



<b>To:</b>	<b>BHS Contracted Service Providers</b>
<b>From:</b>	<b>Behavioral Health Services</b>
<b>Date:</b>	<b>February 22, 2024</b>
<b>Title</b>	<b>Behavioral Health Payment Reform – Updates for Phases 2, 3, and 4</b>

This memo is intended to provide an update about **Phases 2, 3 and 4 of Behavioral Health (BH) Payment Reform** implementation to Behavioral Health Services (BHS) contractors that provide Medi-Cal eligible services.

**Update: Phase 2 Rate Implementation**

**Phase 2** rate implementation will **shift to April 1, 2024**, impacting:

- Mental Health Residential Services
- Mental Health Crisis Residential Services

**Update: Phase 3 Rate Implementation**

- Rates for the Crisis Stabilization Units CSUs will **shift to April 1, 2024**.

**Update: Phase 4 Rate Implementation**

- Rates for Substance Use Disorder Outpatient Services have been developed and are scheduled for implementation **on July 1, 2024**.

**Update: Phases 5 and 6 Rate Implementation**

Rates are still being developed for **Phases 5 and 6**.

- **Phase 5:** Mental Health Outpatient Services will be implemented on **July 1, 2024**.
- **Phase 6:** Mobile Crisis Teams will be implemented on **July 1, 2024**.

NOTE: It remains **essential for providers to ramp up billing between now and July 1, 2024**, to support viability under the new payment reform FFS payment structure.

Communication around future FFS rate implementation will be communicated to contractors via memos.

FFS rates, key assumptions and modifiers are included in the attached CalAIM Payment Reform Overview PPT deck and FY2023-24 Rates spreadsheet, will be available on the CalAIM for BHS Provider website under **Payment Reform**: <https://www.optumsandiego.com/content/SanDiego/sandiego/en/county-staff---providers/calaim-for-bhs-providers.html>

The BHS team will continue to provide training and technical assistance to contractors, as needed.

**For More Information:**

- Contact your Contracting Officer’s Representative (COR)



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**Updated Implementation Timeline**

The table outlines the updated staggered FFS rate implementation (updates are in blue):

Phase	Services	Implementation Date*	Status
Phase 1	Opioid Treatment Programs (OTPs)	Mid-Jul 2023	Implemented
Phase 2	Substance Use Residential Programs	Nov 1, 2023	Implemented
Phase 2	Mental Health Residential, Crisis Residential Programs	April 1, 2024*	Rates developed, implementation underway
Phase 3	Day Treatment Services	January 1, 2024*	Implemented
Phase 3	Mental Health Crisis Stabilization Units	April 1, 2024*	Rates developed, implementation underway
Phase 4	Substance Use Outpatient Services	July 1, 2024*	Rates developed, Implementation underway
Phase 5	Mental Health Outpatient Services	July 1, 2024*	Rates under development
Phase 6	Mobile Crisis Response Teams	July 1, 2024*	Rates under development

\* Anticipated dates, subject to change

**Rate Adjustments**

FFS rates in the initial year of payment reform were developed based on actual utilization and billing by contracted programs to preserve continuity of care without any significant financial impact to contracted providers during the transition; therefore, several service categories will receive rates that are higher in the initial year.

As the system matures and contracted providers optimize services and significantly increase billable units of service provided, rates will be adjusted to align with the maximum State rates and billing expectations.

**FFS Rates in New Requests for Proposals (RFPs)**

Rates established for new RFPs will be adjusted to align with new billing expectations for services, and therefore may not align with rates established during the initial FFS transition. Rates included within new RFPs will be modified or adjusted annually to align with adjustments to rates set by the State.

**Questions and Comments**

Please continue to communicate question and concerns to your CORs through this transition.

**For More Information:**

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