

**Department of Health Care Services
Proposed Trailer Bill Legislation**

CalAIM Behavioral Health Payment Reform

FACT SHEET

Issue Title: CalAIM Behavioral Health Payment Reform: The Department of Health Care Services (DHCS) proposes to establish a continuously appropriated special fund, titled Medi-Cal County Behavioral Health Fund, to support the non-federal share of behavioral health services provided by counties under the implementation of the California Advancing and Innovating Medi-Cal (CalAIM) Behavioral Health Payment Reform initiative which transitions county behavioral health plans from a certified public expenditure (CPE) protocol to intergovernmental transfers (IGT).

Background: Under the CalAIM initiative, and pursuant to Welfare and Institutions Code Section 14184.403(b), DHCS will replace the current CPE reimbursement methodology with an IGT reimbursement methodology beginning July 1, 2023.

Justification for the Change: In order to appropriately transfer, track, and report IGT funding on a monthly basis to 56 county behavioral health plans, DHCS requests the creation of the “Medi-Cal County Behavioral Health Fund” to receive funds voluntarily provided by counties through IGTs to be used for the non-federal share amount to claim federal financial participation associated with CalAIM Behavioral Health Payment Reform. Given the volume of transactions, magnitude of the dollar amount, and the number of entities to be paid from this fund it is prudent to track and distribute this funding via a special fund and not through revenue codes or other mechanisms.

Sources for the IGTs include, but are not limited to:

1. The Behavioral Health Subaccount in the Support Services Account in the Local Revenue Fund 2011;
2. The Mental Health Subaccount in the Sales Tax Account, in the Local Revenue Fund;
3. The Mental Health Services Fund; and
4. County General Fund.

The May Revision amendments authorize DHCS, rather than the Department of Finance, to submit the offset and transfer schedule to the California State Controller (SCO). Additionally, the amendments further describe when DHCS will provide the transfer schedule to the SCO.

Summary of Arguments in support:

- Creating a new special fund aids the successful implementation of the CalAIM Behavioral Health Reform.
- The proposal allows counties to elect to authorize the SCO to transfer certain Mental Health Services Fund and Realignment funding into the Medi-Cal County Behavioral Health Fund, allowing for reduced administrative burdens to counties.

Medi-Cal Estimate PC# and Title: Regular PC 228 CalAIM – BH Payment Reform