DHCS
CALIFORNIA DEPARTMENT OF HEALTH CARE SERVICES
Michelle Baass | Director

DATE: March 10, 2025

Behavioral Health Information Notice No: 25-006

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: Provision of Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) Access, Reform and Outcomes Incentive Program

REFERENCE: Welfare and Institutions Code §§ 14184.102 (d) and 14184.400 (c).

PURPOSE: To provide guidance to behavioral health plans (BHPs) regarding the opportunity for participation in an incentive program available as part of BH-CONNECT.

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 and State Plan Amendments to expand coverage of evidence-based practices (EBPs) available under Medi-Cal, as well as complementary policies to outline standards for participation in BH-CONNECT and strengthen behavioral health services statewide.

In December 2024, the Centers for Medicare & Medicaid Services (CMS) approved the BH-CONNECT Section 1115 demonstration, including the Access, Reform and Outcomes Incentive Program (hereafter referred to as the Incentive Program). The Incentive Program rewards BHPs[1] that demonstrate improved performance on key measures related to access to

[1] Inclusive of (1) mental health plans (MHPs) that are responsible for Specialty Mental Health Services (SMHS), (2) Drug Medi-Cal Organized Delivery Systems (DMC-ODS) that are responsible for providing specialty substance use disorder (SUD) services, and (3) Integrated Prepaid Inpatient Health Plans that are responsible for providing both SMHS and DMC-ODS.

behavioral health services; outcomes among Medi-Cal members living with significant behavioral health needs; and targeted behavioral health delivery system reforms. This Incentive Program builds on the CalAIM Behavioral Health Quality Improvement Program (BHQIP) to strengthen BHPs' quality monitoring infrastructure to support use of key measures to improve outcomes among Medi-Cal members.

POLICY:

Overview of Incentive Program

Effective January 1, 2025, BHPs that meet the participation requirements outlined below have the option to participate in the Incentive Program to earn incentive payments for demonstrating improvements in access to behavioral health services; outcomes among Medi-Cal members living with significant behavioral health needs; and delivery system capabilities.

DHCS has received expenditure authority from CMS for a total budget of $1.9 billion over five years for the Incentive Program. Over the course of the five-year Incentive Program, participating BHPs will be eligible to earn up to a specified, capped amount of Incentive Program funding each demonstration year (DY). Additional information on the county-specific allocation methodology is outlined in the CMS-approved Incentive Program Protocol. County-specific allocations for participating BHPs are forthcoming. As outlined below, participating BHPs may be eligible to earn additional funding through the High-Performance Pool (HPP).

Participating BHPs may receive Incentive Program funding in accordance with the BH-CONNECT Section 1115(a) Demonstration and Special Terms and Conditions ("STCs"), which are further described in this BHIN, and the CMS-approved Incentive Program Protocol.[2] Section 5 of the STCs establishes minimum standards for Incentive Program participation, ongoing performance, and claiming. DHCS has the discretion to remove a BHP from participation in the Incentive Program due to poor performance or non-compliance with this BHIN, the STCs, or the Incentive Program Protocol ("Incentive Program requirements").

Process for Opting to Participate in the Incentive Program

To participate in the Incentive Program, a BHP shall:

1) Have completed the Targeted Managed Behavioral Healthcare Organizations (MBHO) Self-Directed Assessment with the National Committee for Quality Assurance (NCQA) described in BHIN 24-019;

2) Complete a form on the DHCS website stating its request to participate in the Incentive Program. In the form, the BHP must attest that it has a need for funding to improve performance on the access, outcomes, and delivery system reform measures included in the Incentive Program. Completed forms should be submitted by March 31, 2025; and

[2] The STCs and Incentive Program Protocol are included in the BH-CONNECT Demonstration Approval. See STC 5 (pp. 13-21)) and the Incentive Program Protocol in Attachment C (pp. 113-150).

3) Maintain compliance with Incentive Program requirements.[3]

BHPs may be eligible to earn incentive funding for Incentive Program measures as described below. Meeting the Incentive Program participation requirements does not guarantee a BHP will earn incentive payments.

To be eligible to receive funding for measures that pertain to optional EBPs (see measure areas 3 and 10a-10d in Table 1 below), the BHP must also cover and implement the specified EBPs (e.g., a BHP must cover and implement ACT to be eligible to earn any incentive payments for measures related to ACT). BHPs have the option to cover one or more of the following EBPs under Medi-Cal as part of BH-CONNECT, as described in BHIN 25-XXX:

- Assertive Community Treatment (ACT) and Forensic ACT (FACT)
- Coordinated Specialty Care for First Episode Psychosis (CSC for FEP)
- Individual Placement and Support (IPS) Supported Employment
- Clubhouse Services
- Enhanced Community Health Worker (CHW) Services
- Peer Support Services

BHPs cannot earn incentive dollars for measures related to an EBP until the BHP covers and implements that EBP. As described below, unearned incentive dollars will be moved to the HPP.

There are no financial penalties for BHPs whether they do or do not opt-in to the program. BHPs that opt-in to the program but do not earn incentive payments simply will not receive incentive payments.

BH-CONNECT Incentive Program Measures

Participating BHPs have the opportunity to earn incentive payments across 15 measure areas, organized by three major areas of focus:

1) **Improved Access to Behavioral Health Services:** Participating BHPs may earn performance-based incentive payments related to improving access to behavioral health services, including by improving penetration and retention in behavioral health services; demonstrating timely access to SMHS and DMC-ODS services; and increasing utilization of specified behavioral health services: ACT, FACT, CSC for FEP, IPS Supported Employment, Peer Support Services, Enhanced Community Health Worker Services, Clubhouse Services, Multisystemic Therapy (MST), Functional Family Therapy (FFT), Parent Child Interaction Therapy (PCIT), and Enhanced Care Management (ECM).

[3] BHPs that participate in the Incentive Program are not required to opt in to receive Federal Financial Participation (FFP) for care provided during short-term stays in Institutions for Mental Diseases (IMDs). Additional details about the opportunity to receive FFP for IMD stays are described in BHIN 25-XXX.

2) **Improved Health Outcomes and Quality of Life:** Participating BHPs may earn performance-based incentive payments related to improving health outcomes among Medi-Cal members living with significant behavioral health needs, including by improving performance on selected CMS Core Set measures, improving member-reported quality of life, and improving health and wellbeing among members receiving key EBPs.

3) **Targeted Behavioral Health Delivery System Reforms:** Participating BHPs may earn performance-based incentive payments for reducing BHP-specific gaps in quality improvement capabilities and making other targeted behavioral health delivery system reforms, including by enhancing data sharing capabilities and improved outreach and engagement to members that meet access criteria for SMHS and DMC-ODS services. County-specific gaps will be informed by an assessment of participating BHPs against key NCQA MBHO accreditation standards.

A summary of all Incentive Program measures is in Table 1 below. Additional information on each measure, including proposed data sources, numerators, and denominators, is included in CMS-approved Incentive Program Protocol[4]. Detailed descriptions and technical specifications for all Incentive Program measures are forthcoming.

Table 1. Overview of Incentive Program Measures

Area of Focus	Measure Area	Incentive Program Measure
Improved Access to Behavioral Health Services	1. Improve Penetration and Engagement in Specialty Behavioral Health Services	Penetration in specialty mental health services (SMHS)
		Engagement in SMHS
		Initiation of Substance Use Disorder (SUD) Treatment (IET)
		Engagement in SUD Treatment (IET)
	2. Improve Performance on Timely Access Standards for Specialty Behavioral Health Services	Timely access to SMHS
		Timely access to DMC-ODS services
	3. Increase Utilization of EBPs for Adults	Utilization of ACT
		Utilization of FACT
		Utilization of CSC for FEP
		Utilization of Supported Employment
		Utilization of Enhanced CHW Services
		Utilization of Peer Support Services

[4] The STCs and Incentive Program Protocol are included in the BH-CONNECT Demonstration Approval. See Attachment C, Table 2 (pp. 121-131) for measure details.

Area of Focus	Measure Area	Incentive Program Measure
		Utilization of Clubhouse Services
	4. Increase Utilization of EBPs for Children, Youth, and Adolescents	Utilization of Multisystemic Therapy (MST)
		Utilization of Functional Family Therapy (FFT)
		Utilization of Parent Child Interaction Therapy (PCIT)
		Utilization of High-Fidelity Wraparound (HFW)
	5. Increase Utilization of Enhanced Care Management (ECM)	Utilization of Enhanced Care Management (ECM) among adults
		Utilization of ECM among children/youth
Improved Health Outcomes and Quality of Life	6. Pharmacotherapy for Opioid Use Disorder (POD)	Pharmacotherapy for Opioid Use Disorder (POD)
	7. Adherence to Antipsychotic Medications for Individuals with Schizophrenia (SAA)	Adherence to Antipsychotic Medications for Individuals with Schizophrenia (SAA)
	8. Use of First-Line Psychosocial Care for Children and Adolescents on Antipsychotics (APP)	Use of First-Line Psychosocial Care for Children and Adolescents on Antipsychotics (APP)
	9. Improve Patient-Reported Quality of Life (QOL)	Members who reported good QOL
	10a. Improve Health Outcomes and QOL Among Members Receiving ACT	Emergency department (ED) visits among members receiving ACT
		Hospital admissions among members receiving ACT
		Homelessness among members receiving ACT
		Justice involvement among members receiving ACT
		QOL among members receiving ACT
	10b. Improve Health Outcomes and QOL Among Members Receiving FACT	ED visits among members receiving FACT
		Hospital admissions among members receiving FACT
		Homelessness among members receiving FACT
		Justice involvement among members receiving FACT
		QOL among members receiving FACT

Area of Focus	Measure Area	Incentive Program Measure
	10c. Improve Health Outcomes and QOL Among Members Receiving CSC for FEP	ED visits among members receiving CSC for FEP
		Hospital admissions among members receiving CSC for FEP
		Homelessness among members receiving CSC for FEP
		School/work involvement among members receiving CSC for FEP
		QOL among members receiving CSC for FEP
	10d. Improve Health Outcomes and QOL Among Members Receiving Supported Employment	ED visits among members receiving Supported Employment
		Hospital admissions among members receiving Supported Employment
		Homelessness among members receiving Supported Employment
		School/work involvement among members receiving Supported Employment
		QOL among members receiving Supported Employment
Targeted Behavioral Health Delivery System Reforms	11. Receive Approval of Plan to Address County-Specific Behavioral Health Delivery System Gaps	Complete and timely submission of a gap-filling plan based on the NCQA MBHO assessment
	12. Reduce County-Specific Quality Improvement Gaps Identified in NCQA MBHO Assessment	Annual reports and data demonstrating progress made against the gap-filling plan
	13. Demonstrate Improved Data Sharing for the Behavioral Health Population	Annual reports and data demonstrating improved data sharing for the behavioral health population
	14. Improve Identification and Outreach to Member Population Eligible for Specialty Behavioral Health Services	Annual reports and data demonstrating improved identification, outreach, and engagement to the population eligible for specialty behavioral health services
	15. Increase Capacity to Deliver Crisis Services	Annual reports and data demonstrating increased capacity to deliver crisis services

High-Performance Pool (HPP)

The Incentive Program will include a HPP to reward BHPs that meet standards above and beyond the performance targets for individual Incentive Program measures in Table 1. Each year, the HPP will be funded using any unearned incentive payments from the previous year. To the extent any HPP funding is available, it can be distributed based on high performance on the measures in Table 2 below. DHCS will establish performance benchmarks for each HPP measure prior to the start of or during the first pay-for-performance period for each measure.

DHCS may focus each measure on certain stratified sub-populations to address health disparities. DHCS may also recalibrate the HPP from one DY to the next based on need, including adding up to three measures to the HPP from the full Incentive Program measure set. DHCS will notify participating BHPs of any changes to the HPP for an upcoming DY.

Table 2. Measures Included in HPP

HPP Measure Area		HPP Measure
1	Improve Penetration and Engagement in Specialty Behavioral Health Services	Penetration in SMHS
		Engagement in SMHS
		Initiation of SUD Treatment (IET)
		Engagement in SUD Treatment (IET)
2	Improve Performance on Timely Access Standards for Specialty Behavioral Health Services	Timely access to SMHS
		Timely access to DMC-ODS services
3	Increase Utilization of EBPs for Adults	Utilization of ACT
		Utilization of FACT
		Utilization of CSC for FEP
		Utilization of Supported Employment
		Utilization of Enhanced CHW Services
		Utilization of Peer Support Services
		Utilization of Clubhouse Services
4	Increase Utilization of EBPs for Children, Youth, and Adolescents	Utilization of MST
		Utilization of FFT
		Utilization of PCIT
		Utilization of HFW
5	Increase Utilization of Enhanced Care Management (ECM)	Utilization of ECM among adults
		Utilization of ECM among children/youth
6	Pharmacotherapy for Opioid Use Disorder (POD)	Pharmacotherapy for Opioid Use Disorder (POD)
7	Adherence to Antipsychotic Medications for Individuals with Schizophrenia (SAA)	Adherence to Antipsychotic Medications for Individuals with Schizophrenia (SAA)

HPP Measure Area		HPP Measure
8	Use of First-Line Psychosocial Care for Children and Adolescents on Antipsychotics (APP)	Use of First-Line Psychosocial Care for Children and Adolescents on Antipsychotics (APP)

To be eligible for HPP payments related to measure area 3, *Increase Utilization of EBPs for Adults,* the BHP must cover and implement all of the following services[5]:

- ACT;
- FACT;
- CSC for FEP;
- IPS Supported Employment;
- Enhanced Community Health Worker Services; and
- Peer Support Services, including with a forensic specialization.

To be eligible to earn any HPP funding for a specific DY, BHPs must demonstrate in that DY they had a statistically significant increase in half or more of the Incentive Program measures included in the HPP.[6] Additional information on the HPP is included in the Incentive Program Protocol[7].

Incentive Program Submissions

Participating BHPs shall demonstrate they are meeting specific performance targets for each Incentive Program measure through annual submissions to DHCS consistent with the timeline in Table 3 below.

Table 3. Submission and Payment Timeline

Year	Submission	Measurement Period	Submission Due	Payment Issued
DY 1	**Submission 1**	January 1 – December 31, 2024 (NCQA MBHO Assessment completed pre-demonstration)	June 30, 2025	November 30, 2025
	Submission 2	January 1 – December 31, 2025	June 30, 2026	November 30, 2026
DY 2	**Submission 3**	January 1 – December 31, 2026	June 30, 2027	November 30, 2027
DY 3	**Submission 4**	January 1 – December 31, 2027	June 30, 2028	November 30, 2028

[5] BHPs are encouraged, but not required, to offer Clubhouse Services as a condition of eligibility for the HPP.
[6] Where measure denominators are small enough that a statistically significant improvement would be an unreasonable threshold to achieve, DHCS will develop an alternative threshold to define improvement.
[7] The STCs and Incentive Program Protocol are included in the BH-CONNECT Demonstration Approval. See Attachment C, Section 7 (pp. 143-145) for HPP details.

Year	Submission	Measurement Period	Submission Due	Payment Issued
DY 4	**Submission 5**	January 1 – December 31, 2028	June 30, 2029	November 30, 2029
DY 5	**Submission 6**	January 1 – December 31, 2029	June 30, 2030	November 30, 2030

Wherever possible, DHCS will calculate Incentive Program measures on behalf of participating BHPs. BHPs will develop and submit all narrative submissions. The first Incentive Program submission for participating BHPs ("Submission 1") is due to DHCS no later than June 30, 2025. This will consist of a narrative submission based on the data collected and analyzed as part of the NCQA MBHO assessment. Instructions for Submission 1 will be provided no later than March 31, 2025.

DHCS will release additional guidance and template submission materials for all subsequent Incentive Program submissions.

As noted on page 3 above, no later than March 31, 2025, BHPs that have completed the NCQA MBHO Targeted Self-Assessment and intend to participate in the Incentive Program must complete a form on the DHCS website stating their request to participate.

Questions regarding this policy may be directed to BH-CONNECT@dhcs.ca.gov.

Sincerely,

Original signed by

Ivan Bhardwaj, Chief
Medi-Cal Behavioral Health Policy Division