



DATE: April 11, 2025

Behavioral Health Information Notice No: 25-011

TO:

California Alliance of Child and Family Services  
California Association for Alcohol/Drug Educators  
California Association of Alcohol & Drug Program Executives, Inc.  
California Association of DUI Treatment Programs  
California Association of Social Rehabilitation Agencies  
California Consortium of Addiction Programs and Professionals  
California Council of Community Behavioral Health Agencies  
California Hospital Association  
California Opioid Maintenance Providers  
California State Association of Counties  
Coalition of Alcohol and Drug Associations  
County Behavioral Health Directors  
County Behavioral Health Directors Association of California  
County Drug & Alcohol Administrators

SUBJECT: Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment Demonstration Option to Receive Federal Financial Participation for Specialty Mental Health Services in Institutions for Mental Diseases.

REFERENCES: Welf. & Inst. Code § 14184.400, subd. (c) and 14184.102, subd. (d)SMDL#18-011; [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#); and [BH-CONNECT Approval Letter Technical Corrections and Protocols, SMI Implementation Plan](#).

PURPOSE: To inform behavioral health plans (BHPs) of requirements to receive Federal Financial Participation (FFP) for short-term Specialty Mental Health Services (SMHS) delivered in Institutions for Mental Diseases (IMDs)

BACKGROUND:

The Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) initiative is designed to increase access to and strengthen the continuum of community-based behavioral health services for Medi-Cal members living with significant behavioral health needs. BH-CONNECT is comprised of a new five-year Medicaid Section 1115 demonstration, State Plan Amendments (SPAs) to

expand coverage of evidence-based practices (EBPs) available under Medi-Cal, and complementary guidance and policies to strengthen behavioral health services statewide.

This Behavioral Health Information Notice (BHIN) establishes the process for BHPs<sup>1</sup> that administer SMHS to participate in the BH-CONNECT option to receive FFP for mental health services provided to adult Medi-Cal members ages 21-64 during short-term stays in IMDs (hereafter “MH IMD FFP Program”), consistent with requirements set forth by the [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#) and the Centers for Medicare and Medicaid Services (CMS) in [State Medicaid Director Letter #18-011](#).<sup>2</sup> BHPs that opt into the MH IMD FFP Program, and BHPs that do not, remain subject to all existing requirements and obligations to cover and use county funding for medically necessary services provided to Medi-Cal beneficiaries in IMDs, including but not limited to obligations described in California Welfare & Institutions Code § 5600, et. seq., and BHIN [20-008](#).

**POLICY:**

Effective January 1, 2025, BHPs may opt in to the MH IMD FFP Program, which will authorize them to receive reimbursement, including FFP, for Medi-Cal-covered SMHS provided to adult Medi-Cal members ages 21 to 64 during short-term stays in residential or inpatient psychiatric settings classified as IMDs if they meet specified requirements.<sup>3</sup> Some specified requirements must be met by the BHP; other requirements must be met by participating IMDs as ensured by the contracting BHP.

FFP shall *not* be claimed under this program for services provided to members under age 21.<sup>4</sup>

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<sup>1</sup> Only BHPs that administer SMHS are eligible to participate in the MH IMD FFP Program. This program is limited to SMHS and does not include residential or inpatient SUD services covered under Drug Medi-Cal (DMC) or Drug Medi-Cal Organized Delivery System (DMC-ODS).

<sup>2</sup> Services provided to members residing in IMDs may be subject to payment exclusions pursuant to 1905(a)(30)(B) of the Social Security Act. To the extent that this BHIN conflicts with California provisions that reiterate these federal payment exclusions for members residing in IMDs, this BHIN shall control. All payment exclusions not subject to the MH IMD FFP Program shall remain in effect.

<sup>3</sup> [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#), (STC 8.5, p. 39).

<sup>4</sup> In accordance with the Early and Periodic Screening, Diagnostic and Treatment (EPSDT) mandate under Section 1905(r) of the Social Security Act, all counties, irrespective of their choice to opt into the MH IMD FFP Program, must ensure that all members under age 21 receive medically necessary services to correct or ameliorate health conditions that are coverable under Section 1905(a) of the Social Security Act. Nothing in this BHIN limits or modifies the scope of the EPSDT mandate. All counties are responsible for the provision of

### **MH IMD FFP Program Opt-In Requirements**

To opt in to the MH IMD FFP Program, BHPs must<sup>5</sup>:

1. Submit and receive Department of Health Care Services (DHCS) approval of an IMD FFP Plan; **and**
2. Provide a full suite<sup>6</sup> of SMHS EBPs on a timeline specified by DHCS; **and**
3. Ensure FFP reimbursement is claimed only for short-term stays in facilities that are licensed or accredited;<sup>7</sup> **and**
4. Meet accountability requirements to ensure that IMDs are used only when there is a clinical need and for no longer than necessary, using individualized, person-centered approaches, and that IMDs meet quality standards; **and**
5. Reinvest FFP reimbursement received for patient care services provided in IMDs to support community-based behavioral health service provision, quality improvement, or capacity expansion to benefit Medi-Cal members served by the BHP. Allowable reinvestment modalities must not duplicate concurrent funding initiatives, and may include, but are not limited to:
  - Providing additional Medi-Cal reimbursable behavioral health services;
  - Hiring additional behavioral health clinicians, providers and staff;
  - Investing in behavioral health quality improvement infrastructure; and
  - Enhancing provider payment rates (e.g., to build capacity and expand workforce).

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medically necessary services pursuant to the EPSDT mandate, including inpatient psychiatric services for individuals under the age of 21, pursuant to 1905(a)(16) and 42 CFR § 440.160. FFP may be claimed for such services if all state and federal requirements are met. Counties should refer to [BHIN 21-073](#) and any subsequent guidance or directives regarding medical necessity criteria for SMHS and [BHIN 22-003](#) and any subsequent guidance or directives regarding Medi-Cal SUD treatment services for beneficiaries under age 21.

<sup>5</sup> [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#), (STC 8.1, pp. 32-33).

<sup>6</sup> The “full suite” includes Assertive Community Treatment (ACT), Forensic Assertive Community Treatment (FACT), Coordinated Specialty Care for First Episode Psychosis (CSC for FEP), the Individual Placement and Support Model (IPS) of Supported Employment, Enhanced Community Health Worker (CHW) Services and Peer Support Services, including the Forensic Specialization.

<sup>7</sup> BHPs may identify a subset of IMDs within the service area that are eligible for FFP and meet the IMD-specific requirements for participation in the MH IMD FFP Program. A BHP’s service area may include IMDs within county borders and IMDs serving the BHP’s members in other counties. Not all IMDs within the county must meet Program requirements; services rendered by those that do not meet requirements will remain ineligible for Medi-Cal FFP under this Program.

### **Availability of FFP**

FFP shall only be claimed by BHPs for SMHS IMD treatment episodes of 60 days or fewer.<sup>8</sup> Treatment episodes of 61 days or more are not eligible for FFP under any circumstances; if a SMHS IMD treatment episode exceeds 60 days, FFP is not available for any day of the treatment episode. BHPs must ensure that medically necessary, covered services are provided to members for whom stays of more than 60 days are clinically indicated and must review the medical necessity and appropriateness of covered services delivered to all Medi-Cal members within the Participating Psychiatric Settings. In circumstances where a treatment episode exceeds 60 days, BHPs must use alternative funds to cover the full treatment episode and may not claim, receive, or retain FFP for any portion of the Medi-Cal member's IMD stay.

Facilities shall not, under any circumstances, discharge a member for the purpose of readmitting them to claim FFP. Each participating BHP shall monitor the readmissions rate for all treatment episodes for which the BHP claims FFP to ensure appropriate practices. BHPs are expected to provide care coordination and transitions to community-based care as well as crisis stabilization services to reduce readmissions.<sup>9</sup>

All participating BHPs shall monitor participating facilities to ensure an average length of stay (ALOS) of no more than 30 days among all of the SMHS IMD treatment episodes for which the BHP claims FFP. DHCS will calculate ALOS annually at minimum to ensure compliance with the requirement.<sup>10</sup> Only Medi-Cal enrolled members who have a SMHS IMD treatment episode for which FFP is claimed are included when calculating the ALOS.

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<sup>8</sup> CMS State Medicaid Director letter "Opportunities to Design Innovative Service Delivery Systems for Adults with a Serious Mental Illness or Children with a Serious Emotional Disturbance" ([SMD 18-011](#)) stipulates that FFP may only be claimed for services provided to members who are short-term residents in IMDs. The 60-day limitation is outlined in [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#), (STC 8.5, p. 39).

<sup>9</sup> One goal of BH-CONNECT demonstration is reduction of readmission. Readmissions will be reviewed by an independent evaluator to inform the overall MH IMD FFP Program budget neutrality analysis.

<sup>10</sup> Under STC 8.5 of the BH-CONNECT demonstration—subject to the CMS SMI/SED demonstration opportunity described in [SMD 18-011](#)- and the [CMS SMI/SED Demonstration Opportunity Technical Assistance Questions and Answers](#)—California must maintain a 30-day statewide average length of stay for members who receive covered IMD services. If the state cannot demonstrate that it is maintaining this 30-day average, the maximum length of stay eligible for coverage may be reduced from 60 days to 45 days. DHCS must report statewide ALOS to CMS annually within the Annual Monitoring Report, per [CMS SMI/SED Demonstration Opportunity Technical Assistance Questions and Answers](#).

### **IMD FFP Plan and Opt-In Process**

In advance of claiming FFP in the MH IMD FFP Program, BHPs must submit and secure DHCS approval of an IMD FFP Plan. A BHP cannot access FFP for care provided in IMDs until the BHP's IMD FFP Plan is approved by DHCS.

The BH-CONNECT IMD FFP Plan template and submission instructions are available at <https://www.dhcs.ca.gov/CalAIM/Pages/Opt-in-to-BH-CONNECT.aspx>.

Only one IMD FFP Plan is required per BHP for the duration of the demonstration and must be signed by the Behavioral Health Director or their designee.

Upon approval of the BHP's IMD FFP Plan, qualifying IMD stays may be claimed back to the date upon which the county can demonstrate coverage and utilization of both Peer Support Services and Enhanced CHW Community Health Worker Services, as described below. DHCS will release further guidance on documentation required to substantiate utilization of these services and eligibility for retroactive claiming.

DHCS will begin reviewing IMD FFP Plan submissions on April 30, 2025. BHPs may submit IMD FFP Plans to opt into the demonstration on a rolling basis.

### **Coverage of BH-CONNECT EBPs**

BHPs that opt in to the MH IMD FFP Program must cover and implement all of the following BH-CONNECT EBPs as SMHS:<sup>11</sup>

- Enhanced Community Health Worker (CHW) Services
- Peer Support Services, including the Forensic Specialization<sup>12</sup>
- Assertive Community Treatment (ACT) and Forensic ACT (FACT)  
Coordinated Specialty Care (CSC) for First Episode Psychosis (FEP)  
The Individual Placement and Support Model (IPS) of Supported Employment

The timeline required for BHPs to implement EBPs in order to claim FFP is shown in Table 1. BHPs must also complete the EBP opt-in process described in BHIN 25-009 prior to commencing coverage of Enhanced CHW Services, ACT, FACT, CSC and IPS Supported Employment.

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<sup>11</sup> Clubhouse Services are also available as part of the BH-CONNECT EBPs but are not required to opt into the MH IMD FFP Program. Independent of the MH IMD FFP Program, BHPs and DMC programs may cover some or all of the BH-CONNECT EBPs in any combination. Additional information about coverage of BH-CONNECT EBPs is available in BHIN 25-009.

<sup>12</sup> Effective July 2022, Peer Support Services are available as an optional benefit in the SMHS, DMC and DMC-ODS delivery systems. BHPs that opt to cover the full suite of BH-CONNECT EBPs must also agree to cover peer support services including the forensic specialization, using the process described in [BHIN 22-026](#) or subsequent guidance.

<b>Table 1. Full Suite of BH-CONNECT EBPs</b>	
<b>Service</b>	<b>Implementation Timeline</b>
Enhanced CHW Services	Prior to claiming FFP for IMD stays
Peer Support Services	Prior to claiming FFP for IMD stays
Peer Support Services with Forensic Specialization	Within 1 year of claiming FFP for IMD stays
ACT	Within 1 year of claiming FFP for IMD stays
FACT	Within 2 years of claiming FFP for IMD stays
CSC for FEP	Within 2 years of claiming FFP for IMD stays
IPS Supported Employment	Within 3 years of claiming FFP for IMD stays
Clubhouse Services	Not Required

**Licensure and/or Accreditation**

There are three types of hospitals and residential treatment settings for which BHPs may receive FFP under the MH IMD FFP Program, hereafter referred to as “Participating Psychiatric Settings”.<sup>13</sup>

- Mental Health Rehabilitation Centers (MHRCs)<sup>14</sup>
- Psychiatric Health Facilities (PHFs)
- Freestanding Acute Psychiatric Hospitals (APHs)

BHPs must ensure the Participating Psychiatric Settings are licensed or otherwise authorized by the State to provide primarily mental health treatment and must ensure ongoing compliance with state licensing and certification requirements, including through unannounced visits.<sup>15</sup> Participating Psychiatric Settings that are not certified as meeting the conditions for participation in 42 CFR Part 482 shall be accredited by a

<sup>13</sup> The FFP for IMD Program is not available for individuals under 21. Qualified Residential Treatment Programs (QRTPs) are not included in the FFP for IMD Program. For additional information on QRTPs, see [BHIN 21-055](#). As required pursuant to EPSDT, medically necessary inpatient psychiatric services and residential treatment for youth under 21 remain covered by Medi-Cal.

<sup>14</sup> For purposes of claiming FFP, treatment episodes in MHRCs are subject to the 60-day limit and 30-day ALOS benchmark described above. Given existing trends of longer lengths of stay in these settings, BHPs shall exercise discretion in selecting MHRCs for participation in this program, and shall carefully monitor length of stay requirements.

<sup>15</sup> [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#), (STC 8.3(c)(i)(2) p.34), pursuant to CMS SMI/SED demonstration opportunity requirements described in [SMD 18-011](#).

nationally recognized accreditation entity in addition to meeting state licensure requirements. BHPs shall ensure that Participating Psychiatric Settings have obtained licensure and/or accreditation prior to claiming FFP under the MH IMD FFP Program.

### **Billing and Claiming**

The Short Doyle and CA-MMIS Medi-Cal claiming systems will be updated to allow BHPs to submit claims under the MH IMD FFP Program. BHPs shall not submit claims under the MH IMD FFP Program until DHCS provides additional claiming guidance and confirms systems updates are in place to claim for these services.

Once systems updates are in place and DHCS has approved the BHP's IMD FFP Plan, BHPs may begin to submit claims under the MH IMD FFP Program. BHPs may submit claims for services retroactively, back to the date upon which the county can demonstrate it provided coverage of both Peer Support Services and Enhanced Community Health Worker Services in SMHS,<sup>16</sup> provided that claim is submitted within twelve months of the date of service.<sup>17</sup> BHPs shall not submit claims applicable to the MH IMD FFP Program for payment until the end of an eligible member's stay to ensure claims are not submitted for members with a length of stay greater than 60 days.

Participation in the MH IMD FFP Program does not alter existing rate structures or claiming requirements, including timely claim submission requirements. BHPs will receive the same rates for qualifying IMD stays that are available for comparable, non-IMD-excluded residential or inpatient services as detailed below:

- For qualifying treatment episodes in MHRCs and PHFs, BHPs shall claim the established rates for services provided in these facility types.
- For qualifying treatment episodes in Freestanding APHs, BHPs shall claim the established rates for services provided in APHs pursuant to SPA 23-0045 and subsequent rate guidance.

BHPs must adhere to all applicable claiming and documentation requirements, as described in this BHIN, [BHIN 22-017](#), [BHIN 23-068](#), and all other state and federal guidance. Member and provider contact post-discharge, as described below, should be claimed using appropriate outpatient codes. Participating Psychiatric Settings may submit claims for eligible stays that occur within the duration of the demonstration, from initial eligibility through the demonstration end date of December 31, 2029.

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<sup>16</sup> The requirements for Enhanced CHW Services will be described in forthcoming guidance.

<sup>17</sup> DHCS SMHS Billing Manual, May 2024 (Section 5.8, p. 41)

### **Program Accountability Requirements**

BHPs are responsible for oversight and accountability for the SMHS<sup>18</sup> provided in Participating Psychiatric Settings and shall perform the accountability requirements described in this section. The accountability requirements ensure quality of care, improve care coordination and support transitions to community-based care, and tailor services to member needs.

BHPs are required to describe how they will meet the following accountability requirements in their IMD FFP Plans.

- 1. Screenings.**<sup>19</sup> BHPs must ensure Participating Psychiatric Settings screen all admitted members for co-morbid physical health conditions, substance use disorders and suicidal ideation, and demonstrate the capacity to address co-morbid health conditions during short-term stays in these treatment settings with on-site staff, telemedicine, and/or partnerships with local physical health providers.
- 2. Discharge Planning.**<sup>20</sup> BHPs must ensure Participating Psychiatric Settings carry out extensive pre-discharge planning and include community-based providers in care transitions by providing a written aftercare plan to the member prior to discharge from the facility. Planning shall include and document coordination of care with the Medi-Cal Managed Care Plan (MCP) according to joint processes established within the Memorandum of Understanding between MCPs and BHPs.

The written aftercare plan shall include, to the extent known:

- The nature of the illness and follow-up required.
- Medications including side effects and dosage schedules.

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<sup>18</sup> Medicaid covered MH services provided in IMDs are referred to in the STCs as “SMI Services,” and in Medi-Cal include the full range of otherwise covered SMHS. In addition to complying with the MH IMD FFP Program Accountability Requirements outlined in this section, BHPs must ensure that SMHS covered as part of the MH IMD FFP Program comply with all applicable Medi-Cal requirements.

<sup>19</sup> [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#) (STC 8.3(c)(i)(6), pp. 34-35), pursuant to CMS SMI/SED demonstration opportunity requirements described in [SMD 18-011](#).

<sup>20</sup> [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#) (STC 8.3(c)(ii)(1), p. 35), pursuant to CMS SMI/SED demonstration opportunity requirements described in [SMD 18-011](#).

- If the patient was given an informed consent form with their medications, the form shall satisfy the requirement for information on side effects of the medications.
- Expected course of recovery.
- Recommendations regarding treatments that are relevant to the patient's care.
- Referrals to providers of medical and behavioral health services.
- An assessment of the member's housing situation, particularly when discharging members who have previously experienced homelessness, are likely to experience homelessness, or may be returning to unsuitable/unstable housing, and referrals to community-based housing services providers when needed and available.<sup>21</sup>
- Other relevant information.

Further, BHPs must ensure Participating Psychiatric Facilities comply with the following requirements:

- Assertive discharge planning after psychiatric hospitalization with a risk of death by suicide.<sup>22</sup> Assertive discharge planning is person-centered, focused, tailored to specific support needs, and is highly participatory. It may include:
  - Immediate access to structured clinical interventions within a step-down level of care.
  - Appointments with primary care or other medical follow up.
  - Arranged access to prescription medications.
  - Family and support system engagement and psychoeducation.
  - Peer support engagement.
  - Vocational or educational support.
  - Crisis response planning.
  - Risk factor analysis and safety contracting.
  - Strategies to address social determinants of health.
  - Articulated preferred methods for proactive system outreach within the first hours or days following discharge.
- Compliance with standards and specifications associated with Electronic Notification requirements in accordance with 42 CFR 482.61(f), as specified in the CMS Interoperability and Patient Access final rule.

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<sup>21</sup> [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#) (STC 8.3(c)(ii)(2), p. 35), pursuant to CMS SMI/SED demonstration opportunity requirements described in [SMD 18-011](#).

<sup>22</sup> [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#) (STC 8.3(c), p. 162), pursuant to CMS SMI/SED demonstration opportunity requirements described in [SMD 18-011](#).

- Coordination of behavioral health services including:
    - Admission, discharge, and transfer notifications from acute care hospitals, psychiatric hospitals, state hospitals, and skilled nursing facilities; and
    - Data sharing between Medi-Cal Partners, defined as any person or organization that provides Medi-Cal reimbursable health and social services to Medi-Cal members, including BHPs and MCPs.<sup>23</sup>
  - Service coordination with all applicable providers regardless of the provider's participation in Medi-Cal.
- 3. Member and Provider Contact Post-Discharge.**<sup>24</sup> BHPs must ensure that Participating Psychiatric Settings or the BHP contacts members and community-based providers within 72 hours of discharge to ensure that follow-up care is accessed. Contact should occur through the most effective means possible, which may include but is not limited to email, text messaging, and/or telephone calls. Participating Psychiatric Settings or BHPs may attempt multiple methods of contact.
- 4. Prevent or Decrease Length of Stay in Emergency Departments.**<sup>25</sup> BHPs must implement strategies to prevent or decrease the length of stay in emergency departments among members with Serious Mental Illness (SMI) or Serious Emotional Disturbance (SED). This may include the use of Peer Support Specialists, Enhanced Community Health Workers, and psychiatric consultants in emergency departments, and real-time data exchange capabilities such as event-based notifications to help with discharge and referral to treatment providers.

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<sup>23</sup> <https://www.dhcs.ca.gov/CalAIM/ECM/Documents/CalAIM-Data-Sharing-Authorization-Guidance.pdf>.

<sup>24</sup> [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#) (STC 8.3(c)(ii)(3), p. 35), pursuant to CMS SMI/SED demonstration opportunity requirements described in [SMD 18-011](#).

<sup>25</sup> [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#) (STC 8.3(c)(ii)(4), p. 35), pursuant to CMS SMI/SED demonstration opportunity requirements described in [SMD 18-011](#).

5. **Closed Loop Referrals<sup>26</sup> and E-Referrals.<sup>27</sup>** BHPs must ensure Participating Psychiatric Settings facilitate closed loop referrals and e-referrals. Implementation guidance will be forthcoming.
6. **Bed Tracking and Availability.<sup>28</sup>** BHPs must ensure Participating Psychiatric Settings participate in statewide tracking on the availability of inpatient and crisis stabilization beds in accordance with state and federal Health IT (HIT) Plan standards and regulations<sup>29</sup> upon DHCS launch of a bed capacity data solution as described in [Section 131420 of the Health and Safety Code](#), no later than December 31, 2026. Implementation guidance will be forthcoming.
7. **Assessments.<sup>30</sup>** BHPs must ensure a standardized assessment tool to determine appropriate level of care and length of stay is used by each Participating Psychiatric Setting. Guidance on allowable assessment tools will be forthcoming; prior to the release of DHCS guidance, BHPs must ensure that Participating Psychiatric Settings are using a standardized, validated level of care assessment tool but this tool does not need to be approved by DHCS.
8. **SMHS Analysis and Strategies to Increase SMHS Availability.** BHPs will be required to conduct an analysis of their SMHS utilization for both existing services and newly adopted EBPs. The analysis shall identify areas for improvement in the SMHS continuum of care, describe actionable strategies to strengthen provision of SMHS, and execute the plan to bolster the full SMHS continuum of care and improve utilization throughout the course of the demonstration. This requirement will go into effect no earlier than 2026 and further guidance will be forthcoming.

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<sup>26</sup> DHCS defines a Closed-Loop Referral (CLR) as a referral initiated on behalf of a Medi-Cal Managed Care Member that is tracked, supported, monitored and results in a Known Closure. A Known Closure occurs when a Member's initial referral loop is completed with a Known Closure reason such as the Member receiving services. Guidance and implementation requirements for behavioral health closed loop referrals are forthcoming.

<sup>27</sup> CMS defines e-referral as a CLR facilitated electronically.

<sup>28</sup> [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#) (STC 8.3(c)(iii)(3), p. 36), pursuant to CMS SMI/SED demonstration opportunity requirements described in [SMD 18-011](#).

<sup>29</sup> [eCFR: 42 CFR 495.332 -- State Medicaid health information technology \(HIT\) plan requirements](#).

<sup>30</sup> [BH-CONNECT Section 1115\(a\) Demonstration Special Terms and Conditions](#) (STC 8.3(c)(iii)(4), p. 36), pursuant to CMS SMI/SED demonstration opportunity requirements described in [SMD 18-011](#).

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IMD FFP Plans shall also describe how the BHP will reinvest FFP reimbursement received for patient care services provided in IMDs to benefit Medi-Cal members served by the BHP, as described on page 3 of this BHIN.

**Compliance Monitoring**

BHPs are responsible for ensuring accountability and compliance with program requirements applicable to the BHP as well as Participating Psychiatric Settings. DHCS will first evaluate BHP compliance through approval of the IMD FFP Plan as described above.

DHCS will continue to carry out its responsibility to monitor and oversee Medi-Cal behavioral health delivery systems and their operations as required by state and federal law. DHCS will monitor Medi-Cal behavioral health delivery systems for compliance with the requirements outlined above, and deviations from the requirements may require corrective action plans or other applicable remedies. This oversight will include verifying that services provided to Medi-Cal members are medically necessary, and that documentation complies with the applicable state and federal laws, regulations, the MHP contract, DMC State Plan contract, and the DMC-ODS Interagency Agreement. Recoupment shall be focused on identified overpayments and fraud, waste, and abuse.

Sincerely,

Original signed by

Ivan Bhardwaj, Chief  
Medi-Cal Behavioral Health – Policy Division

Enclosure (1)