

THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
BOARD ACTION SUMMARY

DEPT: Behavioral Health And Recovery Services BOARD AGENDA #: B-7

AGENDA DATE: July 12, 2016

**SUBJECT:**

Approval to Participate in a Federal Waiver to Allow Behavioral Health and Recovery Services to Provide an Enhanced Continuum of Substance Use Disorder Treatment Options for Stanislaus County Residents

**BOARD ACTION AS FOLLOWS:**

No. 2016-364

On motion of Supervisor O'Brien, Seconded by Supervisor Withrow  
and approved by the following vote,

Ayes: Supervisors: O'Brien, Chiesa, Withrow, DeMartini, and Chairman Monteith

Noes: Supervisors: None

Excused or Absent: Supervisors: None

Abstaining: Supervisor: None

1)  Approved as recommended

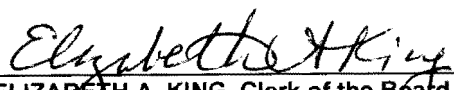
2)  Denied

3)  Approved as amended

4)  Other:

MOTION:

ATTEST:

  
ELIZABETH A. KING, Clerk of the Board of Supervisors

File No.

**THE BOARD OF SUPERVISORS OF THE COUNTY OF STANISLAUS  
AGENDA ITEM**

DEPT: Behavioral Health And Recovery Services BOARD AGENDA #: B-7

Urgent  Routine

mb

AGENDA DATE: July 12, 2016

CEO CONCURRENCE: pkc

4/5 Vote Required: Yes  No

**SUBJECT:**

Approval to Participate in a Federal Waiver to Allow Behavioral Health and Recovery Services to Provide an Enhanced Continuum of Substance Use Disorder Treatment Options for Stanislaus County Residents

**STAFF RECOMMENDATIONS:**

1. Authorize the Behavioral Health Director to opt in to the Federal 1115 Waiver for a Drug Medi-Cal Organized Delivery System.

**DISCUSSION:**

Under the 2011 Realignment legislation, State General Funds for Drug Medi-Cal, Non-Drug Medi-Cal, and Adult Drug Court were realigned to the counties. The initial amount was approximately \$184 Million statewide. There have been additional funds each year from growth in the 2011 Realignment funds, which are sales tax based. Growth funds are to be allocated to counties to ensure that the costs of Federal entitlements are covered first before the remainder of the growth funds is allocated to all counties.

Drug Medi-Cal is an entitlement and, as such, must be provided in a manner that is consistent with all Federal requirements. In 1994, a lawsuit was brought against the State (Sobky v. Smoley), which clarified several aspects related to Drug Medi-Cal as follows:

- Statewideness – services must be available across the State to all eligible, categorically needy Medi-Cal beneficiaries.
- Reasonable Promptness – there can be no waiting lists.
- Comparability – services to one group of Medi-Cal beneficiaries cannot be less in amount, duration, and scope than those offered to another group of beneficiaries.
- In addition, Medi-Cal beneficiaries seeking Drug Medi-Cal covered services currently have Freedom of Choice in that they can choose to seek services from any eligible provider regardless of county of residence.

The Federal 1115 Waiver for a Drug Medi-Cal Organized Delivery System (DMC – ODS) modifies the Federal entitlement requirements by waiving freedom of choice and statewideness. As a result, opting in to the waiver would allow our County to be able to determine the provider panels and to be able to design a delivery system that is uniquely appropriate for Stanislaus County. A similar situation occurred in 1995, when the Federal 1915(b) waiver for the provision of mental health services was initiated. An 1115 waiver differs

## Approval to Participate in a Federal Waiver to Allow Behavioral Health and Recovery Services to Provide an Enhanced Continuum of Substance Use Disorder Treatment Options for Stanislaus County Residents

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in that it is a demonstration waiver. Thus, the focus is on increasing the successful treatment of individuals dealing with a substance use disorder and, as a result, decreasing other system health care costs. It is well known that untreated substance use disorders can create serious and costly health care issues.

According to a recent fact sheet published by the State Department of Health Care Services, the DMC – ODS pilot program will focus on providing a continuum of care modeled on the American Society of Addiction Medicine for substance use disorder treatment. This continuum is the most widely used guidelines for establishing the appropriate level of care for individuals with addiction and co-occurring conditions. The DMC – ODS will increase local control and accountability allowing the County to determine who will provide services and how those providers will be monitored. The DMC – ODS will create utilization controls to improve care and efficient use of resources. More intensive services will be available for the criminal justice population that is often harder to treat. Substance abuse treatment must use evidence based practices. The DMC – ODS will require greater coordination with other systems of care including mental health and physical health.

The continuum of services required is as follows: early intervention, outpatient services, intensive outpatient services, short-term residential services, withdrawal management, opioid treatment, recovery services, case management, and physician consultation. All of these substance use treatment services, with the exception of case management, are already available in our county. It is the intent of Behavioral Health and Recovery Services (BHRS) to utilize a mix of contracted and county-operated services.

The DMC – ODS waiver will require a Quality Improvement Plan (QIP) and a Quality Improvement Committee (QIC). A QIP for Medi-Cal mental health services is currently in place and could serve as a template to meet this requirement. A QIC for substance use services is also currently in place.

Implementation for the counties that opt-in has been staggered, based on regions. In Phase 1, large Bay Area counties were the first to be allowed to opt-in. Southern California counties followed in Phase 2. Central Region counties (including Stanislaus) are in Phase 3. The opportunity to opt-in is now available. To date, several of the counties in the first two phases have opted in and submitted implementation plans. However, the State has only approved San Mateo's implementation plan but not the rate-setting or fiscal components of the plan.

An analysis of the DMC – ODS demonstrates that the advantages of opting in outweigh the disadvantages of doing so. Opting in will allow our County to have the authority to select quality providers to meet the continuum of service requirements mandated by the waiver. Establishing the continuum of services supports coordination and integration across systems, which could reduce emergency room visits and inpatient hospital admissions, and ultimately lead to better health outcomes overall. The intent is also to have significant interface, as needed, with public safety systems to support re-entry back into the community. Opting in allows the Department to consider billing for the residential substance use services provided by the Department and potential contractors. Currently, BHRS is using a Federal grant to assist with these costs. Ability to access Drug Medi-Cal frees up discretionary Federal funds for other purposes. Residential services have always been an excluded service from Drug Medi-Cal. Importantly, the Department would only be required to ensure access to services for

## Approval to Participate in a Federal Waiver to Allow Behavioral Health and Recovery Services to Provide an Enhanced Continuum of Substance Use Disorder Treatment Options for Stanislaus County Residents

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the Medi-Cal residents of Stanislaus County, and would be able to determine where they will receive services. Currently, BHRS must assure access to its services to any Medi-Cal recipient who requests substance use treatment.

Opting out would limit the types of services available to County residents. Many of the newly covered services under the DMC – ODS enable the Department to develop and provide better strategies to engage individuals typically difficult to engage to get into treatment. This will hopefully have a positive impact on not only the emergency room visits but our chronically homeless and criminal justice populations. In addition, BHRS would not have control over where residents received their services. It could not require other providers of services to adhere to the American Society of Addiction Medicine (ASAM) criteria for the level of care that an individual would need, increasing costs unnecessarily. As a result, the Department recommends opting in to the Federal 1115 waiver for DMC – ODS.

Implementation of the DMC – ODS will require additional staff resources. As part of the 2016-2017 Proposed Budget, it was recommended that three positions be added to BHRS in support of this program, funded by Federal Financial Participation, 2011 Realignment and Mental Health Services Act (MHSA) funding.

### **POLICY ISSUE:**

Opting in to the DMC – ODS achieves the Triple Aim approach to healthcare. This approach focuses on improving the health of the defined population; in this case those with substance use conditions. Another of the three aims is focused on enhancing the individual's care experience, including access and quality. The last aim is to reduce per capita health care costs. On March 7, 2016 and April 5, 2016, the Board of Supervisors' Health Executive Committee, comprised of Supervisors Withrow and O'Brien, supported the recommendation to opt-in to the Federal 1115 waiver for DMC – ODS.

### **FISCAL IMPACT:**

Services provided under the Drug Medi-Cal – Organized Delivery System Waiver will be funded by Federal Financial Participation funds that will be matched with 2011 Realignment funds. Since many of the individuals in need of these services are newly enrolled in Medi-Cal, the FFP portion will cover between 90% and 95% of the cost for those individuals. Based on Drug Medi-Cal activity during Fiscal Year 2015-2016, it is estimated that the DMC – ODS will result in increased appropriations and estimated revenue of \$5,411,106. The cost of the three new positions is estimated at \$395,709 and was included in the 2016-2017 Adopted Proposed Budget. The application and approval process for opting in to the Waiver is quite lengthy. It is anticipated that the financial impacts from opting in will not be realized until the end of Fiscal Year 2016-2017. As a result, the Department anticipates that it will be able to operate within the 2016-2017 Adopted Proposed Budget and will update the Board of Supervisors once the plan is finalized and implemented.

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<b>Cost of recommended action:</b>		\$ 7,730,151
<b>Source(s) of Funding:</b>		
Federal Financial Participation	\$ 5,411,106	
2011 Realignment	\$ 2,319,045	
<b>Funding Total:</b>		\$ 7,730,151
<b>Net Cost to County General Fund</b>		\$ -
<b>Fiscal Year:</b>	2016-2017	
<b>Budget Adjustment/Appropriations needed:</b>	No	
<b>Fund Balance as of May 31, 2016</b>		
Fund 1502 MH Alcohol & Drug	\$ 184,951	
Fund 1505 MH Stanislaus Recovery Center	\$ 666,929	

**BOARD OF SUPERVISORS' PRIORITY:**

This agenda item supports the Board of Supervisors' priorities of A Healthy Community and Efficient Delivery of Public Services by providing mandated services to the community in a coordinated, effective manner.

**STAFFING IMPACT:**

As part of the 2016-2017 Adopted Proposed Budget, the Board of Supervisors authorized three new positions in order to implement the DMC – ODS: one Manager IV, one Mental Health Clinician II, and one Staff Services Analyst.

**CONTACT PERSON:**

Madelyn Schlaepfer, PhD Behavioral Health Director Telephone: (209) 525 - 6205

**ATTACHMENT(S):**

None