State of California—Health and Human Services Agency
Department of Health Care Services

JENNIFER KENT
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

May 11, 2018

The Honorable Ed Hernandez, Chair
Senate Health Committee
State Capitol, Room 2191
Sacramento, CA 95814

Dear Senator Hernandez:

ASSEMBLY BILL 2393 (Introduced) – SUPPORT

The Department of Health Care Services (DHCS) is pleased to support Assembly Bill (AB) 2393, which is scheduled to be heard in the Assembly Health Committee on April 10, 2018. AB 2393 would bring existing law into compliance with federal parity regulations, which prohibit Medi-Cal from charging beneficiaries more to access mental health services than medical/surgical services.

The Uniform Method of Determining Ability to Pay (UMDAP) process was developed and implemented in State Fiscal Year 1972-73 for use by Short-Doyle funded county mental health departments and their contract providers. The former Department of Mental Health established a uniform fee schedule based upon a patient's monthly adjusted gross family income (MAGFI) and number of dependents. County mental health plans are required to complete a financial screening document on each patient served to determine that patient's ability to pay and to establish an annual liability for the patient based upon the patient's MAGFI and number of dependents.

UMDAP, under current practice, generally applies to individuals who are indigent and Medi-Cal beneficiaries who have a share of cost that has not been met. UMDAP also applies to non-Medi-Cal services provided to eligible residents, including Medi-Cal beneficiaries. However, current law requires mental health plans to charge a fee for Medi-Cal specialty mental health services, even if a Medi-Cal beneficiary does not have a share of cost or has met their share of cost.

Federal parity regulations issued on March 29, 2016 essentially require that any financial requirements applicable to mental health benefits cannot be higher than the comparable financial requirements applicable to medical/surgical benefits in the same classification (inpatient, outpatient, prescription drugs and emergency services).

Financial requirements include “deductibles, copayments, coinsurance and out-of-pocket maximums.” In addition, if a type of financial requirement does not apply to substantially all medical/surgical benefits in a classification, it cannot be applied to mental health benefits in that classification. Because Medi-Cal managed care plans do not currently charge fees to Medi-Cal beneficiaries for medical/surgical services, mental health plans may not charge fees to Medi-Cal beneficiaries who do not have a share of cost or who have a share of cost that has been met.

DHCS was required to be in compliance with the federal parity requirements by October 2, 2017. If DHCS is found to be out of compliance with these requirements, the Centers for Medicare and Medicaid Services could withhold federal financial participation.

AB 2393 would rectify the parity issue by clarifying that mental health plans may not charge Medi-Cal beneficiaries who do not have a share of cost or have met their share of cost a fee for Medi-Cal mental health services. In addition, it would allow counties to choose whether or not they want to charge these fees to non-Medi-Cal beneficiaries or Medi-Cal beneficiaries who have a share of cost that has not been met, which would not conflict with the federal parity regulations.

For these reasons, DHCS supports AB 2393.

If you have any questions, please contact me at 440-7500.

Sincerely,

Original signed by Melissa Rolland for

Carol Gallegos
Deputy Director

cc: Co-Chair and Members, Senate Health Committee
Senate Republican Caucus
Senate Floor Analysis
Assembly Health Committee