCal Health began ECM on July 1, 2022 and will act as the lead agency and contract with a network of providers in the County including Public Health and possibly BWell.

- ***Community Supports***

Community Supports are a new option for high-risk/high-need Medi-Cal members to provide wrap-around services to help them avoid hospital or skilled nursing facility services, among others. There are fourteen CalAIM Community Supports designed to be medically appropriate alternatives to traditional medical services, such as assistance with housing services, caregiver respite, food insecurity, and transitioning from nursing home care to the community. The fourteen Community Supports include programs the County currently operates or contracts for services with community providers, such as housing support services and sobering centers. Currently, County funding for these services are mostly grant or one-time sources coordinated through BWell, Community Services, and the County's American Rescue Plan Act (ARPA) Health and Human Services Recovery Plan. These current County programs could be shifted to, or enhanced by, CenCal Health funded CalAIM Community Supports.

MCPs choose which Community Supports they offer and are not required to provide all fourteen options. Moreover, MCPs may expand the number of Community Supports that they provide over time. On July 1, 2022, CenCal Health began medical respite and medically tailored meals. On January 1, 2023 they are adding housing transition services, housing tenancy and sustaining services, housing deposits, and sobering centers. The next opt-in period begins July 1, 2024 for which CenCal Health will evaluate additional support selections. The State created Community Supports as a solution to long-term health

inequities, especially among those who are unsheltered. Questions remain about statewide MCP capacity, State incentives, and the partnerships required to effectuate this vision.

- ***Providing Accessing and Transforming Health (PATH)***

The Providing Accessing and Transforming Health (PATH) component assists counties and other community providers that contract with MCPs to build the capacity to provide the ECM and Community Supports imagined under CalAIM. The PATH funding is dedicated for populations and communities that have been historically under-resourced and under-served, as well as for pre-release and post-release services for justice-involved adults and youth.

The County's Probation, Sheriff, and Social Services Departments are eligible for infrastructure, information technology (IT) systems, and technical assistance incentive funding to establish Medi-Cal enrollment procedures 90-days before release from institutions. Additionally, it is anticipated that BWell, Public Health, and community-based organizations will offer linkages to behavioral health appointments, ECM, and Community Supports at discharge from institutions. PATH Justice related projects begin January 1, 2023 and will be complete in 2024. These County Departments and CenCal Health are joining a PATH technical assistance collaborative offered by DHCS starting Fall 2022.

- ***Substance Use Disorder Services and Initiatives***

Building on the Drug Medi-Cal Organized Delivery System (ODS), these initiatives will increase treatment options for individuals with substance use disorder and include innovations such as peer support specialists, contingency management programs to reduce the use of stimulants, and access to short-term residential treatment options. These initiatives are optional for counties who wish to participate. Behavioral Wellness submitted peer support and contingency management plans to DHCS in Spring 2022 and plan to initiate these benefits in FY 2022-23.

- ***Supporting Coordination and Integration for Dual Eligibles***

A State goal has been to better coordinate coverage programs for the complex health care needs of individuals eligible for both Medi-Cal and Medicare ("dual eligibles"). CalAIM provides a unique kind of managed care plan that coordinates all benefits in one plan for eligible enrollees, including managed long-term services and supports. The Department of Social Services and CenCal Health will act as leads in this effort beginning January 1, 2024.

- ***Improve Dental Benefits***

The improved dental benefits create a statewide tool to identify risk factors of dental decay for all Medi-Cal children and authorize the use of silver diamine fluoride for children and certain high-risk populations. CalAIM will also include pay-for-performance initiatives to reward dental providers for focusing on preventive services and continuity of care. The State launched this in January 2022 and is the lead agency with local providers.

- ***Delivery System Transformation and Alignment***

CalAIM is built to coordinate the State's managed care delivery systems, including Medi-Cal Managed Care, Dental Managed Care and the Specialty Mental Health Services and Drug Medi-Cal Organized Delivery Systems run by counties. CalAIM allows DHCS to simplify and align the programs, enhance oversight through independent assessments and comparisons with the private market, and ensure network adequacy across systems.

The State will be piloting a fully integrated plan model with the potential of full integration of all managed care plans statewide in 2027. As part of this waiver, BWell may consolidate the Specialty Mental Health Services and Drug Medi-Cal ODS into one plan in 2023 or 2024. As a result, the County's healthcare delivery structures and payment models will drastically be impacted as CalAIM progresses.

- *What is the status of Federal approvals, anticipated funding and impacts, and timelines?*

California's federal healthcare waiver package comprised of Section 1115 demonstration and Section 1915(b) waivers, titled "CalAIM", was approved by the Centers for Medicare and Medicaid Services (CMS) on December 29, 2021 and are effective through December 31, 2026, subject to official federal approval letters and special terms and conditions. These federal waiver renewals collectively build upon the early steps initiated by the previous Section 1115 demonstration, known as Medi-Cal 2020 Waiver, to incorporate a population health approach into California's Medi-Cal program. The sweeping waiver package and State Plan amendments attempt to streamline Medi-Cal rules and improve overall health to the State's 14 million Medi-Cal enrollees.

As a joint state-federal program, Medi-Cal costs are shared between federal, state and local governments. State DHCS administers the Medi-Cal program. Federal funds currently support 70% of total Medi-Cal expenditures, followed by General Fund (20%) and other state and local funds (10%). California's budget for CalAIM is comprised of federal and State revenues. State revenues are used primarily as match to the federal contribution from Medicaid and Medicare and as initial implementation funding.

The State fiscal year (FY) CalAIM budget includes \$2.8 billion total funds (\$982.6 million general fund) in FY 2022-23, \$2.4 billion total funds (\$876.4 million general fund) in FY 2023-24, and \$1.6 billion total funds (\$500 million general fund) in FY 2024-25 to support CalAIM initiatives. The difference in State general funding to the overall yearly budget is comprised primarily of the federal and other State revenues.

Diverse mechanisms of CalAIM revenues to Santa Barbara will include direct funding allocations to MCP CenCal Health, direct funding allocations to Specialty Mental Health Services and Drug Medi-Cal ODS operated by BWell, incentive dollars to providers coordinated by CenCal Health and BWell, enhanced service rates and reimbursements, and technical assistance grants. Funding methods are diverse and payment structures will be modified, primarily for the Specialty Mental Health Services and Drug Medi-Cal ODS.

Questions remain about the role and funding to counties under CalAIM. Medi-Cal MCPs' role is expanding and they are tasked with complex case management, access to non-medical services and supports, collaboration and contracting with county and community-based organizations, and population health management, in addition to their current role as health care providers. It is unclear how some

CalAIM policy changes will be reimbursed to counties and required data sharing will occur. Data sharing in particular is a challenge due to pre-existing federal and State rules related to protecting personal identifiable information (PII) and HIPAA. Counties continue to work with advocate partners, including MCPs, to participate in federal reimbursement and incentive funding as well maintaining a critical part in service provision to the safety net population. The active lead position of the MCP and strong partnerships with the community and County are important in the success of CalAIM.

- *What is the County's project management structure for implementation?*

County departments are managing anticipated opportunities and navigating various impacts to their systems of care. As a result, in early 2022, the County Executive Office created a CalAIM Leadership Team sponsored by the Assistant CEO and coordinated by the Health and Human Services (HHS) Principal Analyst which capitalized on the existing Interagency Policy Council structure in place to coordinate among the HHS departments. The Leadership Team is comprised of key HHS Department Heads and county staff representatives with subject matter expertise, such as housing, behavioral health, and public health. Specialized workgroups were launched in Spring 2022 that focused on IT systems and the justice population. The workgroups created project management tools and a venue for shared learnings and coordination amongst Departments. Representatives in these groups are providing connections, linkages, and support to community partners and providers, such as CenCal Health, as DHCS progresses in launching new CalAIM projects and activities. This structure will continue to serve as a coordinating body.

- *What are the key initiatives and timelines for MCPs and Counties?*

CalAIM implementation was originally scheduled to begin in January 2021, but was delayed due the impact of the COVID-19 public health emergency. As a result, implementation began on January 1, 2022 and is anticipated to conclude in 2026.

CenCal Health acts as the lead MCP administrator for majority of the CalAIM initiatives. CenCal Health's implementation timeline for enhancements to their operations and finances will directly benefit Medi-Cal clients who are currently served by County departments or possibly provide additional funding to the County or their network of providers to operate new programs.

During the first part of 2022, CenCal Health and BWell as lead agencies started implementing projects following the DHCS' anticipated timelines. DHCS continues to update their timelines and communicates regularly with stakeholders as initiatives evolve.

CenCal Health's key initiatives and timelines:

- Mandatory Managed Care Enrollment ~ started January 1, 2022
- Standardized Managed Care Benefits ~ started January 1, 2022 thru January 1, 2023
- Enhanced Care Management ~ started July 1, 2022
- Community Supports and Incentive Payments ~ started July 1, 2022
- Population Health Management ~ January 1, 2023
- Mandatory Application for Justice-involved Persons ~ January 1, 2023
- Statewide Managed Long Term Support Services (D-SNP) ~ January 1, 2025
- National Committee for Quality Assurance Accreditation for MCPs ~ January 1, 2026

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- Full Integration: Physical, Behavioral, and Dental Health ~ January 1, 2027
- Long-term Plan for Foster Care ~ TBD

County Departments' key initiatives and timelines:

Behavioral Wellness -

- Drug Medi-Cal ODS Program Renewal and Services ~ started January 1, 2022
- Update to Behavioral Health Medical Necessity and Criteria ~ started January 1, 2022
- Update Behavioral Health No Wrong Door Policy Streamlining Screening and Tools ~ guidance January 1, 2022, implementation of new tools January 1, 2023
- Behavioral Health Quality Improvement Plan ~ started July 1, 2022
- Justice Involved Discharge Coordination to Behavioral Health Appointments ~ January 1, 2023
- Serious Mental Illness/Serious Emotional Distress Demonstration (IMD Waiver) ~ 2023 or 2024
- Behavioral Health Payment Reform ~ July 1, 2023
- Integrated Specialty Mental Health Services and Drug Medi-Cal ODS ~ July 1, 2027

Safety Departments and the Departments of Social Services and Public Health are identifying all key impacts, primarily focused on Enhanced Care Management, and monitoring DHCS' PATH Justice package. Public Health anticipates launching Enhanced Care Management by contracting with CenCal Health in Fall 2022. The Department of Community Services has collaborated with CenCal Health to align the Continuum of Care's Homeless Housing, Assistance, and Prevention Program (HHAP) Plan to new State homelessness incentive funds called Housing and Homelessness Incentive Program (HHIP) and are completing a spending plan by October 2022. County Departments will continue to partner with the lead agencies, CEO, community stakeholders, and the State during implementation.

- *What are challenges going forward?*

As CalAIM progresses, the County will face opportunities and challenges. Implementation will require healthcare infrastructure "readiness" for systems reform including modernized and integrated IT systems, capacity building of county-wide healthcare workforce, and a strong partnership with CenCal Health due to anticipated changes in service delivery options. These include new contractual obligations for Managed Care, Mental Health and Substance Use Plans, such as requiring competitive procurement for services, accreditations, and reimbursement payment restructuring.

The County has invested initial funding for integrated IT systems and healthcare staff care coordination through ARPA for no wrong door systems and care coordination, high utilizer identification and management, and housing and homelessness services. These efforts will assist County Departments assess individuals utilizing the highest levels of resources with complex conditions in Departments, enable the sharing of data for client care and create analytics on the overall design of service delivery models, and provide housing services.

Fiscal and Facilities Impacts: N/A

Departments will return to the Board with specific budget requests during the initiative period.

Authored by:

CalAIM

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