

MEMORANDUM

To: Mental Health Stakeholders and Interested Parties

From: Sacramento and Solano County Administration

Date: January 19, 2023

RE: Protecting Kaiser's Specialty Mental Health Care Patients in Solano and Sacramento Counties

Summary

The California Department of Healthcare Services (DHCS), in coordination with the Department of Finance (DOF), are aggressively moving to transition thousands of severely mentally ill patients from the State's responsibility to Solano and Sacramento Counties without adequate funding or a secure and acceptable transition in place for the patients. Despite numerous meetings, letters, and the assistance and intervention of the Legislature, the State is proceeding with plans to abdicate all financial, contractual and administrative responsibilities of a few thousand severely mentally ill people in our two counties as of July 1, 2023.

History

In 1996, the State, Partnership Health Plan, Solano County, Kaiser and Sacramento County worked on a plan to carve out Kaiser members for specialty mental health, in order to keep Kaiser patients getting their care through the Kaiser system.

The DHCS has been the contractor of record to provide specialty mental health care services to severely mentally ill patients in Solano and Sacramento Counties for decades.

In 2011, the State realigned services, in coordination with CSAC, to dedicate funding but also shift responsibilities in 56 counties in providing specialty mental health care services for that population. There is no record of the State taken into consideration that level of care they provided in those two counties with determining the realignment formula and subsequent distributions of the dedicated funding.

In 2021, the State notified the two counties and Kaiser that under the State's proposal to the Centers for Medicare & Medicaid Services (CMS) for its next 5 year Medicaid plan (CalAIM), the State is ending the carve out and planned to move the responsibility (both contractual and financial) to provide care for this population back to Solano and Sacramento Counties, effective January 1 2022. Both Counties raised concerns through the budget process and through their respective legislative delegations. Through that advocacy, an enacted budget trailer bill in the 2021-2022 Budget included language:

(e) Notwithstanding any other law, including, but not limited to, subdivision (a), the department may not transfer responsibility for specialty mental health services in the Counties of Sacramento and Solano from the Medi-Cal managed care plan responsible for those services on July 1, 2022, in those counties until no sooner than all of the following requirements have been met:

(1) The requirements of Section 14184.403 have been implemented.

(2) Each county and Medi-Cal managed care plan has submitted to the department a transition plan that contains provisions for continuity of care or the transfer of care.

(3) Notice has been provided to affected beneficiaries, including the ability of beneficiaries to request continuity of care pursuant to mental health and substance use disorder information notices issued by the department.

Since enactment of that language in 2021, the State has intermittently scheduled meetings with the two counties under the auspice of planning; however, the counties through both written and verbal communications have articulated that prior to discussing the process for *how* to transition these fragile patients, that first the State must identify the sufficient and ongoing funding to pay for this new population that has not ever been a factor in determining State funding for mandated programs that either county has delivered on behalf of the State.

Without funding, there can be no solicitation for services or recruitment process for new providers. Kaiser representatives have already stated they do not intend to contract with either county to continue caring for this population, because Kaiser does not want to comply with the paperwork requirements associated with doing this work for counties. Without doctors, there can be no actual transition.

In 2022, DHCS and/or DOF proposed to CSAC and the two counties that the 2011 behavioral health funding formula be revised to redistribute growth from that fund to cover the costs of the care associated with this transfer to the two counties. The funding was less than 50% of what has been estimated to be needed to provide continuity of care.

On January 13, 2023, CSAC delivered a letter to DOF/DHCS rejecting the realignment formula. That same day, the Department of Finance unilaterally decided to direct the State Controller's office to release the realignment funding as DHCS/DOF proposed. The disregard of CSAC's concerns and their consultative input is a sharp break in the 12 years of coordination between the State and Counties with regard to the 2011 realignment.

Absent additional and ongoing funds being identified and made available to Solano and Sacramento, so that the two counties can then proceed to a months-long contracting and recruitment process for providers, who can then begin to slowly onboard this patient load, the July 1, 2023 "deadline" will arrive with no possible plan or ability for either county to care for this population. The State has been adamant in their communications that this shift will be occurring on July 1 and as of that date, this population will be the County's responsibility. The single largest risk in this the very lives and wellbeing of the population that will cease to be served if the State does not reposition itself in their discussions with the two counties.