



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: Behavioral Wellness
Department No.: 043
For Agenda Of: November 7, 2023
Placement: Administrative
Estimated Time: N/A
Continued Item: No
If Yes, date from:
Vote Required: Majority

TO: Board of Supervisors
FROM: Department Antonette Navarro, LMFT, Director
Director(s) Department of Behavioral Wellness, (805) 681-5220
Contact Info: Chris Ribeiro, Chief Financial Officer
Department of Behavioral Wellness, (805) 681-5220
SUBJECT: California Department of Health Care Services Intergovernmental Transfer Agreements for Drug Medi-Cal Organized Delivery System Services and Specialty Mental Health Services

County Counsel Concurrence

As to form: Yes

Auditor-Controller Concurrence

As to form: Yes

Other Concurrence: Risk Management

As to form: Yes

Recommended Actions:

That the Board of Supervisors:

- a) Approve, ratify, and authorize the Director of the Department of Behavioral Wellness, or designee, to execute an Intergovernmental Transfer Agreement (Contract #21-10034) for the transfer of public funds to the California Department of Health Care Services (DHCS) to fund the county nonfederal share of Medi-Cal payments for Drug Medi-Cal Organized Delivery System (DMC-ODS) services furnished by the County, for the period of July 1, 2023 through December 31, 2026 (Attachment A);
- b) Approve, ratify, and authorize the Director of the Department of Behavioral Wellness, or designee, to execute an Intergovernmental Transfer Agreement (Contract #22-20133) for the transfer of public funds to DHCS to fund the county nonfederal share of Medi-Cal payments for Specialty Mental Health Services (SMHS) furnished by the County, for the period of July 1, 2023 through December 31, 2026 (Attachment B); and
- c) Determine that the above actions are government funding mechanisms or other government fiscal activities that do not involve any commitment to any specific project which may result in a potentially significant physical impact on the environment and are therefore not a project under the California Environmental Quality Act (CEQA) pursuant to section 15378(b)(4) of the CEQA Guidelines.

Summary Text:

This item is currently before the Board of Supervisors for authorization to execute two Intergovernmental Transfer Agreements with the California Department of Health Care Services (DHCS), for the period of July 1, 2023 through December 31, 2026. These involve the transfer of public funds to DHCS to fund the county nonfederal share of Medi-Cal payments for Drug Medi-Cal services and specialty mental health services furnished by the County.

Background:

On June 22, 2023, DHCS issued Behavioral Health Information Notice No. 23-026 regarding County Behavioral Health Intergovernmental Transfers (IGT). As a component of California Advancing and Innovating Medi-Cal (CalAIM) Behavioral Health Payment Reform, DHCS is required to design and implement an IGT-based payment methodology to replace the existing certified public expenditure-based reimbursement methodology for Medi-Cal Specialty Mental Health Services (SMHS), Substance Use Disorder Treatment Services, Expanded Substance Use Disorder Treatment Services, and for costs incurred by counties to administer those benefits. In the context of CalAIM Behavioral Health Payment Reform, an IGT is a transfer of funds from a county to DHCS, to be held in a County Fund Account (CFA), and used as the county portion of the nonfederal share of payments to the county for Medi-Cal covered Behavioral Health Services.

In any month in which the CFA balance is less than the amount necessary to fund the county nonfederal share of approved claims in that claim file, the County agrees to transfer funds in an amount necessary to fund the county nonfederal share of approved claims. DHCS will withhold payment of claims for any month triggering this provision until the necessary funds are received. Upon receipt of these funds, DHCS will credit the funds to the County's CFA and release the applicable claim file for payment. In order to avoid the possibility of an insufficient balance condition, Behavioral Wellness will monitor, on a monthly basis, the balances via the DHCS distributed monthly account balance statement for each CFA.

The funds transferred by the County will be used exclusively to fund the county's nonfederal share of Medi-Cal payments associated with the provision of Drug Medi-Cal services or specialty mental health services. The funds transferred that constitute the county nonfederal share, together with the applicable federal financial participation and State funds, will be paid by DHCS to the County's Drug-Medi-Cal delivery system or specialty mental health delivery system.

Fiscal and Facilities Impacts:

CalAIM Payment Reform has transitioned Medi-Cal funding for Mental Health and Substance Use Disorder services from a certified public expenditure (CPE) method to an IGT method. There is no anticipated direct financial impact of this change. The IGT method does remove the requirement for annual cost report settlements so the possibility of audit settlement occurring several years or more following the close of the fiscal year (as was present under the CPE method) is eliminated with this transition.

Key Contract Risks:

Failure of the County to timely transfer funds in accordance with the IGT agreements may place federal Medicaid funds at risk. In the event of a disallowance or deferral of federal funds related to the allowability of funds transferred, DHCS will be held harmless from any such deferral or disallowance of federal funds, and associated federally-imposed interest if applicable. If, after conferring with the County, DHCS determines that the disallowances and deferral cannot be cured through the provision of alternate public funds, the County will be responsible for refunding the federal portion of that disallowance or deferral to DHCS.

Special Instructions:

Please email one (1) minute order to Bethany Le at bethle@sbcbswell.org and to the BWell Contracts Division at bwellcontractsstaff@sbcbswell.org.

Attachments:

Attachment A: DHCS IGT Agreement for Drug Medi-Cal Services (Contract #21-10034)

Attachment B: DHCS IGT Agreement for Specialty Mental Health Services (Contract #22-20133)

Authored by:

Bethany Le