



Transition Plan: Update

Transfer of the Medi-Cal Specialty Mental Health Services from the Department of Mental Health to the Department of Health Care Services, effective July 1, 2012.

Department of Health Care Services

January 19, 2012

Overview

Assembly Bill (AB) 102 (Chapter 29, Statutes of 2011) transfers the administration of Medi-Cal Specialty Mental Health Services from the Department of Mental Health (DMH) to the Department of Health Care Services (DHCS), effective July 1, 2012. The law required DHCS to submit a written transition plan to the fiscal and applicable policy committees of the Legislature no later than October 1, 2011. DHCS submitted the transition plan as required, and it is available on the DHCS website.

[Click here](#) to review the transition plan, or visit the DHCS website at the following address: <http://www.dhcs.ca.gov/services/medi-cal/Pages/Medi-CalMentalHealth.aspx> for more information about the program transfer.

As described in the October 1, 2011 transition plan, DHCS committed to providing bimonthly updates beginning November 15, 2011. The updates will provide further detail on current and future transition activities and describe progress throughout this transition year.

DHCS released the first update on November 15, 2011. This second bimonthly update focuses on DHCS and DMH's progress in meeting specific key transition plan milestones since the November update and does not discuss milestones or activities that the two departments expect to conduct later in the fiscal year. The update may not discuss milestones with a target date beyond December 2011, or address previously completed milestones. Future bimonthly updates will report on milestones for which there is reportable progress.

DHCS is committed to continuing ongoing stakeholder engagement and welcomes comments through a regularly monitored email address designated specifically for that purpose. Please provide any comments to DHCSMHMEDI-CALTRANSFER@DHCS.CA.GOV.

Note: Effective September 1, 2011, almost 120 individuals transferred from DMH to DHCS in preparation for the July 2012 transfer of programs. While they still work in DMH offices and have reporting responsibilities to DMH management, they are now part of the DHCS team. There are several places in this update that refer to "DHCS-DMH" staff, and in these cases, it means the former DMH staff who are transitioning to DHCS.

Key Milestones – Part A

Milestone #3 – Ensure stakeholder engagement

During the transition period:

- A. By November 2011, identify those transition activities that require stakeholder input and identify appropriate stakeholders
- B. By December 2011, determine how the stakeholder process(es) will continue to inform and guide the transition during various stages

Status: This milestone is partially complete. DHCS-DMH staff has successfully completed and documented the initial stages of a community mental health stakeholder process and distributed a summary grid of the stakeholder recommendations to DHCS transition team staff. The grid will guide DHCS regarding next steps related to addressing current stakeholder concerns, as well as, determining the appropriate vehicles for ongoing stakeholder involvement. DHCS-DMH and DHCS staff will complete review of the draft summary and will meet in January to discuss next steps related to ongoing stakeholder involvement.

Ongoing:

- C. By November 2011, identify all current DMH stakeholder groups, purpose, meeting frequency and associated mandates.

Status: This milestone is complete. Identification of stakeholder groups has taken place and DHCS-DMH staff has crosschecked the names of organizations and individuals, to ensure accuracy.

Milestone #4 – Development of stakeholder communication plan

By November 2011, develop a stakeholder communication plan to assure regular communications during the transfer and inform stakeholders of upcoming transfers of major functions

Status: This milestone is delayed until February 2012. DHCS and DHCS-DMH staff successfully completed and documented the initial stages of a community mental health Medi-Cal stakeholder process. This documentation is posted on the DHCS website. DHCS and DHCS-DMH transition team members are currently reviewing the draft summary of stakeholder recommendations as discussed above. The summary will assist in guiding the development of a stakeholder communication plan.

Milestone #5 - Recruit and Hire Deputy Director and Division Chief

By September 2011, develop a duty statement and begin recruitment. DHCS intends to have the new Deputy Director in place well before July 1, 2012, to provide

critical leadership during the transition of staff and programming.

Status: This milestone is partially complete. DHCS developed the duty statement for the Deputy Director of Mental Health and Substance Use Disorder Services and posted it to the DHCS website on September 14, 2011. DMH also posted contact information on its website. DHCS has requested assistance from stakeholders in sharing information about the recruitment and arranged for several national mental health organizations to post the Deputy Director's duty statement on their websites. Several national organizations sent the duty statement directly to their membership. DHCS will continue the recruitment until it finds a well-qualified candidate.

Milestone #6 – Stakeholder Recommendations

Analyze, categorize and prioritize stakeholder recommendations from the July – September process. By December 2011, begin assessment of the recommendations for feasibility and to determine priority.

Status: This milestone is partially complete. DHCS-DMH and DHCS staff have met to outline the process for analyzing, categorizing and prioritizing stakeholder recommendations. DHCS-DMH staff compiled all stakeholder recommendations and categorized them by subject area and the initial draft is under review by DHCS transition team members. There will be subsequent discussions among staff to identify the priority of items and the stakeholders to engage in discussion, and DHCS staff will follow with outreach to stakeholders.

Milestone #7 – Staff Meetings for Identification of Major Issues and Risks

By November 2011, meet with staff of each major operational and program area coming to DHCS to identify major issues and risks to consider and address during the transfer.

Status: This milestone is partially complete. DHCS management across several administrative and programmatic divisions have met with most DHCS-DMH program staff to identify major issues and risks to consider and address during the transition. A meeting with remaining DHCS-DMH program staff will take place in mid-January.

DHCS-DMH staff completed a grid identifying the major problems and backlogs, major challenges/ risks and plans to eliminate or mitigate the backlog and/or problems to consider and address during the transfer. Senior DHCS-DMH managers will use the grid to inform their new DHCS Deputy (and senior manager) of jurisdiction of the identified issues.

Milestone #8 – Flow Charting and Process Improvement of Key Functions and Processes

By December 2011, list each function to transfer and identify the key associated

processes for flow-charting and process improvements. Examples include, but are not limited to: claims processing; cost settlements; fiscal audit processes and overlaps; chart audits; development timelines for flowcharting the above items; etc.

Status: This milestone is partially complete. The DHCS Office of Internal Audits coordinated the process by which it listed each function to transfer and flow chart using Internal Audit staff and program subject matter experts. Staff completed the flowcharting current processes in October 2011 and finalized review and approval in December 2011. Flowcharts are available on the website and staff has begun securing program summaries to assist in identifying and documenting potential efficiencies. Both departments are identifying which processes should involve stakeholder input before making any changes. The IT project team is working closely with the technical groups at DHCS, DMH, and Otech to explore different options and alternatives to ensure the best solution for the transfer of Medi-Cal Systems and sub-systems

Milestone #12 – Identification of Points of Contact within DMH and DHCS

By November 2011, identify the points of contact within DMH and DHCS for consultation with counties regarding specific Medicaid regulatory, policy and other critical county and stakeholder business and operational issues.

Status: This milestone is partially complete. DHCS has determined where the transitioning DHCS-DMH staff/functions fit in the newly created Mental Health Services Division and existing divisions, e.g. Audits and Investigations, IT, etc. As staff and functions assume new reporting relationships (which will occur incrementally over the next 4-5 months), the Department will make clear the new points of contact within DHCS for consultation on specialty mental health issues. The current points of contact within DHCS-DMH will remain the same as they have been under the former DMH structure, until the reporting relationships are fully transferred.

Milestone #13 – Organizational Placement of Transferred Functions and Staff

By October 2011, complete identification of organizational placement for each transferred DMH function and the reporting and supervisory relationships of staff associated with those functions.

Status: This milestone is complete. Executive and senior management staff of both departments met to identify all transferred functions and the related staff. DHCS is assigning former DMH staff with duties specific to existing divisions within DHCS to those respective divisions, e.g. Information Technology Services and Audits & Investigations (A&I). DHCS has assigned remaining DHCS-DMH staff to the newly created Mental Health Services Division.

Milestone #16 – Implement Fully Executed Mental Health Plan (MHP) Contracts

By June 2012, coordinate with DMH and the County Mental Health Directors' Association to finalize MHP contract boilerplate.

Status: This milestone is partially complete. DHCS will use the DMH county mental health plans (MHP) contract boilerplate in developing the DHCS MHP contract to be effective July 1, 2012. DMH-DHCS and DHCS staff developed draft boilerplate language to ensure compliance with federal and state laws and regulations for the DMH contracts with county mental health plans. DMH provided the draft proposed MHP contract to the California Mental Health Directors Association (CMHDA) who reviewed and provided feedback with proposed revisions. Staff are reviewing the proposed revisions and finalizing the contract boilerplate.

Milestone #17 – Assess Non-MHP contracts

- A. By October 2011, DMH will provide a list and copies of all current contracts associated with administration of Medi-Cal specialty mental health services to DHCS
- B. By November 2011, identify status of contracts and determine procurement or "assignment" needs
- C. By November 2011, determine which contracts require CMS approval

Status: This milestone is partially complete. DMH provided an updated list of contracts. DHCS program staff will begin the assignment process for all existing bid service contracts with DHCS Office of Legal Services (OLS) and coordinate assignment efforts with DMH Administration/Contracts staff. The assignment process will include determination of which contracts require CMS approval. DMH and DHCS are meeting to collaborate and strategize on program assignments and next steps.

Milestone #18 – Identification of Critical Outstanding Workload

Prior to April 2012, identify critical outstanding workload. Examples include:

- Fiscal Audits
- PASRR LV II evaluations
- Cost settlements
- 2nd Level TAR appeals and lawsuits
- EPSDT chart reviews and use of extrapolation
- Transfer of PASRR responsibilities to acute care hospitals (vs. NFs)
- System reviews
- Chart reviews
- Medi-Cal Clinic certifications and re-certs, etc.

Status: This milestone is partially complete. DHCS-DMH staff developed a comprehensive grid identifying major backlogs, major challenges/ risks and plans to eliminate or mitigate the backlog and/or challenges/risks. Senior DHCS-DMH managers will use the grid for tracking and reporting to their new

DHCS Deputy. The grid is currently under review.

Milestone #19 – Legal Issues and Court Decisions

By January 2012, DMH and DHCS will finalize an Interagency Agreement

Status: This milestone is partially complete. During November and December, DHCS OLS and DMH legal staff had preliminary discussions concerning the revision of an Interagency Agreement (IA). DHCS and DHCS-DMH staff are assessing the identified areas of responsibility within the IA and will determine if any type of agreement is still needed. Preliminary assessment indicates that there is no need for an IA or other types of agreement.

Milestone #20 – Medicaid State Plan

By December 2011:

- DHCS will determine whether changes are necessary to the State Plan
- DHCS will develop timeline for writing and submitting any necessary State Plan Amendment.

Status: This milestone is partially complete. DHCS staff have reviewed sections of the Medicaid State Plan related to Specialty Mental Health Services to determine which changes are necessary. Submittal of State Plan Amendment(s) should occur no later than March 30, 2012 for Centers for Medicare & Medicaid Services (CMS) approval. Proposed changes are under review.

Milestone #21 – Specialty Mental Health Services Consolidation Waiver

- By December 2011, DHCS will determine which changes are necessary to the Waiver
- By February 2012, DHCS will submit any waiver amendments to CMS

Status: This milestone is partially complete. DHCS staff have completed a draft document identifying changes needed in the Waiver and has begun drafting the waiver amendments. For example, the Waiver describes the roles and responsibilities of DHCS and DMH in administration of the program, and these roles will change significantly effective July 2012. DHCS will submit the amendments to CMS for approval.

Milestone # 23 - Assure Maintenance of Cultural Competence Requirements for MHPs

- By December 2011, identify current contractual requirements
- By December 2011, identify processes used by DMH in assuring compliance

Status: This milestone is partially complete. DHCS has identified current contractual and regulatory requirements for cultural competency. The DMH Office of Multicultural Services works with county Cultural Competence/Ethnic Service Managers to produce a cultural competence plan. Policies for

assuring MHP accountability for cultural competence currently exists pursuant to DMH Information Notice No. 10-02, the Cultural Competence Plan Requirements (CCPR). . Although the January 2012 Governor's Budget proposes the merger of the Office of Multicultural Services into the Department of Public Health's new Office of Health Equity, DHCS staff will collaborate and coordinate with the staff of this new office to identify any required changes to align DHCS policy in this area and assure maintenance of these requirements.

Key Milestones – Part B

Project Management:

The administrative project management team developed the DHCS/DMH Transition Project chart to track the major administrative processes and key milestones associated with the transfer of Medi-Cal Related Specialty Mental Health Services from DMH. Major categories identified are Communications, Human Resources, Fiscal Management, Information Technology, Facilities & Space Planning, Flow Charting, and Training. [Click here](#) to view the chart. (Please note: The red vertical line in the chart identifies progress to date.)

Staff Meetings:

DHCS has delayed the New Employee Orientation mentioned in the November 15, 2011 update, to ensure the inclusion of the additional employees identified to transition to DHCS as noted in the Governor's Budget. The New Employee Orientation will be rescheduled at the appropriate time. On December 13, 14, and 15, DHCS conducted executive-level coaching for senior managers and executive staff – those transitioning from DMH and those receiving staff at DHCS titled: Crucial Conversations.

DHCS Liaison:

DHCS's Transition Liaison continues to hold daily office hours at the Bateson Building, participates in meetings, and provides on-site services to the transitioning employees.

Intranet:

DHCS continues to link information as it becomes available – this ensures that all employees are kept up-to-date with the latest information relating to the transition and reorganization.

Telecommunications, Leased Facilities, and Contract Management:

The November 15, 2011 update reported that the Program Support Branch (PSB), Telecommunications and Leased Facilities Unit (TLFU) and Audits & Investigations (A&I) presented the relocation plans for A&I's Oakland and Norwalk field offices at a staff meeting for new DHCS employees. In addition, PSB/TLFU completed its review of available space in the East End Complex (EEC). Since the last update, PSB/TLFU received the final determination where DHCS-DMH staff would physically

reside within DHCS. TLFU prepared preliminary recommendations on a restack plan; however, it is reevaluating the plan in consideration of recently updated information.

The Oakland relocation of staff from the 11th floor to existing space on the 4th floor in the Oakland field office located at 1515 Clay Street was completed on December 17, 2011. The Norwalk relocation of staff from the Metropolitan State Hospital facility to the Santa Ana field office located at 1020 Civic Center Plaza is still pending completion; however, as noted in the November 15, 2011 update, the move-in date Occupancy notice is dependent on the Department of General Services (DGS). The Real Estate Services Division of DGS was recently the project. However, DHCS/PSB is still awaiting approval of the move-in date Occupancy notice.

DHCS received an updated list of DMH contracts on November 21, 2011, and CMU posted information on a DMH/DHCS Transition Intranet site. DHCS Programs should begin the assignment process for all existing bid service contracts with DHCS OLS and coordinate assignment efforts with DMH Administrative/Contract staff. As a follow-up to the November meeting and subsequent receipt of an updated contracts list, PSB/CMU has scheduled a meeting with OLS and DHCS Programs in January. PSB/CMU will provide any guidance or direction as necessary. PSB/CMU previously recommended that this process should begin no later than February 2012.

Information Technology Services:

The IT transition team has successfully moved all e-mail accounts from DMH to DHCS. The team moved programs and business areas' computer files to the DHCS network. The DHCS, Client Technology Unit (CTU) on-site staff continue to provide support to all former DMH transitioning staff. The IT transition team is installing new printers and has workstations on order.

The IT transition team has hired new project management staff consultants and is meeting daily and weekly. The team is also drafting several project and technical documents and has submitted a Request for Offer (RFO) to hire an IT Systems Migration team.

ITSD anticipates having a contract in place with the Vendor for the migration technical team in early January, 2012. The project core team continues to work collaboratively with the business areas, stakeholders and technical teams for all systems. The systems were prioritized by the impact of the business needs and have been addressed accordingly to ensure business continuity after the June 30, 2012.

Migrating the webpages and contents are part of the IT migration effort and is on schedule.

Human Resources and Labor Relations:

The DHCS Budget Section completed the necessary technical budget building processes to transfer 102 DMH staff/positions to DHCS on paper effective September 1, 2011. In addition, the DHCS Budget and Accounting sections developed a fiscal coding structure to identify the budget and expenditures related to

the mental health programs associated with this transfer.

DHCS Human Resources secured all necessary employment records for the employees that transferred from DMH to DHCS. DHCS Human Resources is providing all human resources-related support services including consultation to program staff on development of the new organizational structure, position classifications, and any change to the essential functions of the transferring positions. On an as needed basis, DHCS Labor Relations staff has been meeting with union representatives for the transferring employees and program management to address any and all employee transfer concerns. DHCS Labor Relations is ensuring that the departments provide transferring employees with adequate notice of physical moves from one facility to another facility.