



County of Sacramento



Solano County

March 8, 2023

Ms. Michelle Baass
Director
California Department of Health Care Services
1501 Capitol Avenue
P.O. Box 997413, MS 0000
Sacramento, CA 95899-7413

**RE: *Response to March 1, 2023, Letter –
Sacramento and Solano Counties' Obligation to Provide Specialty Mental
Health Services***

Sent via USPS and E-Mail to michelle.baass@dhcs.ca.gov

Dear Ms. Baass:

Thank you for your March 1, 2023, letter to Sacramento and Solano counties (the Counties) regarding the transfer of Kaiser Specialty Mental Health Service (SMHS) patients to the Counties in accordance with the California Advancing & Innovating Medical (CalAIM) legislation.

The Counties remain committed to serving all of the SMHS patients the State seeks to transition to our care, and remain ready and willing to meet with you and your staff to discuss the issues outlined in your letter. We were therefore surprised by the State's threat to strip the Counties' Mental Health Plan (MHP) funding as a consequence for championing the financial support necessary to serve this patient group. As you know, reducing the Counties' MHP funding would directly harm *all* SMHS patients.

We would like the opportunity to meet with you in person to further these discussions. In order to make the most of such a meeting, we want to respond to certain points contained in your letter that are material to our concerns and will likely inform the parties' path forward.

First, we disagree that "Sacramento and Solano Counties *chose*" to carve out a portion of their SMHS membership to Kaiser. (Letter to Ann Edwards, Sacramento County Executive, and William Emlen, Solano County Administrator, from Michelle Baass, Director of the California Department of Health Care Services (DHCS) (March 1, 2023)

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(letter on file with recipients.) As you know, when the State shifted the provision of SMHS for Medi-Cal enrollees to the counties in 2011, it continued to pay Kaiser to serve a segment of this population. The Counties have no information regarding the contract terms or negotiations that led to the State and Kaiser's agreement to provide care to this population. The Counties did not choose this carve-out, and therefore disagree that their obligation to finance care for the Kaiser SMHS patients was triggered by the 2011 realignment. Such a claim is clearly belied by the State's continued direct payment to Kaiser for SMHS patient care for 12 years post realignment. Therefore, the CalAIM legislation that requires this transition necessarily constitutes a State mandate.

Second, we disagree with the contention that the counties have had ample resources, network capacity, and time to plan for this transition or that the State has, in good faith, fulfilled its obligations to support this transition. The Counties never received realignment funding for this population, and the State never considered this population for purposes of adding to the Statewide growth allocation pool. While the State disputes this, the Counties have not received information from the State as to where and how these alleged allocations were made. In our July 21, 2022 letter to you, the Counties provided the Department with detailed methodologies that show the proposed transition would cost an additional \$52.8 million per year (\$36 million Sacramento, \$16.8 million Solano). The State did not dispute these methodologies, but provided no additional money to provide for this transition.

Finally, in January of this year, the State diverted \$11.5 million to Sacramento and \$7.7 million to Solano from other counties' mental health clients, purportedly to fund the transition of patients from Kaiser into our care. This shift in resources, which was opposed by both the California State Association of Counties (CSAC) and the County Behavioral Health Directors Association, inadequately supports the new patients in Sacramento and Solano, and degrades funding for services in the State's other 56 counties.

Third, with respect to timing, we would note the Counties notified the State on July 21, 2022, that they would need a *minimum* of 28 months to complete successfully the transition of SMHS patients from Kaiser to the Counties, including time to: develop and implement the contract Request for Application (RFA) process; receive Board authority to execute contracts; complete site identification and staffing plans for the selected contractors; and allow patients a ten-month phased transition period before final transfer was complete. (Letter from Ryan Quist, Sacramento County Behavioral Health Director, and Emery Cowan, Chief Deputy Director of Solano County Behavioral Health, to Michelle Baass, Director of DHCS (July 22, 2022, on file with DHCS.)) The Department did not respond to the Counties about the proposed timeline; rather, it continued to push for compliance with a July 1, 2023, transition deadline.

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To date, the State has not provided the necessary time or financial resources to the Counties to acquire the psychiatrists, therapists, and case managers needed to transition patients without compromising their care. Furthermore, it is not logistically possible for the Counties to contract with Kaiser or for Kaiser to meet the necessary contractual obligations of the Counties' MHPs by the July 1, 2023, deadline set by the State.

The Counties are committed to ensuring a safe and successful transition while maintaining services to our existing patients. We absolutely believe that with adequate resources and time, we can effectively serve this high-need population. However, we cannot successfully transfer or serve this extremely vulnerable population with inadequate resources and time. We fail to see how the State's threat of financial sanctions or revocation of our MHP contracts would further the goal of CalAIM.

We believe we can work together to find a path forward. To that end, we are requesting an in-person meeting with you in the new few weeks to discuss these issues and ensure a secure and safe transition for these vulnerable patients.

We look forward to hearing from you.

Sincerely,



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Solano County Legislative Delegation

California State Association of Counties

Urban Counties Caucus

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