

June 4, 2024

Board of Supervisors  
County of Ventura  
800 South Victoria Avenue  
Ventura, CA 93009

**SUBJECT: Authorization for the Ventura County Behavioral Health (VCBH) Director or Designee to Make Amendments to Medi-Cal Specialty Mental Health Services and Drug Medi-Cal Organized Delivery System Services Agreements Modifying Provider Service Rates.**

**RECOMMENDATION:**

Authorization for the Ventura County Behavioral Health (VCBH) Director or designee to make amendments to Medi-Cal Specialty Mental Health Services (SMHS) and Drug Medi-Cal Organized Delivery System (DMC-ODS) service agreements modifying the provider service rates and aligning with the cost of services rendered, provided that the changes: (1) are consistent with the original purpose of the agreement, (2) do not exceed twenty-five percent (25%) of the existing FY 2023-24 service rates in the agreement, and (3) do not result in additional increase to the overall amount of the agreement. The form of the amendments would be subject to review by County Counsel.

**FISCAL/MANDATES IMPACT:**

There is no fiscal impact related to the proposed recommendation.

**STRATEGIC PLAN PRIORITY:**

The item presented in this Board letter ties to the Healthy, Safe, and Resilient Communities strategic priority of the County Strategic Plan as it is designed to meet the goal of providing equitable and timely access to quality mental health services.

**DISCUSSION:**

**Background**

California Advancing and Innovating Medi-Cal (CalAIM) is a California Department of Health Care Services (DHCS) initiative to reform and transform the Medi-Cal program and, in turn, improve the quality of life and health outcomes of Medi-Cal members. Over the course of several years, CalAIM seeks to implement a broad delivery system,

programmatic and payment reform across the Medi-Cal program and build upon the successful outcomes of various pilot programs to completely transform the delivery of behavioral health services for Medi-Cal beneficiaries. One of the initiatives under CalAIM is payment reform. Under payment reform, the payment methodology shifted away from claiming and reimbursement rates based on actual cost and a certified public expenditure but rather to final payment rates utilizing standardized codes for clinical services provided by licensed and non-licensed professionals for services that are in their scope of practice, along with other service requirements that are designed to improve outcomes for Medi-Cal beneficiaries.

### **Provider Service Rates Modification Amendments**

Each year, VCBH contracts with a variety of contractors for the provision of a wide range of mental health and substance use related services to assist in meeting the needs of the various target populations served by VCBH. Due to payment reform under CalAIM, the FY 2023-24 agreements incorporated substantial changes including a shift away from a cost-based reimbursement structure to "fee for service" payments using standardized codes for the clinical services actually provided by licensed and non-licensed professionals. The specific rates paid for specific services are negotiated by each County's Mental Health Plan.

Contract providers are expected to provide contracted units of service to meet the obligations of their agreement with VCBH. In the first year of this new "fee for service" structure, FY 2023-24, the rates set by VCBH did not adequately reflect the costs of certain providers given the level of services that the contractor was required to provide. Over the year VCBH has reviewed the rates and required levels of services needed and negotiated specific rate increases. A number of amendments to these agreements were presented to your Board on May 14, 2024 (Item 31). More amendments are needed before the end of the fiscal year.

To facilitate the ability to modify these rates administratively and align the amounts paid with the cost of the services rendered, VCBH would like to make amendments to additional Medi-Cal SMHS and DMC-ODS service agreements, modifying individual "fee for service" rates by no more than twenty-five percent (25%) of the original rates set for FY 2023-24, if VCBH determines a rate change is justified during the term of the agreement.

VCBH recommends authorization for the VCBH Director or designee to make amendments to Medi-Cal SMHS and DMC-ODS service agreements modifying the provider service rates and aligning with the cost of services rendered, provided that the changes: (1) are consistent with the original purpose of the agreement, (2) do not exceed twenty-five (25%) of the existing FY 2023-24 service rates in the agreement, (3) do not result in additional increase to the overall amount of the agreement. The form of the amendments would be subject to review by County Counsel.

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This Board letter has been reviewed by the County Executive Office, Auditor-Controller's Office, County Counsel, and General Services Agency Procurement Services. If you have any questions regarding this item, please contact VCBH Interim Behavioral Health Director Loretta L. Denering, DrPH, MS at (805) 981-2214 or HCA Assistant Chief Financial Officer Narcisa Egan at (805) 973-5357.



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