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COUNTY OF SAN DIEGO

AGENDA ITEM

DATE: **March 11, 2025** **15**

TO: Board of Supervisors

SUBJECT

AUTHORIZE THE COUNTY OF SAN DIEGO TO OPT-IN TO THE BEHAVIORAL HEALTH COMMUNITY-BASED ORGANIZED NETWORKS OF EQUITABLE CARE AND TREATMENT (BH-CONNECT) INITIATIVE, EXECUTE RELATED AGREEMENTS, ACCEPT ADDITIONAL MEDI-CAL REVENUE, AND PURSUE ADDITIONAL FUNDING, AND REQUEST THE DEPARTMENT OF HEALTH CARE SERVICES TO ISSUE FINAL GUIDANCE FOR BH-CONNECT (DISTRICTS: ALL)

OVERVIEW

In December 2024, the Centers for Medicare & Medicaid Services approved a Section 1115 demonstration project submitted by the California Department of Health Care Services (DHCS) entitled Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT), which establishes a robust continuum of evidence-based community services for people with significant behavioral health needs. BH-CONNECT is comprised of a new five-year Medicaid section 1115 demonstration, State Plan Amendments to expand coverage of Evidence-Based Practices (EBPs) available under Medi-Cal, and complementary guidance and policies to strengthen behavioral health services statewide.

By expanding community-based services and integrating EBPs, BH-CONNECT aims to reduce costly emergency department visits, hospitalizations, and institutional stays, including within carceral settings. The initiative will help Medi-Cal members with behavioral health conditions, including children and youth involved in child welfare, individuals and families experiencing or at risk of homelessness, and people involved in the justice system.

BH-CONNECT aligns with the County of San Diego (County) Health and Human Services Agency (HHSA) Behavioral Health Services (BHS) Optimal Care Pathways (OCP) efforts by providing opportunities to improve quality of care, enhance service capacity, invest in the development and retention of the behavioral health workforce, and optimize new revenue opportunities to expand the continuum of community-based care. BH-CONNECT represents a strategic shift in how California addresses behavioral health care. In partnership with county behavioral health plans throughout the state, BH-CONNECT is a multi-year initiative that aims to strengthen the workforce, incentivize measurable outcomes, and fill critical service gaps to create a more equitable and effective system of care.

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Implementing BH-CONNECT, including EBPs, the Access, Reform, and Outcomes Incentive Program, and the Mental Health Institution of Mental Disease Federal Financial Participation Program, and future components, will expand the portfolio of covered benefits that Medi-Cal members have access to. BH-CONNECT utilizes proven treatment methods to improve outcomes through standardized high-fidelity EBPs and leverages additional federal revenue for essential care.

Today's actions request the San Diego County Board of Supervisors (Board) authorize agreements and documents required to implement BH-CONNECT, receive additional Medi-Cal funding through BH-CONNECT, and pursue additional funding opportunities to support successful BH-CONNECT implementation. Today's actions also request the Board to issue a letter to DHCS requesting the issuance of final guidance associated with the implementation of BH-CONNECT.

These actions support the County vision of a just, sustainable, and resilient future for all, specifically those communities and populations in San Diego County that have been historically left behind, as well as our ongoing commitment to the regional *Live Well San Diego* vision of healthy, safe, and thriving communities. This will be accomplished through further strengthening the continuum of behavioral health services by expanding critical care in San Diego County.

RECOMMENDATION(S)
CHIEF ADMINISTRATIVE OFFICER

1. Authorize the Deputy Chief Administrative Officer, Health and Human Services Agency (HHSA), or designee, to execute agreements, plans, certification forms, and all necessary documents for submittal and regulatory processing for Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT) implementation, including BH-CONNECT Evidence Based Practices, the Access, Reform, and Outcomes Incentive Program, and the Mental Health (MH) Institution of Mental Disease (IMD) Federal Financial Participation (FFP) Program.
2. Authorize the Deputy Chief Administrative Officer, HHSA, or designee, to execute agreements, plans, certification forms, and all necessary documents for submittal and regulatory processing to allow the County to be reimbursed for behavioral health services that are or will become eligible for Medi-Cal reimbursement under BH-CONNECT.
3. Authorize the Chief Administrative Officer, or designee, to apply for any additional funding opportunities to ensure successful BH-CONNECT implementation in San Diego County.
4. Request the Board of Supervisors to issue a letter to the State of California, Department of Health Care Services requesting the issuance of final guidance associated with the implementation of BH-CONNECT to ensure the County can implement enhanced services for Medi-Cal beneficiaries and receive timely Medi-Cal reimbursement for the new benefits.

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EQUITY IMPACT STATEMENT

The County of San Diego (County) Health and Human Services Agency, Behavioral Health Services (BHS) serves as the specialty mental health plan for Medi-Cal eligible residents within San Diego County who are experiencing serious mental illness (SMI) or serious emotional disturbance. BHS is also the service delivery system for Medi-Cal eligible residents with substance use care needs. In 2024, nearly one in three San Diegans were eligible for Medi-Cal, with Hispanic and Latino residents having the highest percentage of Medi-Cal eligibility at 44%.

For these Medi-Cal eligible residents who experience SMI or have a substance use care need, BHS offers County-operated and BHS-contracted programs that address the social determinants of health by being accessible, capable of meeting the needs of diverse populations, and culturally responsive, with the intent to equitably distribute services to those most in need. BHS strives to reduce behavioral health inequities by identifying needs and designing services to yield meaningful outcomes for those served. BH-CONNECT will help to further the development of behavioral health services that support access to treatment and care for populations who are underserved by social and behavioral health resources.

SUSTAINABILITY IMPACT STATEMENT

Today's actions support the County of San Diego (County) Sustainability Goal #2 to provide just and equitable access to County services and Sustainability Goal #4 to protect the health and well-being of everyone in the region. These goals will be accomplished by providing a wider availability and range of supportive, inclusive, and stigma-free options to those in need of behavioral health services. Access to a comprehensive continuum of behavioral health services will improve the overall health of communities.

FISCAL IMPACT

Funds for these requests are included in the Fiscal Years 2024-25 Operational Plan in the Health and Human Services Agency. If approved, today's recommendations will result in no new costs in both Fiscal Year (FY) 2024-25 and FY 2025-26. There will be new revenue estimated at up to $3.0 million in 2024-25 and $18.5 million in FY 2025-26, due to services becoming eligible for Medi-Cal reimbursement under the BH-CONNECT initiative. This will allow HHSA to reinvest funding sources, such as Realignment, general purpose revenue, and MHSA back into the behavioral health system. The funding source will be Short-Doyle Medi-Cal and Drug Medi-Cal. There may be additional fiscal impacts associated with implementation of BH-CONNECT components in subsequent years and funding requests. Staff will return to the Board with mid-year action to adjust the budget, if necessary, and/or into future budgets as funding becomes available. There will be no change in net General Fund cost and no additional staff years.

It is anticipated that opting in to the BH-CONNECT waiver will improve the quality of care, enhance member outcomes, and result in savings to local funds for programs that become eligible

for Medi-Cal reimbursement through the 1115 demonstration project. The breadth of local savings will not be fully known until final guidance has been issued by the California Department of Health Care Services and subsequent analytic work is completed to establish reimbursement rates for services newly eligible for under reimbursement under BH-CONNECT. Savings resulting from the implementation of BH-CONNECT must be reinvested to support services that benefit Medi-Cal members served by BHS.

Additionally, impending federal policy changes that are being proposed may have significant impacts on the implementation of the BH-CONNECT initiative, a federal waiver, and the financial sustainability of existing and future local mental health and substance use treatment programs funded through Medicaid, or Medi-Cal in California. Any significant Medicaid policy changes will impact the County's ability to financially sustain behavioral health programs funded by Medi-Cal. Additionally, growth in realignment funding has not kept pace with the increased costs for services, which is utilized as a local match for Medi-Cal programs.

BUSINESS IMPACT STATEMENT
N/A

ADVISORY BOARD STATEMENT
At their regular meeting on February 6, 2025, the Behavioral Health Advisory Board received a presentation on Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment.

BACKGROUND
In December 2024, the Centers for Medicare & Medicaid Services approved a Section 1115 demonstration project submitted by the California Department of Health Care Services (DHCS) entitled, Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment (BH-CONNECT), which establishes a robust continuum of evidence-based community services for people with significant behavioral health needs.

By expanding community-based services and integrating evidence-based practices (EBPs), BH-CONNECT aims to reduce costly emergency department visits, hospitalizations, and institutional stays, including within carceral settings. The initiative will help Medi-Cal members with behavioral health conditions, including children and youth involved in child welfare, individuals and families experiencing or at risk of homelessness, and people involved in the justice system.

BH-CONNECT aligns with the County of San Diego (County) Health and Human Services Agency (HHSA) Behavioral Health Services (BHS) Optimal Care Pathways (OCP) efforts by providing opportunities to improve quality of care, enhance service capacity, invest in the development and retention of the behavioral health workforce, and optimize new revenue

opportunities to expand the continuum of community-based care. BH-CONNECT represents a strategic shift in how California addresses behavioral health care.

In partnership with county behavioral health plans throughout the state, BH-CONNECT is a multi-year initiative that aims to strengthen the behavioral health workforce, incentivize measurable outcomes, and fill critical service gaps to create a more equitable and effective system of care. Funding for BH-CONNECT includes $8.0 billion in State and federal resources over five years. A portion of this funding was secured through a recently approved federal Medicaid waiver running from January 1, 2025, to December 31, 2029. BH-CONNECT also expands and clarifies Medi-Cal coverage of adult, children, and youth focused EBPs.

Components of BH-CONNECT
Some components of BH-CONNECT will operate under the federal waiver, while others are funded entirely through State resources. Implementation will include both statewide and county opt-in programs. Key components of BH-CONNECT include:

- *EBPs*: Expands and enhances Medi-Cal funding for Assertive Community Treatment (ACT), forensic ACT, individual placement and support model of supported employment, enhanced community health workers (CHWs), clubhouse services, peer support services specialization, and coordinated specialty care for first episode psychosis, as available options for county implementation.
- *Clarification of Existing Services*: Provides guidelines for therapies like Functional Family Therapy (FFT), Multi-Systemic Therapy (MST), and Parent-Child Interaction Therapy (PCIT) to ensure broader access for children and youth.
- *Centers of Excellence*: Provides training, technical assistance and fidelity monitoring to Medi-Cal specialty behavioral health providers and county behavioral health plans implementing EBPs.
- *Access, Reform, and Outcomes Incentive Program*: Provides $1.9 billion of financial rewards to counties that improve care access and reduce disparities for Medi-Cal members.
- *Support for Children and Youth*: Enhances care and resources for children and youth in child welfare who need specialty mental health services.
- *Workforce Investments*: Invests up to $1.9 billion to support a robust and diverse behavioral health workforce initiative that includes scholarships, loan repayment programs, recruitment incentives, residency and fellowship expansions, and professional development. The workforce initiative will be managed by the Department of Health Care Access and Information (HCAI).
- *Transitional Rent Assistance*: Provides up to six months of rental or temporary housing support for eligible Medi-Cal members transitioning from institutions, congregate settings, or homelessness.

- *Community Transition In-Reach Services*: Offers continuous support for individuals reintegrating into communities after long-term institutional care.
- *Short-Term Inpatient Psychiatric Care*: Allows flexibility for counties to leverage Medi-Cal funding for short-term mental health care provided in certain residential treatment settings that were previously subject to the Institute of Mental Disease (IMD) exclusion and therefore were not able to drawdown federal funding. To receive Medi-Cal reimbursement for short term stays in IMDs, counties must implement certain EBPs within a timeframe outlined by the California Department of Health Care Services (DHCS), including enhanced CHWs and specialized peer support services, which must be in place prior to claiming federal funding for IMD stays.

From a broader perspective, BH-CONNECT builds on nearly $15.0 billion in other State investments and aligns with transformative initiatives, such as Behavioral Health Transformation Proposition 1, the Children and Youth Behavioral Health Initiative, Behavioral Health Continuum Infrastructure Program, Behavioral Health Bridge Housing program, Justice-Involved Reentry Initiative, Behavioral Health Payment Reform, Medi-Cal Transformation, and 988 Expansion.

The federal Medicaid waiver is an essential source of funding for BH-CONNECT. While the federal administration has the authority to rescind or modify the waiver or withhold funding, doing so would require navigating complex legal and administrative processes. In addition, such actions could provoke legal challenges from state officials and advocacy organizations.

Opting Into BH-CONNECT
In January 2025, DHCS released initial draft guidance indicating that county behavioral health plans are required to submit a letter to DHCS prior to the proposed commencement of services stating a request to cover one or more BH-CONNECT EBPs as Medi-Cal services. Additionally, the letter is to specify which EBPs the county intends to cover, and the dates the coverage will begin.

In early February 2025, DHCS issued draft guidance to counties regarding the opportunity for participation in an incentive program available as part of BH-CONNECT. Under this program, counties can earn incentive payments for demonstrating improvements in access to behavioral health services, outcomes among Medi-Cal members living with significant behavioral health needs, and delivery system capabilities.

In mid-February 2025, DHCS issued draft guidance specifying the process to opt-in to the Mental Health Institution of Mental Disease Federal Financial Participation Program (MH IMD FFP Program) that allows counties to drawdown Medi-Cal for adults with short-term stays of 60 days or less in mental health residential or inpatient psychiatric settings classified as IMDs. Currently, counties cannot receive reimbursement from Medi-Cal for services provided to Medi-Cal members

receiving care within freestanding IMDs that have more than 16 beds. To receive reimbursement requirements must be met by the county and the individual IMD facilities. In advance of claiming for Medi-Cal through the MH IMD FFP Program, counties must submit and secure DHCS approval of a BH-CONNECT Implementation Plan.

As required for the MH IMD FFP program, counties must implement two EBPs before receiving Medi-Cal reimbursement for short-term stays within IMDs. This involves enhanced CHWs and peer support services, including forensic specialization, in mental health and substance use programs. Additional EBPs will be required for implementation in the future, utilizing a phased approach, as outlined by DHCS. For reimbursement to occur for stays within eligible IMDs, several activities will be required within the IMD, including but not limited to screenings for certain conditions, discharge planning, post discharge contact, closed loop referrals, and bed tracking and availability.

While full and finalized guidance from DHCS is still pending, today's actions request authority from the San Diego County Board of Supervisors (Board) to opt-in to BH-CONNECT, which makes new benefits and federal funding available to the County. This creates opportunities to expand the portfolio of covered benefits to Medi-Cal members residing in San Diego County, utilize proven treatment methods to improve outcomes through implementation of standardized high fidelity EBPs, and leverage additional federal revenue for essential care. Through BH-CONNECT, an array of existing services currently funded through local County funds will become eligible for Medi-Cal reimbursement. Today's actions also request the Board to receive additional Medi-Cal funding through BH-CONNECT and pursue additional funding opportunities to support successful BH-CONNECT implementation.

While the information we have received from DHCS allows us to opt-in to BH-CONNECT, there is still additional guidance that is needed before counties can implement the enhanced services to Medi-Cal beneficiaries and receive timely reimbursement for these new benefits. The sooner the guidance is received, the sooner BHS can begin providing these benefits to our community. Therefore, today's actions also request the Board to issue a letter to DHCS requesting the issuance of final guidance associated with the implementation of BH-CONNECT to ensure the County can implement enhanced services for Medi-Cal beneficiaries and receive timely Medi-Cal reimbursement for the new benefits.

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LINKAGE TO THE COUNTY OF SAN DIEGO STRATEGIC PLAN

Today's proposed actions support the County of San Diego 2025-2030 Strategic Plan initiatives of Equity (Health) and Community (Quality of Life) as well as the regional *Live Well San Diego* vision, by implementing new services that are designed to improve outcomes for people with mental illness and substance use disorders and ensuring access to a comprehensive continuum of behavioral health services is administered through accessible behavioral health programs.

Respectfully submitted,



EBONY N. SHELTON
Chief Administrative Officer

ATTACHMENT(S)

N/A