



SUMMARY OF MEETING
Substance Use Disorder Drug MediCal
Waiver Advisory Group
California State Association of Counties Conference Center
1020 11th Street, Sacramento
April 30, 2014

Waiver Advisory Group Members in attendance:

Karen Baylor, DHCS
Marlies Perez, DHCS
Molly Brassil, CMHDA
Kelly Brooks, CSAC
Sherry Daley, CAADAC
Veronica Kelley, San Bernardino County
Steve Kaplan, San Mateo County
Jason Kletter, COMP

Judith Martin, CSAM, (SFDPH)
Steve Maulhardt, COMP (Aegis)
Dr. David Pating, CSAM
Tom Renfree, CADPAAC
Al Senella, CAADPE
Darren Urada, UCLA
Jerry Wengard, Riverside County

Overview

The Department of Health Care Services (DHCS) is seeking an 1115 Demonstration Waiver for the Substance Use Disorder Drug Medi-Cal (DMC) Program. The overall purpose of the Waiver is to create a model that will provide an Organized Delivery System of Substance Use Disorder (SUD) services. The Waiver Advisory Group convened two all-day meetings to discuss the elements to be included in the Waiver. The goal of the last day was to discuss the gaps in the current DMC rate setting method and explore other financing options.

Overview of DMC Rate Setting – Anthony Ortiz

Anthony Ortiz and Rob Maus from DHCS provided a thorough overview of the current system for DMC rates by presenting three hands-outs:

- Proposed Drug Medi-Cal Rates for FY 2014-15
- FY 2014-15 DMC Rate Analysis
- FY 2014-15 Narcotic Treatment Program (NTP) Developed Rates

The stakeholders recommended constructing the Waiver to make essential systematic changes and demonstrate a new policy on rates. Discussion centered on how the current rate calculation is based on a cost driven system with identifiable gaps. Stakeholders were concerned that the current system

limits the ability to improve quality since the funding is not available to provide the resources necessary to raise the bar. While many felt that cost report training is essential for counties/providers to realize the implications of reporting actual costs, due to the time lag in the system, it would take years to see any substantial shift in the current funding calculations. There were strong recommendations to demonstrate a rates system which paid actual costs for SUD services instead of relying on the current rate calculation method. Stakeholders advocated to pursue a funding methodology which is based on total system competence where cost savings are seen in the rest of the system.

Other Financing Models – Don Kingdom

Don Kingdom, Deputy Director for County Mental Health Directors Association, provided a detailed county perspective on current funding for mental health service, DMC funding and additional funding possibilities for the Waiver:

- Three funding possibilities currently exist:
 - Fee For Service (FFS)
 - Capitation
 - Case Rate
- States can ask for a different reimbursement rate structure in a Waiver than what is in the State Plan Amendment.
- With the ACA, the “F Map” incentives may be an advantage if the Waiver can demonstrate how the state will contain costs.
- Mental Health has a Waiver that started in FY 2012-13 which is based on actual costs. Counties are then able to negotiate rates with their providers. Preliminary data has shown that the new rates system has been promising; however, more time is needed to evaluate the overall effectiveness.
- The requirements of Prop 30 need to be considered when establishing the new rates structure.

Stakeholders discussed the various elements of the Fee for Service, Case Rate and Capitation options. There were also discussions related to the certified public expenditure and Inter-Governmental Transfer (IGT).

Next Steps

DHCS provided a summary of the Waiver related activities where DHCS needs to make decisions. The key areas of the Terms and Conditions include identifying the services, delivery of services, county role, state role, financing, evaluation in addition to the interaction with federal partners. DHCS is compiling the input from the stakeholders, researching ideas brought forward from the Waiver Advisory Group and drafting the Terms and Conditions of the Waiver. After the draft Terms and Conditions are complete in approximately two months, DHCS will send out the draft to the stakeholders. DHCS will schedule the next WAG meeting once stakeholders have the draft Terms and Conditions.

All stakeholders were encouraged to submit comments to: MHSUDStakeholderInput@dhcs.ca.gov