



County of Sacramento



Solano County

July 21, 2022

Re: Kaiser Carve In

Director Michelle Baass,

As a part of CalAIM, we recognize and want to support Department of Health Care Services (DHCS) efforts to standardize the Specialty Mental Health benefit across Counties. DHCS has clearly communicated the State's desire to transfer the responsibility for the Specialty Mental Health benefits of Kaiser Medi-Cal beneficiaries in Sacramento and Solano Counties' Behavioral Health.

Since April, 2020, both counties have continued to request information from DHCS in three areas:

- How many individuals will be transferred from Kaiser to the County?
- What funding will be made available to adequately care for these individuals?
- When can we expect to receive this information? We need this information formally communicated to the County to begin seeking authority from the Board of Supervisors to ramp up services to support the transition in care. We will need 24-36 months after these questions are resolved and funding is awarded. This amount of time is needed to ramp up services and successfully complete warm hand offs.

We have been communicating our need for this information with letters dated April 23, 2020, May 27, 2021, emails dated August 4, 2021 and August 25, 2021, and additional letters dated November 8, 2021 and February 17, 2022.

Most recently, on January 4, 2022, we met with DHCS to discuss these topics. Sacramento came to an agreement on an estimate of 4,836 beneficiaries per year whose care would be transitioned to Sacramento County. Solano subsequently came to an agreement on an estimate of 2,091 beneficiaries subject to transfer.

Prop 30 prohibits the state from passing a law, regulation or executive order that imposes increased Medi-Cal costs on counties without paying for those increased costs. If the state does not cover the increased Medi-Cal costs, counties do not have to implement the law, regulation or executive order.

We still have not received further confirmation that sufficient funds would be provided to Sacramento and Solano Counties to assume the care of these individuals. These are individuals with serious mental illness and require high quality, intensive services to support them avoid any negative consequences through the transition.

Based on an average cost per beneficiary for those we currently serve, we have calculated that we would need \$36,093,486 to transfer care to Sacramento County (methodology attached) and \$16,771,467 to Solano County with future year allocations adjusted by the Consumer Price Index.

In the letter sent February 17, 2022, we indicated that in order to meet the State's goal of transitioning responsibility effective July 1, 2023, Sacramento and Solano Counties require written commitment of these funds immediately to begin ramping up services in time. This is needed in order to obtain Board of Supervisors authority to begin the process of seeking providers to contract for these services. We need 24-36 months to ramp up services.

Transition Plan

The following is the Transition timeline and plan for implementation. The timeline would start upon commitment of funds and not until there is a commitment of funds.

Month	
0	State Commitment of Funds
1	<i>Develop staffing/contractor plan Sacramento: Begin the County Request for Applications (RFA) Process Solano: Begin RFP for Contractor AND hire county staff based on LOC</i>
10	<i>Complete the RFA process and obtain Board authority to execute contracts</i>
15	Completion of Contractor Site Identification/Staffing Plan
18	Begin transitioning consumers from Kaiser to the County/providers
28	Complete the transfer of care to the County/providers

Sacramento plans to use the existing Transition of Care tool currently used with the other four managed care plans in Sacramento County. Solano plans to use the existing Level of Care and Screening Tool for our managed care plan. These tools help to determine which consumers are eligible for services within County SMHS and they require a clinician who is familiar with the consumer to complete the form based on known clinical and functional circumstances of each individual.

Sincerely,



Ryan Quist, Ph.D.
Behavioral Health Director

Behavioral Health Services
Department of Health Services
Sacramento County
7001A East Parkway, Ste. 100
Sacramento, CA 95823
(916) 875-4948
quistr@sacounty.net



Emery Cowan
Deputy Director, Behavioral Health

Behavioral Health
Health and Social Services
Solano County
275 Beck Avenue, MS-5-250
Fairfield, CA 94533
(707) 784-8320
ecowan@solanocounty.com

METHODOLOGY

Updated 1/19/22

Medi-Cal

According to the FY2021/22 External Quality Review Organization (EQRO) Report for Sacramento County, the CY2020 average cost per Medi-Cal beneficiary was \$6,138.

Due to the costs of doing business during and after COVID and due to the challenges providers are experiencing in recruiting and retaining staff, the County intends to increase rates by 10% prior to the implementation of this change in responsibility.

Total Medi-Cal cost per beneficiary as of July 1, 2023, after a 10% increase in rates: \$6,752. Minus 50% FFP = \$3,376.

Non Medi-Cal Inpatient and Subacute

Total inpatient and subacute non Medi-Cal expenditures last year: \$72,329,872
EQRO report has 23,228 beneficiaries served.

Average cost per beneficiary was $\$72,329,872 / 23,228 = \$3,114$.

Average Cost per Beneficiary Including Both Medi-Cal and Non Medi-Cal

$\$3,376 + \$3,114 = \$6,490$

Initial Calculations

Across the other 4 managed care plans, there are 360,498 beneficiaries. We served 23,228 of those according to the EQRO report.

This is a prevalence rate of: $23,228 / 360,498 = 6.44\%$

Revised Calculations

DHCS email on 12/17/21 requested a correction to the methodology taking into consideration the Fee For Service (FFS) beneficiaries. This increased the total number of beneficiaries from 360,498 to 454,201 (548,759 total Medi-Cal enrollees minus 94,558 Kaiser Beneficiaries).

Adjusted prevalence rate: $23,228 / 454,201 = 5.11\%$

Applying the same prevalence rate to Kaiser beneficiaries: $5.11\% \times 94,558 \text{ members} = 4,836$

$4,836 \text{ consumers} \times \$6,490 = \$31,385,640$

Add in 15% administrative expenses: \$36,093,486

Total of \$36,093,486 with future years' allocations adjusted by the Consumer Price Index.

Note: This excludes additional MHSA expenses beyond Medi-Cal services.

SOLANO KAISER BENEFICIARY AND COST ESTIMATES

Medi-Cal

Based on the FY2020/21 External Quality Review Organization (EQRO) Report for Solano County, the CY2019 average cost per Medi-Cal beneficiary is \$6,772. This does not include administration and quality assurance cost component which represents approximately 8.2%, and, when added, increases the cost per beneficiary to \$7,327.

Adjusting for a 5% year-over-year increase to account for annual increases in cost of living and the overall cost of doing business results in a CY2023 cost per beneficiary of \$8,906. Assuming federal financial participation is at 50%, the county share of cost is \$4,453 per beneficiary.

Non Medi-Cal Inpatient and Subacute Costs

Total inpatient and subacute expenditures including 8.2% admin and QA in FY2019:
 $\$14,139,713 / 4,821 = \$2,933$ average beneficiary served, inclusive of 8.2% admin and QA

A 5% year-over-year increase to account for cost increases over time, the cost per beneficiary in CY2023 is \$3,565 per beneficiary served.

Average Cost per Beneficiary Including both Medi-Cal and non-Medi-Cal

$\$4,453 + \$3,565 = \underline{\underline{\$8,018}}$

Anticipating number of Kaiser MH clients:

Based on 2019 data, the unduplicated number of Medi-Cal beneficiaries was 117,209. Excluding those currently assigned to Kaiser (35,453), then 81,756 Medi-Cal beneficiaries were assigned to Solano County.

This is a penetration rate of: $4,821 / 81,756 = 5.90\%$
Applying the same penetration rate: $35,453 * 5.90\% = 2,091$ Kaiser MH clients

Average Cost Per Beneficiary Including Both Medi-Cal and Non Medi-Cal

$\$8,018 * 2,091 = \$16,771,467$ additional cost in 2023 to serve 2,091 Kaiser clients

** Note that the number of individuals assigned to Kaiser has increased over time; therefore, the above Kaiser beneficiary estimates are understated for 2023.

** Variance in youth versus adult referrals will impact total costs as average costs per youth served is double that of adults.