March 26, 2015

Jennifer Kent, Director
Department of Health Care Services
1501 Capitol Avenue
Sacramento, California 95899

SUBJECT: CBHDA Comments on Medi-Cal 2020: 1115 Waiver Renewal Concept Paper – Dated March 16, 2015

Dear Director Kent,

On behalf of the County Behavioral Health Directors Association of California (CBHDA), which represents the public mental health and substance use disorder programs in counties throughout California, I offer its perspective on improving health outcomes for beneficiaries with mental health and substance use conditions through California's 1115 Medicaid waiver.

CBHDA commends the Department's commitment to building on the approaches and successes of the existing Bridge to Reform Waiver as we move forward with expanding and improving our Medi-Cal program through delivery and payment system transformation. CBHDA supports the emphasis on persons with high-costs and high utilization who can benefit from increased care coordination between physical health, behavioral health (mental health and substance use treatment), community-based long term care and social supports, resulting in reduced hospitalizations and emergency department visits, improved patient engagement, and decreased costs.

Research has well established that the high healthcare costs and poor health outcomes associated with individuals with serious mental health and substance use conditions are primarily due to significantly higher rates of *largely treatable* chronic health conditions in this population, such as diabetes, heart disease, and chronic respiratory diseases. According to the recent report commissioned by the Reforming States Group and released by the Milbank Memorial Fund in December 2014:

> "Individuals with serious mental illness or substance use disorders have higher rates of acute and chronic medical conditions, shorter life expectancies (by an average of 25 years), and worse quality of life than the general medical population. They also have higher utilization of emergency and inpatient resources, resulting in higher costs. For example, 12 million visits (78/10,000 visits) annually to emergency departments are by people with serious mental illness and chemical dependency. For schizophrenia alone, the estimated annual cost in the United States is $62.7 billion dollars. Many of these expenditures could be reduced through routine health promotion activities; early

identification and intervention; primary care screening, monitoring, and treatment; care coordination strategies; and other outreach programs. However, people with serious mental illness and substance use disorders have limited access to primary care due to environmental factors and stigma and are often underdiagnosed and undertreated."[1]

There are many factors that contribute to the poor physical health of people with severe mental illness, including the more obvious such as lifestyle factors and medication side effects. However, there is increasing evidence that disparities in healthcare provision contribute to poor physical health outcomes.[2] These inequalities have been attributed to a combination of factors including systemic issues, such as the separation of mental health services from other medical services, healthcare provider issues including the pervasive stigma associated with mental illness, and consequences of mental illness and side effects of its treatment. This disparity is unacceptable.

Now is the time to act. California has taken tremendous strides over the last few years to improve access to care for individuals with mental health and substance use conditions – including recent expansions in coverage and benefits. According to one report, half-million uninsured California adults with mental health needs will become eligible for health insurance coverage in 2014.[3] California's expansion of Medi-Cal eligibility means that qualified adults will for the first time have access to mental health and substance use disorder services through the Medi-Cal program or subsidized insurance without having a disability. Medi-Cal managed care plans and county mental health plans have increasingly begun to work across systems in order to be able to more appropriately coordinate care for shared beneficiaries. California's Cal MediConnect Program has provided a more targeted opportunity in those demonstration counties to improve shared accountability across systems for a particularly vulnerable population. California's mandatory enrollment of seniors and persons with disabilities into the Medi-Cal managed care program also provides a new opportunity to better coordinate care and improve outcomes for complex beneficiaries.

There are a number of important elements that CBHDA agrees should be included in a waiver renewal proposal to improve health outcomes for beneficiaries with mental health and substance use conditions, including:

- **Shared Savings.** CBHDA supports the Department's efforts to test a new investment strategy in partnership with the Federal government by initiating a Federal-state shared savings model. CBHDA strongly supports the proposed reinvestment of Federal funding in recognition of the savings that California's section 1115 demonstration initiatives generate to the benefit of both the state and Federal government.

- **Drug Medi-Cal Organized Delivery System Demonstration.** CBHDA strongly supports the state's proposed demonstration to test new and innovative organized service delivery system models that improve care, increase efficiency, and reduce costs in the Drug Medi-Cal Program. California has a historic opportunity to fill known gaps in access to substance use services through the recent expansion of Medi-Cal eligibility and benefits. This promise will only be realized through an expansion of provider capacity.

[1] Gerrity, Martha. (2014). Integrating Primary Care into Behavioral Health Settings: What Works for Individuals with Serious Mental Illness.
[2] Lawrence, D. & Kisely, S. (2010). Inequalities in healthcare provision for people with severe mental illness. Journal of Psychopharmacology. (Oxford, England), 24 (4-supplement), 61-68.
[3] UCLA Center for Health Policy Research (November 2012), Health Policy Fact Sheet, "Half a Million Uninsured California Adults with Mental Health Needs Are Eligible for Health Coverage Expansions."

The proposed "organized delivery system" demonstration provides the state, counties, and providers the chance to jointly develop the resources needed to address the service gaps that now result in a lack of treatment. The Drug Medi-Cal Organized Delivery System (DMC-ODS) demonstration will enable counties to leverage their resources and develop strategies for screening, referrals, and service delivery depending on local conditions, including network capacity, geography, and cultural or linguistic diversity. The DMC-ODS demonstration also gives state and county officials authority to better select quality providers that meet treatment needs. The DMC-ODS demonstration is the best way to strike an appropriate balance between expanding access to vital services and assuring that high quality substance use services are consistently provided. Finally, the DMC-ODS demonstration will maximize services for beneficiaries through improved coordination of substance use treatment with county mental health programs, public safety systems, primary care, and other local human services providers.

- **Coordination of Behavioral and Physical Health Care.** CBHDA strongly supports the development of an incentive program under the waiver aimed at improving coordination of physical and behavioral health care for a more seamless care experience. Ultimately, CBHDA urges California to prioritize the reduction in the preventable consequences of chronic disease and serious mental health and substance use conditions and an incremental increase in the lifespan of the enrolled population with mental health and substance use conditions. CBHDA supports an approach that would build on the coordination and shared accountability approaches implemented in the Cal MediConnect program and the current Memorandum of Understanding between Medi-Cal managed care plans and county mental health plans. CBHDA particularly supports an approach that allows for a phased-in implementation, including "upfront" incentive payments to participating Medi-Cal managed care plans and county mental health plans allocated before performance or outcomes measures are met to support the development of processes and procedures to truly effect change in the outcomes for these enrollees. CBHDA supports the use of a set of metrics that managed care plans and mental health plans can jointly influence by improving care coordination and collaboration and demonstrate improved patient / client outcomes across both programs. As counties have the opportunity over the term of the waiver to participate in the DMC-ODS demonstration, CBHDA envisions that the incentive program could evolve to further support coordination of care with critical substance use disorder treatment programs.

- **Access to Housing and Supportive Services.** CBHDA strongly supports the inclusion of strategies to address homelessness in the waiver. Individuals experiencing homelessness, particularly those with multiple chronic conditions, including mental health and substance use conditions, often struggle to receive appropriate healthcare services and are disproportionately likely to have poor health outcomes. Many counties are focusing on ending chronic homelessness in their communities and are already embarking on innovative strategies and planning locally. CBHDA strongly supports the development of new approaches under the waiver to providing care to individuals experiencing homelessness.

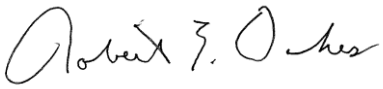
- **Regional Integrated Whole Person Care Pilots.** CBHDA supports the development of Whole Person Care pilots that offer innovation in the delivery and financing of strategies for frequent users of multiple systems. The pilot program would allow participating counties additional flexibility in how they allocate resources to best address the issues contributing to the target population's health conditions and current utilization of services across sectors. Additionally, the pilot offers the opportunity to institutionalize

relationships across a variety of public and private settings that will be necessary for the long-term success of the Medi-Cal program. Finally, CBHDA strongly supports strategies to identify new resources to support services not traditionally covered in the Medicaid program, such as targeted housing assistance.

- **Support for Non-Physician Community Providers including Peer Support Specialists.** Peer support specialists serve a valuable role in improving patient / client functioning, increasing patient / client satisfaction, reducing family burden, alleviating depression and other symptoms, reducing hospitalizations and hospital days, and increasing patient / client activation to enhance patient / client self-advocacy. The waiver presents an opportunity to build upon existing infrastructure and statewide efforts to expand the use of peer providers in mental health and substance use disorders as part of a care team that can further improve care coordination between behavioral health needs and physical health needs of patients / clients.

Thank you for your continued commitment to California's community behavioral health system. We welcome the opportunity to discuss our comments and work collaboratively with DHCS to ensure a successful waiver renewal. If you have any additional questions, please do not hesitate to contact Molly Brassil, Director of Public Policy, at mbrassil@cbhda.org or (916) 556-3477.

Sincerely,



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