



DATE: December 30, 2022

ALL COUNTY INFORMATION NOTICE NO. I-86-22
BEHAVIORAL HEALTH INFORMATION NOTICE NO. 22-069

TO: California Alliance of Child and Family Services
California Association for Alcohol/Drug Educators
California Association of Alcohol & Drug Program Executives, Inc.
California Association of DUI Treatment Programs
California Association of Social Rehabilitation Agencies
California Consortium of Addiction Programs and Professionals
California Council of Community Behavioral Health Agencies
California Hospital Association
California Opioid Maintenance Providers
California State Association of Counties
Coalition of Alcohol and Drug Associations
County Behavioral Health Directors
County Behavioral Health Directors Association of California
County Drug & Alcohol Administrators
All County Welfare Directors
All Short-Term Residential Therapeutic Providers
All Chief Probation Officers
All County Mental Health Plan Directors

SUBJECT: GUIDANCE TO COUNTIES AND PROVIDERS ON SHORT-TERM
RESIDENTIAL THERAPEUTIC PROGRAM PLACEMENT AND
INSTITUTION FOR MENTAL DISEASE TRANSITIONS

REFERENCE: FOSTER CARE AUDITS AND RATES LETTER [2022-01](#)
FOSTER CARE AUDITS AND RATES LETTER [2021-02](#)

The purpose of this All-County Information Notice is to provide guidance to counties and Short-Term Residential Therapeutic Program (STRTP) providers on Institution for Mental Disease (IMD) Transitions.

The Centers for Medicare and Medicaid Services provided an extension to the Department of Health Care Services (DHCS) to complete the process of determining which STRTPs in California are IMDs. DHCS will make determinations for all STRTPs

by December 31, 2022. To assist STRTPs in making adjustments to their capacity and ensure that they are not deemed an IMD, the California Department of Social Services has allotted \$10,375,000 (through the 2021-22 budget bill [Assembly Bill \(AB\) 153](#)) and an additional \$10,375,000 through the 2022-23 budget bill [AB 187](#).

The initial \$10,375,000 was distributed to STRTPs through an application process. The next \$10,375,000 is being provided through a similar application process that began in October 2022.

In addition, to assist county mental health plans (MHPs) in paying STRTPs no longer eligible for federal financial participation (FFP) due to being deemed an IMD, DHCS allocated \$7,478,000 in FY 2022-23 to allow MHPs to pay STRTPs to maintain their capacity while these facilities develop and implement transition strategies to modify their program characteristics to come into compliance with the federal IMD exclusion.

1) COUNTIES MAY CONTINUE TO PLACE YOUTH IN STRTPS THAT ARE DEEMED IMDS AFTER DECEMBER 2022

Nothing in state or federal statute limits a county welfare department or probation department from placing a child in a STRTP that has been deemed an IMD. The only funding that is affected is the federal portion of the covered Medi-Cal specialty mental health services (SMHS) that are covered by the county MHPs. Covered Medi-Cal services other than SMHS (e.g., medical, dental, and pharmacy benefits) are not impacted by an STRTP being deemed an IMD, as DHCS continues to pay claims for these services on a state-only funding basis.

2) TITLE IV-E FUNDING FOR STRTPS IS NOT AFFECTED BY IMD DETERMINATION

At this time, there is no identified impact for Title IV-E funding if a licensed STRTP facility is determined to be an IMD provided the facility and placement meets all applicable requirements pursuant to Title IV-E eligibility.

3) MEDI-CAL FUNDING FOR IMDS AVAILABLE TO COUNTY MENTAL HEALTH PLANS AFTER DECEMBER 2022 TO SUPPORT SPECIALTY MENTAL HEALTH SERVICES FOR YOUTH

DHCS is administering \$7,478,000 in funding during FY 2022-23 to support county MHPs that utilize STRTPs that are deemed to meet the federal IMD criteria. Importantly, this funding is not designed to serve as a backfill for the loss of FFP; it is designed to maintain sufficient specialty mental health services capacity for the foster care population while facilities develop and implement transition strategies to modify their program characteristics to come into compliance with the longstanding federal IMD exclusion. More information is available [here](#).

All County Information Notice No. I-86-22
Behavioral Health Information Notice No.: 22-069
Page 2
December 30, 2022

Medi-Cal payment for ancillary services (e.g., medical, dental, and pharmacy benefits) will not be impacted by DHCS' compliance with federal IMD requirements. Consistent with 1991 and 2011 Realignment which provides funding for behavioral health care to counties, the only fiscal impact for counties from DHCS' compliance with federal IMD requirements will be the unavailable FFP associated with SMHS, which is estimated to be \$7,478,000 annually statewide. Funding for all necessary medical, dental, and pharmacy services for these youth is included in the state Medicaid estimates in the 2022-23 budget. These funds are available to cover these medically necessary services through June 30, 2023.

Before the end of December 2022, DHCS will provide information to MHPs and all county placing agencies regarding which STRTPs have been deemed IMDs.

If you have any questions or need additional guidance regarding the information in this letter, contact the System of Care Branch at (916) 651-2752 or at fosterca@dss.ca.gov. For questions related to DHCS payments please contact DHCS at medccc@dhcs.ca.gov.

Sincerely,

Original signed by

ANGIE SCHWARTZ
Deputy Director
Children and Family Services Division
California Department of Social Services

TYLER SADWITH
Deputy Director
Behavioral Health
Department of Health Care Services