

## Behavioral Health Services (BHS) – Contractor Information Notice

<b>To:</b>	<b>BHS Contracted Service Providers</b>
<b>From:</b>	<b>Behavioral Health Services (BHS)</b>
<b>Date:</b>	<b>February 2, 2024</b>
<b>Title</b>	<b>Update Regarding Implementation of Behavioral Health Payment Reform</b>

The purpose of this memo is to provide an update to support community-based mental health and substance use providers in successfully transitioning from a cost reimbursement payment structure to a fee for service (FFS) payment structure for Medi-Cal funded contracts.

### Background

On April 21, 2023, the State issued formal communication via [Behavioral Health Information Notice No: 23-017](#) directing counties to begin the implementation of behavioral health payment reform on July 1, 2023. The information notice also included the [rates established](#) by the Department of Health Care Services (DHCS) for Medi-Cal billable services, by county. As outlined in the information notice, the rates were derived from a number of sources, including from cost surveys submitted by counties and community-based behavioral health providers.

### Phased Approach for Implementation

Since receipt of the DHCS rates, Behavioral Health Services (BHS) has been conducting analyses to develop provider rates that are equitable, address the escalating cost of doing business, support workforce recruitment and retention, and ensure continuity of care through transition. BHS is utilizing a phased approach for payment reform implementation over Fiscal Year 2023-24 with consideration of procurement timelines, complexity of the rate structures, and availability of utilization data. Information about the remaining payment reform transition phases, along with updates, will be forthcoming in a memo that will be released later this month.

### Communication & Resources

Since receiving formal direction from DHCS, BHS facilitated ongoing communication with behavioral health providers in various forums, including within the Mental Health Contractor’s Association, Alcohol and Drug Services Provider’s Association, and Contractor’s Financial Workgroup meetings as a regular agenda item, and through informational memos providing direction, updates, and timelines for implementation. The intent is to deliver contracted providers with timely information and receive feedback to incorporate in rate development, when feasible, to ensure FFS rates are equitable and sustainable.

The following resources and informational notices provide further details on behavioral health payment reform for programs to support the transition to FFS payment structure:

- **Websites**
  - [BHS Payment Reform website](#)
  - [BHS Optum CalAIM website](#)
  - [DHCS BH CalAIM Webpage](#)
- **Frequently Asked Questions (FAQs) / Questions & Answers (Q&A)**
  - [DHCS CalAIM FAQs](#)
  - [BHS Provider Q&A \(6/15/23\)](#)

#### For More Information:

- Contact your Contracting Officer’s Representative (COR)
- BHS Fiscal Manager: Junida Bersabe, [Junida.Bersabe@sdcounty.ca.gov](mailto:Junida.Bersabe@sdcounty.ca.gov) (619) 619-381-9560

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- **Provider Memos**

- [2023-06-13 CalAIM BH Payment Reform Update](#)
- [2023-03-03 Strategy to Address Discrepancies Between CalAIM Guidance and Contract Language](#)
- [2023-09-01 BHS Payment Reform Memo](#)
- [2023-11-21 Behavioral Health Payment Reform Update – Phases 2, 3, 4, and 5 Rates](#)
- [CalAIM BH Payment Reform Overview and Implementation Plan \(updated 11/21/2023\)](#)

- **FFS Rates**

- [FY2023-2024 MH Residential Rates](#) (updated 9/18/2023)
- [FY2023-2024 SUD Residential Rates](#) (updated 10/18/2023)
- [FY2023-2024 Day Treatment Services Rates](#) (11/21/2023)
- [FY2023-2024 Mental Health Crisis Stabilization Unit \(CSU\) Rates](#) (11/21/2023)

- **DHCS Behavioral Health Information Notices**

- [23-017 Specialty Mental Health Services and Drug Medi-Cal Services Rates](#)
- [23-023 Elimination of Cost Reporting Requirements for Counties and Providers](#)

This transition process is intended be collaborative and ensure opportunities are maximized to support quality, sustainable services, with minimal disruption to services and operations.

### Questions

If you have general questions, comments, or concerns about payment reform across the system, please reach out to the BHS Finance team. If you have contract/program specific questions, whether general across the system or specific to your program, please reach out to your Contracting Officer’s Representative (COR) and/or the BHS Finance team.

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