

The California Behavioral Health Community-Based Continuum Demonstration

CONCEPT PAPER – EXECUTIVE SUMMARY
NOVEMBER 2022



Executive Summary

California is facing a growing mental health crisis that worsened during the COVID-19 pandemic. Prior to the pandemic, one in 13 children in California was living with a serious emotional disturbance (SED). Since the pandemic, California hospitals are reporting significant increases in the number of adolescents seeking psychiatric treatment in emergency departments, as well as long waitlists for psychiatric inpatient beds for children and adolescents.^{1,2} For adults, the situation is similarly serious. Nearly one in 20 adult residents in California is living with a serious mental illness (SMI), and the evidence continues to mount that individuals who are experiencing or at risk of homelessness and those involved in the justice system experience high rates of untreated mental illness and/or substance use disorder (SUD).³ Even so, approximately one-third of individuals who are enrolled in Medi-Cal and living with SMI do not receive any Medi-Cal specialty mental health services (SMHS).⁴

In light of these trends, the Newsom administration has made unprecedented investments in the behavioral health system for California, including in services for children and youth regardless of payor, multibillion-dollar housing and homelessness initiatives, expansion of the crisis system through implementation of 988 and development of a mobile crisis services benefit in Medi-Cal, and a new framework – the Community Assistance, Recovery and Empowerment (CARE) Court – to connect people struggling with untreated mental illness with a court-ordered CARE Plan for up to 24 months.

The California Department of Health Care Services (DHCS) intends to build on these investments by pursuing a new Medicaid Section 1115 demonstration to expand access to and strengthen the continuum of mental health services for Medi-Cal beneficiaries living with SMI and SED. The demonstration, known as the California Behavioral Health Community-Based Continuum (CalBH-CBC) Demonstration, takes advantage of the Centers for Medicare & Medicaid Services' (CMS) guidance and associated federal funding aimed at improving care for people living with SMI and SED. The guidance outlines an opportunity to secure federal financial participation (FFP) for services delivered during short-term stays in Institutions for Mental Disease (IMDs) as part of a

¹ Wiener, Jocelyn, "Stranded in the ER: Can California change its treatment of kids in crisis?" Cal Matters, September 27, 2021. Available at <https://calmatters.org/health/2021/09/children-suicide-residential-treatment-crisis-california/>.

² Johnson, Ronnetta, "Increased suicide rates among young people demand our attention," *LA Times*, September 9, 2021. Available at <https://www.latimes.com/socal/daily-pilot/opinion/story/2021-09-09-commentary-increased-suicide-rates-among-young-people-demand-our-attention#:~:text=Our%20children%20are%20vulnerable&text=A%20CDC%20study%20published%20in.and%20under%20rose%20in%202020.>

³ Treatment Advocacy Center, "Serious Mental Illness and Homelessness," September, 2016. Available at: <https://www.treatmentadvocacycenter.org/storage/documents/backgrounders/smi-and-homelessness.pdf>.

⁴ DHCS, "Assessing the Continuum of Care for Behavioral Health Services in California." Available at <https://www.dhcs.ca.gov/Documents/Assessing-the-Continuum-of-Care-for-BH-Services-in-California.pdf>.

broader effort to establish a full continuum of care for beneficiaries living with SMI and SED. IMDs are designated psychiatric facilities with more than 16 beds that are otherwise excluded from Medicaid reimbursement; they can include Short-Term Residential Therapeutic Programs (STRTPs) for children and youth involved in child welfare.

This demonstration opportunity is similar to California’s historic commitment to creating a full continuum of care for SUD treatment and recovery services; in 2015, California launched the Drug Medi-Cal Organized Delivery System (DMC-ODS), a first-in-the-nation model that has been emulated in many other states. Like DMC-ODS, this opportunity allows California to make historic investments in building out the full continuum of care for behavioral health, with a special focus on the populations most at risk.

With the CalBH-CBC Demonstration, DHCS’ central goal is to leverage this opportunity to expand a robust continuum of behavioral health care services to Medi-Cal members living with specialty mental health needs, including connections to housing and social supports. Many elements of such a continuum are already in place and are being expanded through recent investments. However, as described in DHCS’ comprehensive 2022 Assessment of California’s behavioral health system, *Assessing the Continuum of Care for Behavioral Health Services in California* (2022 Assessment), a number of major gaps remain, particularly for children and adolescents (including those involved in child welfare), individuals living with SMI or SED who are experiencing or at risk of homelessness and individuals who are justice-involved.

Box 1: Key Issues and Opportunities Identified in California’s 2022 Report *Assessing the Continuum of Care for Behavioral Health Services in California*⁵

- **Community-based treatment, including crisis care.** It is critical to have a comprehensive approach to behavioral health treatment that includes a robust continuum of crisis services (e.g., 988 Crisis Line, Mobile Crisis and CalHOPE) and emphasizes community-based treatment and supports (e.g., Supported Employment and linkages to Community Supports, affordable housing and permanent supportive housing), and prevention (e.g., Children and Youth Behavioral Health Initiative).
- **Children and youth.** More treatment options (e.g., multisystemic therapy) are vital for children and youth living with significant mental illness and SUDs, including those involved in child welfare (e.g., activity stipends).

⁵ DHCS, “Assessing the Continuum of Care for Behavioral Health Services in California; Data, Stakeholder Perspectives, and Implications,” January 10, 2022. Available at <https://www.dhcs.ca.gov/Documents/Assessing-the-Continuum-of-Care-for-BH-Services-in-California.pdf>.

- **Evidence-based practices.** More can be done to ensure that evidence-based and community-defined practices (e.g., Assertive Community Treatment) are used consistently and with fidelity.
- **Justice-involved populations.** Building a system to effectively address the behavioral health needs – and related housing, economic and physical health issues – of the most vulnerable, including individuals who are justice-involved (e.g., Forensic Assertive Community Treatment), at risk of or experiencing homelessness (e.g., rent), and severely impaired (e.g., Community Assistance, Recovery and Empowerment (CARE) Court) is critical.

To address those gaps and establish a robust continuum of care consistent with the 2018 CMS guidance, California proposes to implement the CalBH-CBC Demonstration as early as January 2024. The Demonstration includes five key components designed to strengthen the continuum of care to Medi-Cal beneficiaries across the state with significant behavioral health needs:

- **Strengthening the statewide continuum of community-based services** and evidence-based practices available through Medi-Cal for individuals living with SMI or SED, leveraging concurrent funding initiatives, including clarifying coverage requirements for evidence-based practices for children and youth.
- **Supporting statewide practice transformations** and improvements in the county-administered behavioral health system to better enable counties and providers to strengthen the continuum of community-based services and evidence-based practices; to improve the quality of care delivered in residential and inpatient settings; and to strengthen transitions from these settings to the community, including:
 - developing Centers of Excellence (COEs);
 - offering incentives to counties for expanding quality improvement infrastructure and improving performance on quality measures;
 - providing statewide tools to connect beneficiaries living with SMI/SED to appropriate care;
 - promoting and standardizing the quality of care in residential and inpatient settings; and
 - increasing coordination with wraparound supports and services, including housing supports.
- **Improving statewide county accountability** for meeting service improvement requirements and implementing new benefits through incentives, robust technical assistance and oversight.
- **Establishing a county option to enhance community-based services** through coverage of specific evidence-based practices that can reduce the need for institutional care and improve outcomes, particularly for individuals who are

justice-involved or who are experiencing or at risk of homelessness. These services, which counties can cover on a voluntary, opt-in basis as indicated include:

- Assertive Community Treatment (ACT);
 - Forensic Assertive Community Treatment (FACT);
 - Coordinated Specialty Care (CSC) for First Episode Psychosis (FEP);
 - Supported Employment;
 - Community Health Worker Services; and
 - Rent/Temporary Housing for beneficiaries who meet the access criteria for SMHS, DMC and/or DMC-ODS services and who are homeless or at risk of homelessness, including individuals transitioning from institutional care, leaving incarceration, and youth transitioning out of the child welfare system.
- **Establishing a county option to receive FFP for services provided during short-term stays in IMDs**, contingent on counties meeting robust accountability requirements. These requirements include ensuring that care is provided in an institutional setting only when medically necessary and in a clinically appropriate manner; the county offers a full array of enhanced community-based services; and the county reinvests any new Medi-Cal funding into community-based care.

The demonstration will expand and strengthen the Medi-Cal behavioral health system for individuals living with SMI or SED over a five-year period. As befits a demonstration aimed primarily at expanding community-based care, much of the proposed expansion is for clarifying and improving services for individuals residing in the community, including children and adolescents, individuals experiencing or at risk of homelessness and justice-involved individuals. To ensure the new resources are used to expand services, counties will be required to expend new funding from the demonstration on Medi-Cal behavioral health service provision, quality improvement or capacity expansion.

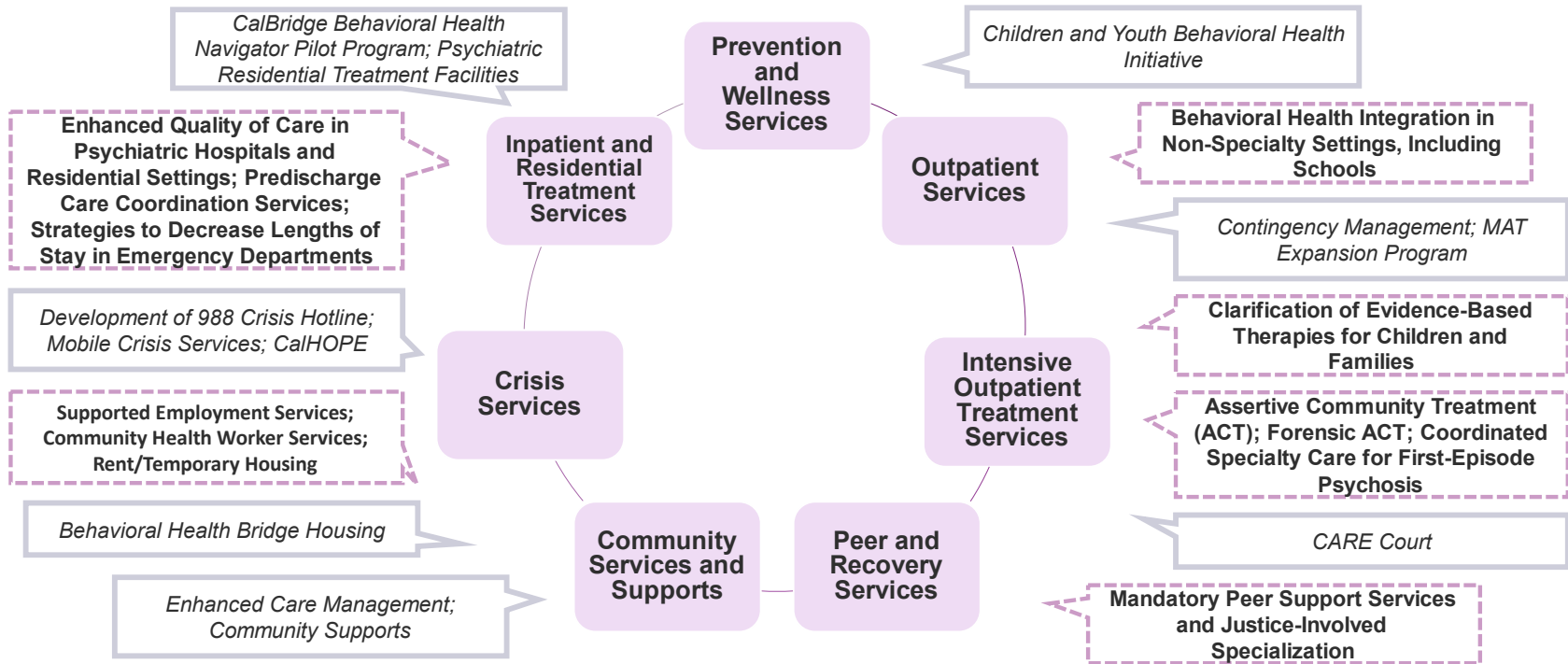
In developing the proposed design, DHCS included strategies aimed at building out elements of the continuum of care where gaps remain, such as the need for more intensive outpatient services, community services and supports, peer support services and, in limited circumstances, residential or inpatient care. Figure 1 demonstrates how key components of the demonstration will work with existing initiatives to build out the continuum of care for individuals living with SMI/SED. Appendix 1 adds more details about California's other ongoing behavioral health investments and initiatives. DHCS intends to deploy strategies under the CalBH-CBC Demonstration to improve care for the underserved populations identified in the 2022 Assessment: children and youth, and adults living with SMI who are justice-involved and/or experiencing or at risk of homelessness. For example, counties that opt to receive FFP for short-term stays in IMDs must provide ACT, FACT, Supported Employment, Community Health Worker

Services, Peer Support Services, and up to six months of rent/temporary housing for beneficiaries who meet the access criteria for SMHS, DMC and/or DMC-ODS services and who are homeless or at risk of homelessness, including individuals leaving incarceration.

Stakeholders are encouraged to review the concept paper and provide comments via email to CalBHCBC@dhcs.ca.gov no later than January 13, 2023, to inform the development of the demonstration application. Stakeholders also will have the opportunity to respond to and comment on a complete draft of the demonstration application before it is submitted to CMS.

Figure 1: Building Out the Continuum of Care for Individuals Living with SM/SED

Key: Proposed CalBH-CBC Demonstration initiatives are in **bold with purple outline**. Existing initiatives are *italicized*.



Note: This depiction does not identify all ongoing initiatives; additional details about California's other initiatives and investments in behavioral health are detailed in Appendix 1. Some of the proposed CalBH-CBC Demonstration features are specific to counties that opt in to receive FFP for care provided during short-term stays in IMDs.

Figure 2: Key Components of the CalBH-CBC Demonstration Proposal

Key Demonstration Components				
Statewide			County Options	
Strengthen Continuum of Community-Based Services	Support Practice Transformations	Improve Statewide County Accountability for Medi-Cal Services	Option to Enhance Community-Based Services⁶	Option to Receive FFP for Short-Term Stays in IMDs
<ul style="list-style-type: none"> • Clarification of Coverage Requirements for Evidence-Based Practices for Children and Youth: <ul style="list-style-type: none"> ○ Multisystemic Therapy ○ Functional Family Therapy ○ Parent-Child Interaction Therapy ○ Potentially Additional Therapeutic Modalities 	<ul style="list-style-type: none"> • Statewide Centers of Excellence • Statewide Incentive Program • Statewide Tools to Connect Beneficiaries Living with SMI/SED to Appropriate Care • Promotion and Standardization of Quality of Care in Residential and Inpatient Settings 	<ul style="list-style-type: none"> • Transparent Monitoring Approach • Establishment of Key Performance Expectations and Accountability Standards in County Mental Health Plan Contract • Streamlined Performance Review Process 	<ul style="list-style-type: none"> • Assertive Community Treatment • Forensic Assertive Community Treatment • Supported Employment • Coordinated Specialty Care for First-Episode Psychosis • Community Health Worker Services⁷ • Rent/Temporary Housing for Up to Six Months for Beneficiaries Who Meet Access Criteria for SMHS, 	<ul style="list-style-type: none"> • FFP for Short-Term Stays in IMDs • Requirement to Provide All Enhanced Community-Based Services for Beneficiaries Living with SMI/SED • Incentive Program for Opt-In Counties • Other CMS Requirements Related to Accreditation and ED Strategy

⁶ For individuals under 21, counties already must provide all medically necessary services under the EPSDT mandate. In addition, elements of many of these services are covered as part of existing Medi-Cal benefits even if they are not currently billed as a bundled service. The Cal BH-CBC Demonstration will not remove or reduce any existing requirements for covered benefits.

⁷ To support county behavioral health outreach and engagement.

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Strengthen Continuum of Community-Based Services	Support Practice Transformations	Improve Statewide County Accountability for Medi-Cal Services	Option to Enhance Community-Based Services⁶	Option to Receive FFP for Short-Term Stays in IMDs
<ul style="list-style-type: none"> • Cross-Sector Incentive Pool for Child Welfare Youth • Activity Stipends for Youth in Child Welfare • Initial Child Welfare/Specialty Mental Health Behavioral Health Assessment at Entry Point into Child Welfare 			DMC and/or DMC-ODS Services and Who are Homeless or at Risk of Homelessness, Including Individuals Transitioning from Institutional Care, Leaving Incarceration, and Youth Transitioning Out of the Child Welfare System	