

BACKGROUND

- Medicaid is a joint Federal and State health care program for eligible low-income individuals. States have some flexibility in how they administer their Medicaid programs and programs vary from state to state. Each state's Medicaid program is described in detail in its state plan and waiver programs as approved by the Centers for Medicare and Medicaid Services (CMS). California's Medicaid program, Medi-Cal, is administered by the California Department of Health Services (DHS). The Medi-Cal managed mental health care program is administered by DMH via an Interagency Agreement with DHS and waivers approved by CMS under Section 1915(b) of the Social Security Act.
- The Balanced Budget Act (BBA) of 1997 allowed States greater flexibility with their Medicaid programs by allowing them to amend their state plans to require certain categories of beneficiaries to enroll in managed care systems under the state plan, rather than under waivers, if specific beneficiary protections are in place. CMS published the MMC Final Rule on June 14, 2002, amending Medicaid regulations to implement the provisions of the BBA and to extend the BBA requirements to all Medicaid managed care arrangements by using the authority of the Secretary of the Department of Health and Human Services to set necessary administrative standards for the Medicaid program.
- Under the new MMC regulations, the mental health plans (MHPs) included in the Medi-Cal managed mental health care program administered by DMH are considered Prepaid Inpatient Health Plans (PIHPs) and are required to comply with MMC regulations that apply to PIHPs. DMH is also required to comply with new obligations of the State under the MMC regulations in its role as administrator of the Medi-Cal managed mental health care program for the State. The primary technical areas covered in the MMC regulations that are expected to result in changes, some of them significant, in current MHP policies and procedures are as follows:
 - Information Requirements
 - Beneficiary Rights and Protections
 - Emergency and Post-Stabilization
 - Availability of Services
 - Assurances of Adequate Capacity and Services
 - Authorization of Services, including Expedited Authorizations
 - Provider Selection
 - Practice Guidelines
 - Quality Assessment and Performance Improvement Programs
 - External Quality Reviews
 - Health Information Systems
 - Grievance and Appeals Systems, including Expedited Appeals
 - Program Integrity, including Compliance Plans

The full text of the MMC regulations is available on the CMS website at:
<http://www.cms.gov/medicaid/managedcare/cms2104f.asp>.

DMH IMPLEMENTATION PROCESS

- DMH analyzed the MMC regulations in their proposed form and submitted comments and requests for clarification to CMS during the public comment period relative to California's Medi-Cal managed mental health care program. Following CMS' publication of the final MMC regulations on June 14, 2002, DMH convened an internal workgroup to analyze the final MMC regulations to establish the new responsibilities of DMH and MHPs and to identify conflicts between the MMC regulations and existing regulations at Title 9, CCR, Division 1, Chapter 11 and the current DMH/MHP contracts.
- When this analysis was completed in August 2003, DMH began meeting biweekly with a workgroup appointed by the California Mental Health Directors Association (CMHDA) and then with members of the Client and Family Member Task Force (CFMTF) to develop necessary changes to the DMH/MHP contracts. Group discussions are focused on changes to existing systems and new requirements with the goals of identifying the most feasible ways for DMH and MHPs to implement new requirements that cause the least possible disruption to service delivery systems. DMH meets with the CMHDA and CFMTF groups together as needed to discuss joint areas of concern.
- When the workgroup process is completed, DMH intends provide a copy of the proposed contract changes to other DMH stakeholders for review and comment. Due to time constraints, DMH will not be able respond to these comments or make substantial changes. DMH will, however, review and consider all comments in making future improvements to the program and in the process of revising Title 9, CCR, Division 1, Chapter 11, to comply with the MMC regulations.
- In December 2003, DMH plans to issue DMH/MHP contract amendments developed through consultations with the CMHDA and CFMTF workgroup process. The contract amendments are expected to be effective January 1, 2004 and to bring MHPs into compliance with virtually all requirements by June 30, 2004.
- DMH, subject to available resources, will be developing technical assistance materials and training to assist MHPs in making a successful transition. DMH will also issue DMH Information Notices and Letters as needed to provide MHPs with clarification and guidance in implementing the MMC regulations.

DMH COMMUNICATION WITH CMS

- Although the CMS established August 13, 2003 as the date on which the MMC regulations were to be fully implemented, California was unable to comply, primarily due to uncertainty about the State's ability to fund the necessary changes at the State and MHP level. DMH received funding for most MMC requirements with the 2003 Budget. DMH is in frequent contact with CMS and is demonstrating a good faith effort to come into compliance as quickly as possible given the complexity of changes required amid serious budgetary and personnel resource shortages.

If you have questions or need additional information, please contact the Medi-Cal contract manager in the County Operations Sections below.

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