



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



GAVIN NEWSOM  
GOVERNOR

*May 2021*

DHCS hosted two public hearings on April 26, 2021 and May 3, 2021 to solicit stakeholder comments on the CalAIM Section 1115 and 1915(b) waiver proposals. Public hearings were held electronically to promote social distancing and mitigate the spread of COVID-19. DHCS is aware that technical difficulties during the May 3 public hearing prevented some participants from hearing responses to select comments submitted during the hearing's open comment period. All spoken and written comments submitted during the hearing were successfully captured by DHCS and are being considered as the Department develops the final Section 1115 demonstration renewal application. The application will include a synthesis of the issues raised by the public during the comment period and how the State considered the comments when developing the demonstration extension application. However, to ensure full transparency, DHCS is providing a high-level summary of the comments and DHCS responses that were inaudible to some participants.

**Section 1115 Demonstration for Adults with Serious Mental Illness (SMI) and Children with Serious Emotional Disturbance (SED)**

**Comments:** Commenters expressed concern that the proposed CalAIM Section 1115 demonstration application does not include a request for authority to waive the federal Medicaid institution for mental diseases (IMD) exclusion that prevents Medi-Cal payment for inpatient admissions in IMDs of over 16 beds for adults with serious mental illness (SMI) and children with serious emotional disturbance (SED). Commenters underscored the importance of submitting the SMI/SED IMD waiver, urged DHCS to submit the waiver request immediately, and asked DHCS how advocates could help to accelerate the process. One commenter disagreed with the recommendation for DHCS to request a Section 1115 demonstration SMI/SED IMD waiver, advocating that DHCS should avoid unnecessary institutionalization and stating that individuals should have access to the full range of services in communities.

**Response Provided During the Hearing:** The State appreciates the commenters' interest and advocacy. As described in the CalAIM Proposal, DHCS is committed to developing a SMI/SED IMD waiver request for the federal government no sooner than July 1, 2022, and understands its importance to beneficiaries and families. Given federal requirements for waiver submission, DHCS is unable to submit the request to CMS in the CalAIM Section 1115 demonstration application, but is moving ahead with planning, recognizing this critical area of need.

### **Client Signatures**

**Comments:** A commenter noted that DHCS intends to remove client signatures around mental health treatment plans and asked what the Department plans to replace the signature requirement with.

**Response Provider During the Hearing:** DHCS agrees that shared decision making is critical and reiterated that it is trying to align rules and requirements for medical providers with those for behavioral health providers, in a way that supports collaborative treatment planning and quality oversight. We are currently overhauling our documentation requirements for behavioral health.

### **Transition to Statewide & Dual Eligible Special Needs Plans**

**Comments:** Commenters expressed concern with the CalAIM initiative proposal to end dual-special needs plans (D-SNPs) look-alikes, noting concerns with beneficiaries' quality of treatment and health outcomes. The commenters asked DHCS to delay the changes to avoid reducing access.

**Response Provided During the Hearing:** DHCS thanked the commenter for their response and explained that DHCS will use selective contracting to move toward aligned enrollment in D-SNPs; beneficiaries will enroll in a Medi-Cal managed care plan and may enroll in a D-SNP operated by the same parent company to allow for greater integration and coordination of care. In addition, new federal regulations will limit Medicare Advantage (MA) plans that are D-SNP "look-alikes." These are MA plans that offer the same cost sharing as D-SNPs, but do not offer integration and coordination with Medi-Cal or other benefits targeted to the dual eligible population, such as risk assessments or care plans. These new federal regulations will prevent new D-SNP look-alike plans in 2022 and discontinue existing D-SNP look-alike plans in 2023. CMS will allow most of the individuals enrolled in D-SNP lookalikes to transition to actual D-SNPs while in most instances maintaining access to their existing network. DHCS wants to promote better Medicare Advantage choices available for dual eligible beneficiaries, such as aligned D-SNP and Medi-Cal managed care enrollment. If a D-SNP does not have a contract with a Medi-Cal plan, then that does not provide the same level of integrated care under the alignment proposal. On the Medicare side, most dual eligibles are in FFS Medicare, so the number of people impacted by the D-SNP look-alike policy is not near the majority. DHCS has a stakeholder workgroup on MLTSS and integrated care for dual eligible beneficiaries. More information about California's D-SNP integration plans, as well as other related long-term care plans, are included in the [CalAIM proposal](#).

### **CalAIM Behavioral Health Payment Reform Initiatives**

**Comments:** Commenters asked for additional details on the proposed Behavioral Health payment reforms envisioned in CalAIM and related timelines.

**Response Provided During Hearing:** DHCS is proposing to reform its behavioral health payment methodologies via a multiphased approach with the goal of increasing available reimbursement to counties for services provided and to incentivize quality

objectives. This proposal would move reimbursement for all inpatient and outpatient specialty mental health and substance use disorder services from CPE-based methodologies to other rate-based/value-based structures that instead utilize intergovernmental transfers to fund the county-supplied nonfederal share. DHCS proposes to implement the shift in methodology in two initial phases by:

- Transitioning specialty mental health and SUD services from existing Healthcare Common Procedure Coding System (HCPCS) Level II coding to Level I coding, known as Current Procedural Terminology (CPT) coding, when possible which will allow for more granular claiming and reporting of services provided, creating the opportunity for more accurate reimbursement to counties/providers; and
- DHCS will establish reimbursement rates, as well as an ongoing methodology for updating rates, for the updated codes with non-federal share being provided by counties via intergovernmental transfer instead of CPEs, eliminating the need for reconciliation to actual costs and allow for value-based or shared-saving arrangements that are limited today.

DHCS seeks to complete this work in time for new payment rates to take effect no later than July 2022.

### **Dental Benefits**

**Comment:** A commenter expressed support for California's proposal to establish a new statewide dental benefit for children and adults based on DTI, and to consolidate all dental managed care under a single authority. The commenter supports initiatives that aim to better meet the oral health needs of patients in an integrated and whole person centered manner and to achieve improved population health patient care at reduced cost.

**Response Provided During the Hearing:** DHCS thanked the commenter for their response.