State of California—Health and Human Services Agency
Department of Health Care Services

TOBY DOUGLAS
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

April 1, 2013

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CALIFORNIA BRIDGE TO REFORM DEMONSTRATION (11-W-00193/9): MEDICAID ALTERNATIVE BENEFIT PLAN OPTIONS ANALYSIS TO INFORM DECISIONS REGARDING BEHAVIORAL HEALTH SERVICE PLAN DEVELOPMENT

Dear Ms. Gerrits, Mr. Nelb, and Ms. Nagle:

Enclosed is the *Medicaid Alternative Benefit Plan (ABP) Options Analysis* prepared by Mercer with technical assistance from the Department of Health Care Services (DHCS) with funding from the California HealthCare Foundation (CHCF) and The California Endowment.

Mercer worked with DHCS to assess Medicaid ABP options available as required by the Patient Protection and Affordable Care Act (ACA) for the newly eligible optional expansion in 2014. The Technical Assistance Collaborative, Inc. (TAC) and the Human Services Research Institute (HSRI) provided behavioral health service utilization projections and cost estimations. TAC/HSRI also developed with DHCS the *California Mental Health and Substance Use System Needs Assessment*, delivered

March 1, 2012. Manatt Health Solutions assisted in providing policy guidance. Mercer worked with DHCS, Manatt, TAC and HSRI to identify Medicaid ABP options and to establish guidelines and principles for assessing these options. Mercer developed a series of summary documents to compare benefits across potential Medicaid ABP options.

This analysis was designed to provide relative cost comparisons between the ABP options with the least and most comprehensive benefits and projected costs of both options through state fiscal year (SFY) 2020. Medi-Cal was selected as the most comprehensive coverage available among the four options, though not necessarily in each service coverage category. The Anthem Choice plan appeared to represent the least comprehensive coverage available among the four options. These established the "bookends" of the Medicaid ABP Cost Estimate. After consultation with legislative staff and advocates in early March, Mercer is considering a number of minor analytical changes that may change the final estimates. DHCS will share the final Mercer ABP report when completed.

The purpose of this options analysis is to provide California policy makers and stakeholders with information regarding the Medicaid ABP options. In carefully considering various options, this document is an essential component and will be a key factor in developing the final Service Plan.

The Section 1115 Bridge to Reform Demonstration Special Terms and Conditions (STCs) paragraph 25.d requires the completion of a Behavioral Health Services Plan which will describe, at a high level, California's recommendations for serving the Medi-Cal expansion population as well as demonstrate the State's readiness to meet the mental health and substance use disorder needs of this population.

In October 2012, when we originally requested the revised April 1, 2013 due date for this deliverable, the State of California and the Centers for Medicare and Medicaid Services (CMS) had anticipated that the Administration and the Legislature would have made decisions regarding which benefit package and delivery system California had chosen for the optional Medicaid expansion population. As of the date of this letter, the Administration, Legislature and counties are still actively exploring benefit package and delivery system options, and several key decisions remain to be made by both the Administration and the Legislature that will directly affect the Service Plan.

Once those decisions are made, DHCS will incorporate them into the Service Plan, which will provide a high level overview of the selected benchmark benefit package, benefit delivery system(s), projected costs, and levels of utilization as well as the concurrent implementation strategies for financing, enrollment, quality oversight/monitoring, access, and work force development. DHCS will require several

months to complete a reasonable stakeholder review, incorporate edits and receive final approval within the Administration of this Service Plan.

DHCS greatly appreciates the flexibility that CMS has provided in allowing our submission of the *Medicaid Alternative Benefit Plan (ABP) Options Analysis* on April 1, 2013 and a subsequent Service Plan on or before October 1, 2013.

If you or your staff have any questions or need additional information regarding this report, please contact Brian Hansen, Health Reform Advisor, at (916) 319-8518.

Sincerely,

Toby Douglas
Director

Enclosure

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