August 10, 2012

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RE: California Bridge to Reform Demonstration (No. 11-W-00193/9) Amendment -  
Delay to the Behavioral Health Services Plan Due Date

Dear Ms. Orris, Ms. Gibson and Ms. Nagle:

The Department of Health Care Services (DHCS) submitted a request on June 29, 2012, for an amendment to the Bridge to Reform Demonstration (Waiver number 11-W-00193/9) to increase Safety Net Care Pool (SNCP) Uncompensated Care and Delivery System Reform Incentive Pool (DSRIP) funding to Non-Designated Public Hospitals (NDPHs).

DHCS is requesting that the following amendment request be considered for approval at the same time as the pending NDPH amendment:
Delay to the Behavioral Health Services Plan Deadline (STC 23.d and STC 23.f):

The section 1115 Bridge to Reform Waiver Special Terms and Conditions (STCs) paragraph 23.d requires the completion of a Behavioral Health Services Plan, no later than October 1, 2012. This service plan will describe California’s recommendations for serving the Medi-Cal expansion population and demonstrate the State’s readiness to meet the mental health and substance use disorder needs projected by the Center for Medicare and Medicaid Services (CMS). Paragraph 23.f attaches a penalty of 2.0% of the annual Safety Net Care Pool Expenditure, should the state fail to meet the milestone required under paragraph 23.d.

DHCS requests a six-month delay of the October 1, 2012, date in STC paragraph 23.d and 23.f, to April 1, 2013.

In drafting the due date for this STC, both California and the Centers for Medicare and Medicaid Services (CMS) had anticipated that federal guidance for both the Medicaid Benchmark Benefit and Medicaid Behavioral Health Parity would be available. DHCS will need this guidance in order to complete the Behavioral Health Services Plan. This federal guidance is currently expected to be released in late summer or early fall of 2012.

Once this guidance is released, DHCS will need to consult with stakeholders, analyze options and make decisions critical to the development of the Behavioral Health Service Plan. These decisions include, which benchmark benefit package California will choose, the delivery system(s) for those benefits, and concurrent implementation strategies for financing, enrollment, quality oversight and monitoring, access, and workforce development.

Once we have identified our preliminary decisions, our consultants (TAC/HSRI) will run an analysis on the impact of those decisions on the various elements of the Medicaid expansion population.

Following the completion of TAC/HSRI's work product, DHCS will need to then re-engage stakeholders to ensure continued reasonable and meaningful public input and transparency in the decision making process. Once stakeholder input is received and considered, DHCS will then make adjustments, finalize the Service Plan.

DHCS will require at least four (4) months to complete the activities above, following the release of federal guidance.
Proposed changes to the STCs

STC 23.d

Behavioral Health Services Plan - By October 1, 2012 April 1, 2013, the State will submit to CMS for approval a detailed plan, including how the State will coordinate with the Department of Mental Health and Alcohol and Drug Programs outlining the steps and infrastructure necessary to meet requirements of a benchmark plan no later than 2014.

STC 23.f

Penalty - Failure to implement or operationalize the milestones listed in this paragraph will result in the loss of a percentage of the expenditure cap applicable to Safety Net Care Pool (SNCP) expenditures cap (not including HCCI expenditures) under the expenditure authorities. If the State fails to meet a milestone, the annual expenditure authority cap will be reduced by the amount(s) listed in the table below for SNCP expenditures other than those reserved for the HCCI.

<table>
<thead>
<tr>
<th>Demonstration Year (DY) Deadline</th>
<th>Milestone Reference</th>
<th>Penalty Amount as a percentage of the Annual Safety Net Care Pool Expenditure (Total Computable)</th>
</tr>
</thead>
<tbody>
<tr>
<td>DY 8 - July 1, 2012</td>
<td>23.a</td>
<td>0.5%</td>
</tr>
<tr>
<td>DY 8 - January 1, 2013</td>
<td>23.b</td>
<td>1.0%</td>
</tr>
<tr>
<td>DY 7 - Mar. 1, 2012</td>
<td>23.c</td>
<td>2.0%</td>
</tr>
<tr>
<td>DY 8 - October 1, 2012 April 1, 2013</td>
<td>23.d</td>
<td>2.0%</td>
</tr>
<tr>
<td>DY 9 - July 1, 2013</td>
<td>23.e</td>
<td>5.0%</td>
</tr>
</tbody>
</table>

Public Notice

As required by STC Paragraph 7 and 59 Fed. Register 49249 (Sept. 27, 1994) the proposed amendment has been shared publically as follows:

- June 15, 2012- DHCS sent a targeted stakeholder notice through the 1115 Behavioral Health Services stakeholder e-mail list regarding the completion of the Behavioral Health Services Needs Assessment and the anticipated request for an extension to the Behavioral Health Services Plan.
• July 23, 2012-The anticipated delay in the Health Services Plan due to pending federal guidance was discussed at the DHCS Stakeholder Advisory Committee (SAC) meeting, in Sacramento, CA. The meeting is open to the public and allows for public comment. The full meeting summary will be posted on the DHCS Stakeholder Advisory Committee Webpage: http://www.dhcs.ca.gov/Pages/DHCSStakeholderAdvisoryCommittee.aspx

• July 30, 2012-Through the DHCS stakeholder e-mail list, the Department released an update on the completion of the Behavioral Health Services Needs Assessment and the anticipated request for an extension to the Behavioral Health Services Plan.

• An update on the completion of the Behavioral Health Service Needs Assessment and the anticipated need for an extension of the Behavioral Health Service Plan is posted on the DHCS 1115 Behavioral Health Services Assessment and Plan website: http://www.dhcs.ca.gov/provgovpart/Pages/BehavioralHealthServicesAssessmentPlan.aspx

**Waiver Authority**

The proposed waiver amendment will not impact the existing Waiver authority.

**Expenditure Authority**

The proposed waiver amendment will not impact the existing expenditure authority.

**Tribal Notice**

Pursuant to State Plan Amendment (SPA)# 12-002, DHCS will provide tribal notice on proposals which directly affect Tribes and Indian health programs. "Direct effect" is defined as "changes to the Medi-Cal program that: further restrict eligibility; or reduce payment rates or make updates to payment methodologies to Indian health programs; or reduce or restrict access to covered services; or increase services reimbursed to Indian health programs; or update the tribal consultation policy in any way." Based on this definition, we determined that tribal notice for this amendment is not required. On August 9, 2012, DHCS received concurrence from CMS Regional Office with the determination that tribal notice on this amendment is not required.

**CHIP Allotment Neutrality Worksheet**

A CHIP Allotment Neutrality Worksheet is not needed because the proposed amendment will not impact CHIP.
**Evaluation Design**

The proposed amendment does not affect the current Waiver Demonstration Evaluation Design.

Thank you for your time and consideration of this request to adjust our timeline. DHCS will certainly remain in close communication with CMS regarding the various elements of this effort. If you have any questions, please contact Brian Hansen, Health Reform Advisor, at Brian.Hansen@dhcs.ca.gov or by phone at: (916) 440-7418. We are happy to assist you and your staff in any way as you review the proposed changes.

Sincerely,

/s/

Toby Douglas
Director

cc:

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