

## Systems and Medicaid Committee

Meeting Minutes

Quarterly Meeting – June 15, 2023

### Members Present:

Karen Baylor, Chairperson	Uma Zykofsky, Chair-Elect	Catherine Moore
Walter Shwe	Marina Rangel	Cindy Wang
Jessica Grove	Susan Wilson	Daphne Shaw
Deborah Pitts	Tony Vartan	Steve Leoni
Dale Mueller	Liz Oseguera	Javier Moreno
Veronica Kelley	Vandana Pant	

### Staff Present:

Ashneek Nanua, Jenny Bayardo

**Presenters:** Jacob Lam, Michelle Doty Cabrera, Azahar Lopez, Anthony Le, John Drebing, Tim Ryder

**Meeting Commenced at 8:30 a.m.**

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### Item #1      Approve April 2023 Draft Meeting Minutes

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The Systems and Medicaid Committee (SMC) reviewed and approved the SMC April 2023 draft meeting minutes.

#### Action/Resolution

The April 2023 SMC Meeting Minutes will be posted to the CBHPC webpage.

#### Responsible for Action-Due Date

Ashneek Nanua – June 2023

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### Item #2      CBHPC Workgroups Update

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The SMC received updates on CBHPC's Workgroups. Javier Moreno provided an update on the substance use disorder (SUD) Workgroup from the April 2023 Meeting. He stated that this first workgroup meeting focused on defining the framework for upcoming workgroup meetings. The SUD workgroup is aiming to educate the CBHPC on SUD issues, therefore, the workgroup invited Captain Emily of District 9 from the Substance Abuse Mental Health Services Administration (SAMHSA) to present on SAMHSA's efforts during the General Session meeting in June 2023.

Vandana Pant provided an update on the Children and Youth Workgroup June 2023 Meeting. The workgroup identified 3 key goals: 1) identify youth working in policy and advocacy organizations throughout California to recruit youth into the workgroup 2) create awareness and knowledge for the workgroup around community programs and interventions being launched by organizations in California and 3) support advocacy and legislation on specific issues important to youth in order and propose these topics to the Legislation Committee. For the October 2023 meeting, the Children and Youth Workgroup will invite a representative from Allcove, a program by Stanford University, to present on a mental health community space for children and youth. The workgroup will also invite a representative from a Sutter Health Program, Scout, which is a digital platform focused on upstream prevention and resilience-building.

Uma Zykofsky provided an update on the Reducing Disparities Workgroup (RDW). Prior meetings focused on narrowing down priorities for the workgroup to focus on. The workgroup would like to embed reducing disparities in the work of all the CBHPC committees and are currently working on developing a series of questions for all presenters to answer when addressing the Council.

#### **Action/Resolution**

The workgroup representatives will report the activities of the CBHPC workgroups at subsequent SMC meetings.

#### **Responsible for Action-Due Date**

Karen Baylor, Uma Zykofsky, Javier Moreno, Vandana Pant - Ongoing

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### **Item #3      Overview of CalAIM Payment Reform**

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Jacob Lam, Assistant Deputy Director of Health Care Financing, California Department of Health Care Services (DHCS), provided an overview of CalAIM payment reform which will begin on July 1, 2023. Jacob reviewed three transitions that will occur in the process of implementing payment reform:

- 1) Cost-based reimbursement will end and fee-for-service payments will begin in order to simplify payments and reduce administrative burden for counties.
  - Health plans will negotiate payment terms and rates with subcontracted providers. Health plan reimbursement for each service is final.
- 2) The financing mechanism for Medi-Cal county behavioral health plan payments will shift from Certified Public Expenditures (CPE) to Intergovernmental Transfers (IGT).
  - Reimbursement will be claimed via the fee schedule with the county share transferred from the county to the state.
- 3) Current Procedural Terminology (CPT) billing will be used in place of HCSPCS II billing codes. This change aims to improve data reporting, support data-driven decision making, increase alignment with other health care systems, and comply

with Centers for Medicare and Medicaid Services (CMS) requirements to adopt CPT codes for all Medicaid programs where appropriate.

- CPT codes are more detailed with nationally standardized definitions for each code.
- Certain HCPCS II codes will be retained for behavioral health providers and services not captured by CPT codes.

DHCS established Specialty Mental Health Services (SMHS), Drug Medi-Cal Organized Delivery System (DMC-ODS), and Drug Medi-Cal fee schedules by service type and rates are county-specific and updated annually. DHCS has released coding guidance and updated billing manuals in Behavioral Health Information Notice [22-046](#) and contracted with the California Mental Health Services Authority (CalMHSA) to offer training and technical assistance materials.

Jacob Lam indicated that provider contracts and reimbursement will continue to be negotiated with counties, as the fee schedules will be for behavioral health plan reimbursement rather than provider reimbursement. Counties will also continue to rely on the same sources of non-federal share, and the coding transition does not change the benefit definitions or covered services. Next steps include providing technical assistance to counties with the County Behavioral Health Directors Association (CBHDA) and CalMHSA, monitoring impacts to counties, providers, and Medi-Cal members, and using learnings to inform potential rate adjustments and next phases.

#### Q & A:

Karen Baylor asked if there has been analysis for the impact on the county level to ensure counties are not losing money in the new payment process. Jacob worked with CalMHSA to develop a financial modeling tool for counties to use to view the fiscal impact based on their specific rates and levels of utilization. DHCS has not seen a significant increase or decrease level of reimbursement that counties will be receiving.

Deborah Pitts stated that the American Occupational Therapy Association, Speech Therapy Association, and Physical Therapy Association have negotiated with the American Medical Association (AMA) for a specific set of rehabilitation codes which allows for billing across service sectors. She stated that these codes do not show up in the CPT codes, yet Occupational Therapists (OTs) can provide mental health services. She indicated that OTs are listed as “other” rather than core mental health and behavioral health providers and asked if DHCS is open to expanding the CPT code options. Jacob stated that CPT codes will be updated by DHCS as they are updated at the national level and he will discuss this item with DHCS’ behavioral health policy team.

Uma Zykofsky asked if counties determine the amount for Intergovernmental Transfers locally at a fixed point or if it is variable. Jacob stated that DHCS worked with counties to model the average number of claims paid monthly per county and the associated county share of those claims to provide counties with an estimate of how much IGT they will need to send the state monthly in order for the state to pay those claims to the counties. In terms of the volatility of Realignment and Mental Health Services Act (MHSA) revenues, counties will have to address fluctuations and shortfalls on a county-

by-county basis as they do now. Counties will have flexibility on when and how much IGT they send to the state but must send those funds to the state to receive payments.

Javier Moreno asked if there is a contingency plan in place to ensure that counties and providers do not experience cash flow issues with denials of payments during the first quarter or year of implementation to account for the learning curve needed to implement payment reform. Jacob stated that DHCS proposed \$375 million of State General Fund to pre-fund the activities during the first quarter to ensure dollars are available for counties and providers to submit claims to the state. This proposed funding is currently being negotiated in the state budget process. Counties also have one year to submit claims to receive reimbursement, and counties are currently in the user testing process in the state which will be maintained through Fall 2023 to address any issues prior to entering the billing system that may deny or require claim adjustments.

Steve Leoni stated that the Mental Health Services Act (MHSA) has a different philosophy than Medi-Cal and there is tension between billing for Medi-Cal services and using the MHSA model. He asked if payment reform will help or hinder using concepts of MHSA and billing Medi-Cal. Jacob Lam stated that payment reform will have more detail on the services provided for Medi-Cal. MHSA reporting requirements would not change under payment reform but would rather have more granularity on the services the dollars were used for and would still need to be reported to the state.

**Action/Resolution**

N/A

**Responsible for Action-Due Date**

N/A

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**Item #4      Public Comment**

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Azahar Lopez asked whether the cost settlement process will continue with counties which is eight years behind. She inquired if DHCS anticipates that it will take eight more years to settle costs for counties or if the process will be expedited. Jacob Lam indicated that DHCS is working with counties to settle costs a few years at a time on an annual basis to move through the settlements more quickly.

**Action/Resolution**

N/A

**Responsible for Action-Due Date**

N/A

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**Item #5      Statewide & County Impact of CalAIM Payment Reform**

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Michelle Doty Cabrera, Executive Director for the County Behavioral Health Directors Association (CBHDA), presented on the statewide and county impact of CalAIM payment reform. She first reviewed the problems with the existing reimbursement methodology of Certified Public Expenditures (CPEs) to pay the non-federal share of Medi-Cal and then discussed the various impacts of the initiative.

Statewide and county impacts of payment reform include the transfer of \$7 billion worth of specialty behavioral health services to a new financing and reimbursement methodology. The hope for payment reform is to allow more tracking of services delivered across systems. There are cashflow concerns of CPE to fee-for-service (FFS) under Intergovernmental Transfers (IGTs) which has exacerbated gaps in funding due to the deferment of taxes from April to October. Additionally, the timeline for payment reform is aggressive which poses challenges for implementation such as the inability for counties to model rates in their systems and make determinations on how to do individual rate setting at the provider level. This has caused an inability to provide timely information to providers which poses provider uncertainty and inability to plan. Current Procedural Terminology (CPT) codes are new which requires time for staff to adjust to and the timing with the pandemic has an impact on rate development and staff fatigue.

Additional local impacts include lack of clarity on what plans will receive for services versus what providers will receive and rates will need to reflect different service delivery models to consider impact of payment reform on field and home-based services. Also, there will no longer be guaranteed payment for providers regardless of whether services are rendered in the transition to cost-based to FFS so the shift in productivity must reflect more time and quality on client care.

County impacts include a shift in financing mechanism to IGTs which does not allow for matching federal dollars and the IGT Agreement is still not finalized and public but other federal rules do apply which will require education to counties. Counties have different approaches to rate negotiations with providers. CBHDA encouraged their members to look at funding inadequacy issues after the initial implementation. Counties also must determine what can be adjusted via business practices versus rate adjustments. Additionally, there is a large shift in technology via Electronic Health Records (EHRs).

Michelle shared that payment reform aims for administrative simplification and may act as a stepping stone to capitation and options for value-based payments to behavioral health plans and providers, as well as a move to a payment structure that allows for reinvestment into the system. The long-term vision is capitated payments to behavioral health plans to maximize delivery system flexibilities, explore options for alternative payment models for providers, expand value-based payment arrangements to incentivize desired outcomes, and increase services and improve quality of care.

**Action/Resolution**

N/A

**Responsible for Action-Due Date**

N/A

**Item #6 County Perspective of CalAIM Payment Reform**

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Veronica Kelley, Behavioral Health Director, Azahar Lopez, Interim Director of Quality Management Services, and Anthony Le, Fiscal Manager, for Orange County Health Care Agency's Mental Health and Recovery Services presented on the implications of CalAIM payment reform at the county level. Anthony Le stated that the biggest impact as a Fiscal Manager is the change in reimbursement structure as it will decrease the administrative work, however, there is risk in a fee-for-service model which may cause discrepancies on what providers are paid throughout the county. Anthony stated that the Intergovernmental Transfer (IGT) process may pose some cash flow issues.

The presenters discussed factors impacting payment reform. DHCS received input from the counties to get an accurate idea of cost but the backlog of cost settlements poses concerns and risks at the county level because the rates they receive may or may not be adequate. Problems with documentation standards may result in ineligible claims as there is no clear definition of fraud, waste, and abuse from the state. The state does not want cost settlement at the end of the year and many county contracts are contracted at actual cost which is a significant change, but the county is communicating with providers to convey that the rate that providers receive is different than the health plan rate. Due to the lag in cost report settlements, counties may owe or be owed funds by the state for the past eight years which is a barrier to establish provider rates. Medi-Cal cost reports are no longer needed for Fiscal Year 2022-23 but counties must still send this data to the state. Orange County sent a memo to providers to outline the process and agreed to continue under the same terms of provider contracts for an additional year to help evaluate costs and set more accurate reimbursement rates.

Azahar Lopez highlighted and reviewed the payment reform timeline. The Quality Management Services team identified the Current Procedural Terminology (CPT) codes that will be needed in March 2023 with communications to providers in April 2023, and provider training on the CPT coding and documentation in May and June 2023. In June, contract services worked with providers to amend contracts to incorporate CalAIM terms and agreement to continue the current reimbursement structure for Fiscal Year 2023-24. The transition in billing codes occurs in July 2023 with an Electronic Health Record (EHR) update by October 2023.

For the first three months of implementation, Orange County will not have the EHR ready to accept claims to submit to DHCS with potential cash flow issues. Claims will need to be held until the system is ready, and there will likely be a high volume of billing and processing work once the system is ready to accept the claims. The counties must also consider the provider learning curve for CPT codes and documentation standards.

The committee engaged in a Q & A session with the presenters around topics of disallowances and fraud, waste, and abuse, Medi-Cal eligibility processes, documentation standards guides being county-specific to their systems, provider contracts staying cost-based for 2023-24, and concerns around provider travel time.

**Action/Resolution**

N/A

**Responsible for Action-Due Date**

N/A

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**Item #7      Public Comment**

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John Drebinger thanked Orange County for their comments around providers on behalf of the California Council of Community Behavioral Health Agencies (CBHA). He agreed that it can be difficult for providers to assess costs associated with services as they focus on delivering services above all else and stated that CBHA members have the right to work with counties to continue navigating rate change.

**Action/Resolution**

N/A

**Responsible for Action-Due Date**

N/A

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**Item #8      Provider Perspective of CalAIM Payment Reform**

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John Drebinger, Senior Advocate of Policy and Legislative Affairs for the California Council of Community Behavioral Health Agencies (CBHA), and Tim Ryder, President and CEO of the San Fernando Valley Community Mental Health Center, presented the provider perspective of CalAIM payment reform. Tim shared that providers are working with county partners to ensure readiness. Tim shared challenges including the tight timeline for implementation as well as the delays in getting rates and Current Procedural Terminology (CPT) codes to providers. These delays trickle down to electronic health record staff to ensure that providers can bill for services. Additionally, travel time is important for SMI/SUD populations who need in-person services, but the rates were in a way that disincentives travel.

LA County recently came out with contracts for payment reform based on amendments for the elimination of cost reimbursement and cost reports. This leaves more risk to providers but there is no floor for cost reimbursement which makes cash flow important. Tim shared that LA County is open to conversations about contract revisions in the future and is willing to look at contingencies of cash flow advances if billing is delayed.

Documentation reform is a parallel to payment reform. LA County worked on simplifying documentation by releasing templates and reducing administrative burden by 40-60%. Tim stated that it would help to have a minimum standard for all counties for documentation to help agencies that struggle going in-between counties that have different documentation requirements.

John Drebinger shared legislative opportunities around payment reform to make it easier for non-profits to contract with the state on things like advanced and timely payments. CBHA is co-sponsoring one of those six bills. Additionally, AB 1470 is a bill aiming to streamline and standardize documentation for providers in the state. The SMC engaged CBHA in a Q & A session upon conclusion of the presentation. Q & A topics included the use of collaborative documentation and AB 1470.

**Action/Resolution**

N/A

**Responsible for Action-Due Date**

N/A

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**Item #9 Behavioral Health Policy Updates, Discussion, & Planning**

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Ashneek Nanua, SMC staff, provided an update on the Governor’s May Budget Revision for 2023-24 as well as policy updates discussed during the CalAIM Behavioral Health Workgroup, Behavioral Health Stakeholder Advisory Committee (BH-SAC), and CalHHS Behavioral Health Taskforce meetings. Staff provided updates on the BH-CONNECT Waiver and CalAIM documentation redesign policy which will be released for public comment in Summer 2023. Staff engaged in Q & A with the SMC.

**Action/Resolution**

Staff will continue tracking behavioral health initiatives and policies to update the SMC.

**Responsible for Action-Due Date**

Ashneek Nanua – October 2023

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**Item #10 Wrap Up/Next Steps**

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The committee will review and update the SMC Work Plan and monitor ongoing behavioral health activities during the October 2023 Quarterly Meeting. The SMC will hold an interim meeting to respond to the BH-CONNECT Waiver application prior to the October 2023 meeting.

**Action/Resolution**

The SMC Officers and staff will plan the October 2023 Quarterly Meeting agenda and interim meeting to create recommendations for the BH-CONNECT waiver.

**Responsible for Action-Due Date**

Ashneek Nanua, Karen Baylor, Uma Zykofsky - October 2023

Meeting Adjourned at 12:00 p.m.