



Medi-Cal Explained FACT SHEET

Medi-Cal and Behavioral Health Services

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Introduction

MENTAL HEALTH AND SUBSTANCE USE DISORDERS are among the most common health conditions faced by people in California.¹ Complicating these challenges, individuals with co-occurring behavioral health and physical health conditions experience highly fragmented systems of care, contributing to poor health outcomes and elevated levels of unmet treatment needs.² The Medi-Cal program pays for a significant portion of mental health treatment in California, and promoting better access to services for beneficiaries through the integration of behavioral and physical health is a key goal for the program.

Medi-Cal covers a wide range of services for the treatment of mental health and substance use disorder (SUD) conditions, which are delivered through Medi-Cal managed care plans (MMCPs), county mental health plans (MHPs), and separate county and state programs. In a recent analysis, the California Department of Health Care Services (DHCS) found that just 5% of Medi-Cal beneficiaries accounted for 51% of total Medi-Cal expenditures, and that most of those had at least one behavioral health condition.³ The FY 2018-19 state budget projects that Medi-Cal will spend more than \$3 billion for mental health and SUD services.⁴ In response to health and budgetary pressures, DHCS has been pursuing behavioral health integration strategies to enhance coordination and collaboration among the care delivery systems.

Overview of Medi-Cal Mental Health Benefits

Since 1995, Medi-Cal specialty mental health services have been provided under a federal Medicaid Section 1915(b) freedom-of-choice waiver titled “Medi-Cal Specialty Mental Health Services.” Until 2014, this waiver required beneficiaries to access almost all mental health services through MHPs. MMCPs were only responsible for ensuring that their primary care providers offered mental health services that were within the normal scope of their practice (e.g., brief therapy, writing prescriptions). County mental health agencies were responsible for providing or arranging for mental health services for Medi-Cal beneficiaries within the Medi-Cal fee-for-service (FFS) system.

As managed care plans have become the dominant mode of service delivery across the Medi-Cal program, their role in the provision of mental health services has also increased. Beginning in 2014, DHCS required MMCPs to provide mental health services to members with mild to moderate impairment of mental, emotional, or behavioral functioning. The 18% of Medi-Cal beneficiaries still in the FFS system continue to access some care for mild to moderate impairments with providers in the community who

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Table 1. Medi-Cal Mental Health Delivery System

	Medi-Cal Managed Care Plan (MMCP)	Medi-Cal Fee-for-Service (FFS)	County Mental Health Plan (MHP) Outpatient Services	County Mental Health Plan (MHP) Inpatient Services
Services	<p>Responsible for arranging and paying for mild to moderate mental health services when provided by licensed mental health care professionals (as defined in the Medi-Cal provider bulletin) acting within the scope of their license:</p> <ul style="list-style-type: none"> ■ Individual and group mental health evaluation and treatment (psychotherapy) ■ Psychological testing when clinically indicated to evaluate a mental health condition ■ Outpatient services for the purposes of monitoring medication therapy ■ Outpatient laboratory, medications, supplies, and supplements ■ Psychiatric consultation 	<ul style="list-style-type: none"> ■ Beneficiaries needing mild to moderate behavioral health care are eligible for the same services as for managed care members ■ Services accessed through FFS Medi-Cal private behavioral health providers, community clinics, and other local and county clinics 	<p>Beneficiaries receive outpatient specialty mental health services through county MHPs, including:</p> <ul style="list-style-type: none"> ■ Mental health services: <ul style="list-style-type: none"> ● Assessment ● Plan development ● Therapy ● Rehabilitation ■ Medication support services ■ Day treatment intensive ■ Day rehabilitation ■ Crisis residential ■ Adult crisis residential ■ Crisis intervention ■ Crisis stabilization ■ Targeted case management ■ Intensive care coordination, home-based service, and therapeutic foster care for children and youth under the age of 21 	<p>Beneficiaries receive inpatient mental health care services through county MHPs, including:</p> <ul style="list-style-type: none"> ■ Acute psychiatric inpatient hospital services ■ Psychiatric health facility services ■ Psychiatric inpatient hospital professional services if the beneficiary is in a FFS hospital

Source: "Mental Health Services Division (MHSD)," California Department of Health Care Services, last modified October 10, 2018, www.dhcs.ca.gov/services/Pages/MentalHealthPrograms-Svcs.aspx.

participate in the FFS Medi-Cal program. Providers for these Medi-Cal mental health services may include private practitioners, community health clinics, and county mental health clinics. MHPs continue to be responsible for the delivery of care for patients with specialty mental health issues that result in impairment in functioning, and for emergency and in-patient behavioral health services for all Medi-Cal beneficiaries.

Table 1 outlines the outpatient and inpatient mental health services Medi-Cal provides, and the systems through which these services are delivered.⁵

This dual delivery system for mental health services requires coordination and communication among the MMCPs and MHPs. Accordingly, DHCS requires the MHP in each county and its corresponding MMCP(s) to have a memorandum of understanding delineating care coordination and information exchange requirements. When health plan members are identified as needing access to specialty or behavioral health services, the health

plan care coordination staff must work with county MHP staff to ensure that needed services are accessed.

Drug Medi-Cal

In California, counties operate SUD treatment through Drug Medi-Cal, which has traditionally provided a limited set of services. Access for both Medi-Cal managed care and FFS beneficiaries seeking care has been a challenge, given the limited benefits and low Medi-Cal FFS reimbursement rates, which limit the number of providers willing to serve beneficiaries. Another challenge of the Drug Medi-Cal program has been connecting the physical and mental health care systems serving the same beneficiaries. Ideally, Medi-Cal managed care members would receive assistance from their health plan care coordination staff and primary care physicians, who help them gain access to necessary treatment services by guiding them to their county's care system. However, Medi-Cal beneficiaries seeking both SUD and mental health services

have historically faced challenges in accessing and using services.

With a goal of making significant improvements to the Drug Medi-Cal program, in 2015 DHCS received the nation's first Medicaid Section 1115 demonstration waiver to implement an SUD demonstration program. The Drug Medi-Cal Organized Delivery System (DMC-ODS) pilot program requires that Medi-Cal beneficiaries in need of SUD services be assessed according to nationally recognized criteria and referred for treatment according to their individual needs. DMC-ODS includes access to a broader range of services, including:⁶

- Early intervention (overseen through the new managed system of care)
- Outpatient services
- Intensive outpatient services
- Short-term residential services (up to 90 days with no facility bed limit)
- Withdrawal management
- Recovery services
- Case management
- Physician consultation
- Additional medication-assisted treatment (MAT) (county option to provide)
- Partial hospitalization (county option)
- Recovery residences (county option)

Participation by counties in DMC-ODS is voluntary, and 40 of California's 58 counties are participating. As of January 1, 2019, 24 of those 40 counties had begun providing services under the pilot, representing more than 75% of the Medi-Cal population statewide. When the remaining counties that have submitted implementation plans begin services, nearly 97% of Medi-Cal enrollees will have access to a DMC-ODS pilot program. Counties that choose to participate operate as a managed care plan for SUD treatment, setting their own internal payment rates for each covered service and contracting with providers to deliver care.⁷

Looking Ahead

DHCS has undertaken several initiatives over the past few years to improve access to and quality of Medi-Cal behavioral health services, using new strategies to increase coordination and integration of those services with medical services. These include:

- **Coordinated Care Initiative for Dual Eligibles (2014):** The Cal MediConnect demonstration program has been implemented in seven counties to coordinate and integrate Medi-Cal acute and long-term services and supports (LTSS) with Medicare benefits for dual-eligible beneficiaries within a single managed care plan. The goal is to improve the delivery of Medi-Cal and Medicare behavioral health services by the plan through coordination with the county MHPs. The program is approved through 2019, and DHCS has submitted a request to the Centers for Medicare & Medicaid Services (CMS) to extend it.⁸
- **Whole Person Care Pilots (2016):** Authorized under the state's Section 1115 Medi-Cal waiver (through 2020), these pilots have been implemented in 25 counties and one city. The overarching goals of the pilot programs are the coordination of physical health, behavioral health, and social services in a patient-centered manner and a more efficient and effective use of resources. The pilots provide support at the county/local level to integrate care for Medi-Cal beneficiaries who are high users of multiple systems and experience poor health outcomes (e.g., frequent ED users, homeless individuals).⁹
- **Health Homes Program (2018):** Authorized under the ACA and state law, this program provides enhanced care coordination services for those with complex physical health and behavioral health care needs. The program will be implemented in 14 counties between July 2018 and January 2020. The MMCPs in those counties will work in partnership with community-based care management entities.¹⁰

The delivery of Medi-Cal mental health and SUD services are currently defined within two waivers. The Medicaid Section 1915(b) freedom-of-choice waiver (“Medi-Cal Specialty Mental Health Services”) and the Medicaid Section 1115 demonstration waiver (“Medi-Cal 2020”) expire on June 30, 2020, and December 31, 2020, respectively. DHCS completed extensive stakeholder outreach on the future of both waivers in 2018.

Endnotes

1. *Mental Health in California: For Too Many, Care Not There*, California Health Care Foundation, March 2018, www.chcf.org/wp-content/uploads/2018/03/MentalHealthCalifornia2018.pdf. *Substance Use in California: A Look at Addiction and Treatment*, California Health Care Foundation, October 2018, www.chcf.org/wp-content/uploads/2018/09/SubstanceUseDisorderAlmanac2018.pdf.
2. Bevin Croft and Susan L. Parish, “Care Integration in the Patient Protection and Affordable Care Act: Implications for Behavioral Health,” *Administration and Policy in Mental Health and Mental Health Services Research* 40, No. 4 (July 2013): 258–63.
3. *DHCS Plan for Behavioral Health Integration*, California Department of Health Care Services, May 2016, www.dhcs.ca.gov/provgovpart/Documents/BH_Integration_Plan_5.11.16.pdf.
4. “Medi-Cal Local Assistance Estimates,” California Department of Health Care Services, last modified September 17, 2018, www.dhcs.ca.gov/dataandstats/reports/mcestimates/Pages/default.aspx.
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6. *Fact Sheet: Drug Medi-Cal Organized Delivery System Waiver*, California Department of Health Care Services, accessed November 28, 2018, www.dhcs.ca.gov/provgovpart/Documents/DMC%20ODS%20FACT%20SHEET.pdf.
7. Drug Medi-Cal Organized Delivery System: California’s Pilot to Overhaul Substance Use Disorder Treatment in Medi-Cal, California Health Care Foundation, July 11, 2018, www.chcf.org/project/drug-medi-cal-organized-delivery-system/.
8. “2019 Cal MediConnect Stakeholder Process,” California Department of Health Care Services, last modified January 3, 2019, calduals.org/2019/01/03/2019-calmedi-connect-stakeholder-process/.
9. “Whole Person Care Pilots,” California Department of Health Care Services, last modified November 2, 2018, www.dhcs.ca.gov/services/Pages/WholePersonCarePilots.aspx.
10. “Health Homes Program,” California Department of Health Care Services, last modified November 26, 2018, www.dhcs.ca.gov/services/Pages/HealthHomesProgram.aspx.

Acknowledgment

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