



Human Services Alliance of Contra Costa



Behavioral Health Collaborative of Alameda County



Behavioral Health and Recovery Services Contractors' Association of San Mateo County



February 9, 2023

Brian Fitzgerald, Chief, Local Government Financing, DHCS
Michelle Cabrera, Executive Director, CBHDA
Amie Miller, Executive Director, CalMHSA

Dear State and County Partners,

We are writing to request an urgent meeting with the Department of Health Care Services (DHCS), CBHDA, and CalMHSA representatives. As County MHPs have been communicating with our member provider organizations about CalAIM Payment Reform, we are seeing wide variation across the state regarding budget information requested, the timeline for a response, and how the requested information will be utilized to develop provider rates for 2023-24. While our member organizations want to be responsive to these requests, we are concerned that the lack of statewide consistency in approach will result in an inability to meet the state and counties' network adequacy requirements and potentially result in the erosion of entitlements.

Below are some of the key concerns that we believe must be addressed. Our coalition would like to discuss how we can partner with the state and counties to ensure that the broad goals of CalAIM are met and that community behavioral health services are not put at risk. We have proposed solutions for ensuring that the

Payment Reform timeline is met, while providers and counties have the necessary time to have thoughtful and thorough processes in the development of contracts and rates.

Lack of Transparency of County Rates and Rate Methodology – As we have discussed previously, we continue to be concerned that the County MHP/SUD rates and DHCS rate methodology have not been made public. This has been an ongoing request from our coalition that has continued to be unaddressed, despite the agreement between DHCS and the provider coalition that rates and rate methodology will be made public.

Lack of Information on Transfer from HCPCS to CPT Codes and Associated Rates - The methodology being used by some MHPs to ensure that the CPT code rates designed actually cover the full projected costs for providers is not clear or transparent. There are many questions that providers have about how specific items such as travel time, outreach and engagement, and the full range of program types and how these will be addressed through the CPT conversion (e.g., STRTPs, mobile crisis teams, school-based mental health).

Impact of Inflation and Labor Market Changes - Though the state has provided direction to counties to maximize rates and contracts in order to draw down increased FFP, most counties have failed to address the impact of inflation on costs over the past two years. Many of the rate models, including our experience with the model used by CalMHSA to collect data in 2022, have been based on historical costs and cost reports from FY 20-21. Although there has been some acknowledgement by CalMHSA of the need to adjust costs for labor inflation, there has been minimal recognition by MHPs of the impact of inflation on workforce and operating costs.

Requests for Information - Last year at this time, our coalition requested a process for the state and counties to develop provider rates, including hiring a third party to assist with this task. We understood the complexity of this situation and the amount of time it takes for County MHPs to assess rates and develop new contracts with providers. In some counties, providers are now receiving requests for highly detailed budget information for FY 2023-24 from MHPs with requirements to respond within less than two weeks, and in some cases as little as three to five days.

Lack of Specific Support for Smaller Providers - Many smaller providers (particularly SUD, and those in rural communities) have not received the technical assistance and support needed to make the significant shifts in preparation for Payment Reform. A statewide plan to support these providers is not apparent but will be essential to ensuring stability for these organizations.

The critical need to design and implement Payment Reform at the local level with an assurance that contracted providers' projected costs will be covered for future years is clear. Without a high level of engagement, discussion, and understanding of the service delivery details, the risk of losing providers is high. This will impact the public behavioral health system at large. We are deeply concerned about the ability of many County MHPs/SUDs to successfully develop rates and contracts, and implement CPT codes by July 1, 2023. If CalAIM rates for providers are not properly and adequately established, the current workforce crisis will be made far worse, and the systems of care will experience grave depletion of access to care, at a time when the behavioral health needs of communities are escalating.

We look forward to meeting as quickly as possible to ensure that the provider community, the County MHPs, and DHCS are moving this effort forward aligned on CalAIM goals and implementation.

Sincerely,

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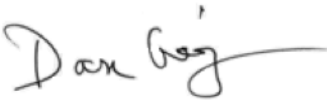


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