



August 31, 2023

Department of Health Care Services
Attn: Jacey Cooper and Tyler Sadwith
P.O. Box 997413, MS 0000
Sacramento, California 95899-7413

Sent via email to: BH-CONNECT@dhcs.ca.gov

Re: BH-CONNECT Demonstration and CalAIM Transitional Rent Amendment

Dear DHCS:

On behalf of the California Alliance of Child and Family Services (the California Alliance), we respectfully submit the following recommendations regarding the proposed BH-CONNECT Waiver Demonstration and the CalAIM Section 1115 Transitional Rent Amendment. The California Alliance represents over 160 nonprofit community-based organizations serving children, youth and families through behavioral health, education, foster care, prevention, and juvenile justice programs throughout the state.

Our members support many aspects of the proposed waiver. We are extremely pleased, for example, that the waiver will include activity stipends for foster youth. We agree that funding extracurricular activities for young people can significantly bolster their mental health, strengthen their relationships with peers, and help them build the life skills they will need to thrive as independent adults.

Our members also support the much-needed workforce initiative, as well as the cross-sector incentive program, which will strengthen the coordination of child welfare services and Specialty Mental Health Services (SMHS). In addition, we enthusiastically support the requirement that, if counties choose to participate in the statewide incentive program, they must reinvest the FFP they earn into Medi-Cal behavioral health programs. We also are pleased to see the initial child welfare and SMHS assessment at the entry point into child welfare. However, we would like to acknowledge the need to consider change management and phased implementation at the county and provider level with CalAIM, CARE Court, proposed MHSA reforms, BHCIP, and CYBHI all occurring simultaneously.

While we are supportive of expansion of peer services, we urge the state to explore existing background check processes, particularly in children and youth serving organizations licensed by Community Care Licensing, that prevent the true incorporation of peers into practice.

Potential Diversion of Funds from Already Strained Behavioral Health and Child Welfare Budgets

In general, our members are deeply concerned that the proposed waiver will divert resources away from the very programs that are most needed to help young people remain in family-based settings in the community. Intensive community-based programs for youth with the most complex needs are currently facing a myriad of challenges, including those summarized below.

- **CalAIM Payment Reform.** Many community-based organizations (CBOs) that contract with Mental Health Plans (MHPs) to provide community-based Specialty Mental Health Services are

struggling with new “one-size-fits-all” rates that fail to cover their actual travel costs for field-based services. Many MHPs, moreover, have chosen to withhold from their contracting providers substantial percentages of the SMHS rates they receive from the state – compounding the financial impact of the one-size-fits-all provider rates. Without negotiated rates that cover actual costs, the CBO provider network will shrink rather than expand to meet the goals of CalAIM.

- **Underfunded Child Welfare Programs.** Many child welfare programs and services remain severely underfunded or simply unavailable. Many California counties, for example, fail to offer any Therapeutic Foster Care (TFC) services. In addition, although the state legislature recently passed a long overdue rate increase for Foster Family Agencies (FFAs), which provide home-based placements for child-welfare involved youth, the legislature has not passed similar rate increases for Intensive Services Foster Care (ISFC) placements, which serve youth with the most intensive needs. Also, some youth wraparound programs, which are dually funded by both MHPs and child welfare, have been instructed to draw down additional child welfare funding to compensate for their lower SMHS rates under Payment Reform – adding additional strains to already overburdened child welfare budgets. Ensuring that there is sufficient state and local funding that will support the development of more family and community-based services through BH-CONNECT will be critical to its success.
- **Proposed Mental Health Services Act (MHSA) Reforms.** The proposed MSHA reforms are also undermining efforts to build more intensive community-based programs for youth. One county, for example, recently chose to withdraw from its plan to build a children’s crisis care continuum program because the county feared it would not receive the MHSA funds it had planned to use to complete financing for the project.

Intensive community-based programs youth are already struggling with an array of funding restrictions, therefore we urge DHCS to ensure that the proposed waiver does not divert additional funds away from these programs. We are concerned, for example, that counties will need to pay the local matching funds for new waiver programs, such as the new Evidence Based Practices (EBPs) and Transitional Housing Services provided by MHPs, by diverting Realignment and MHSA funds that counties currently use to provide intensive services for youth, such as High Intensity Wraparound with Intensive Care Coordination (ICC), TFC, Intensive Home Based Services (IHBS), ICC, and Therapeutic Behavioral Services (TBS).

In order to ensure the new waiver will not undermine access to existing community-based services for youth with the most complex needs, we recommend that the waiver include the protections below.

- The waiver should clarify how counties will be able to pay the local match for the new waiver programs and services while also ensuring full access to existing intensive community-based services for youth, including Wraparound, TFC, IHBS, and TBS.
- The state should pass rate increases for ISFC placements that align with the recently enacted 8.8% rate increase for FFA Level of Care Rates.
- DHCS should require MHPs to offer contracting CBOs a minimum “passthrough” SMHS rate of at least 85% of the MHP’s rate from the state.

Measures for the Statewide Incentive Program

We encourage DHCS to include, in the measures for the statewide incentive program, factors that reflect not only service utilization, but also more meaningful behavioral health outcomes. We recommend, for example, that the measures for youth include:

- Permanency outcomes, such as the number of placement changes for each youth and whether youth receive a long-term home-based placement; and
- School performance, such as high school graduation rates; school stability; absenteeism rates; and rates of disciplinary measures such as suspensions and expulsions.

We also strongly recommend that DHCS require counties to engage their contractor providers in the development of the Integrated Leadership Teams locally, to support efforts to partner on incentive programs.

Activity Stipends

We are very supportive of how critical activity stipends will be for current and former foster youth. We have several key recommendations on how these funds can be best utilized and operationalized:

- We urge DHCS to create a streamlined process for how community-based providers can access these activity stipends to ensure they are readily available when requested, and require that counties allow access for these for youth placed in CBO programs such as Foster Family Agencies.
- We recommend that there be no age minimum for activity stipends - i.e. removing the three year old minimum. Our members find that there are specific sensory activities that benefit young kids - particularly those that have been substance exposed. These include early swimming lessons / parent and child water lessons, climbing and tumbling classes, early gym classes offered through community centers, and art/ hand painting classes.
- We recommend that in addition to the activities that activity stipends be able to cover the costs of certain equipment and clothing costs. For example, a youth may need running shoes, sports clothes, a basketball, etc. to fully participate in the activity they are interested in.
- For transition-aged youth we recommend that there be flexibility in the stipends to cover mindfulness activities including yoga, the ability to pay for gym memberships/ rock climbing gyms, and community sports (e.g. adult kickball leagues).

Short Term Stays in IMDs

We continue to be concerned that the Institutions of Mental Disease (IMD) component of the waiver is an opt-in by county. This will not address the lack of available residential treatment beds available in the system, particularly as STRTPs have had to reduce their capacity to avoid IMD designation. California has lost over 1,000 STRTP beds in the last year and each month additional beds continue to close. Only two STRTPs in the state are currently designated as IMDs, and they take youth from many different counties. Approaching this issue as a county of residence vs. county of service issue, there will be little incentive to expand services to youth. Additionally, CMS guidance specifies that the state must develop a plan with milestones and timeframes to transition *all* youth out of STRTPs that are designated as IMDs within two

years. While at an individual level, lengths of stay are far shorter than two-years, a waiver with these parameters will not assist in expanding high quality residential interventions for youth with significant behavioral health needs. There needs to be statewide support and rate relief for STRTPs to prevent the hemorrhaging of programs. As written, this will leave many youth in shelters and on the street, with their behavioral health needs unmet. The Alliance urges the state to support at the federal level a more comprehensive fix to exempt Qualified Residential Treatment Programs from the IMD exclusion.

Enhanced Quality of Care in Psychiatric Hospitals and Residential Settings

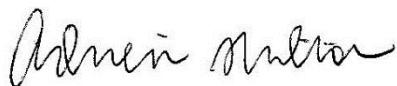
We request additional detail on what enhanced quality of care in residential settings will mean. While we do not disagree on improvement of quality of care, we request that DHCS consider existing oversight of organizations, namely STRTPs. STRTPs are nationally accredited, and must follow regulations developed by both CDSS and DHCS. The level of scrutiny of these programs is already very high, and frequently new requirements and regulations are imposed without additional funding to support them or to effectuate the changes desired.

Waiver Evaluation Measures

We are pleased to see that the waiver evaluation plan will include several measures for children and youth involved in the child welfare system, including utilization of Activity Stipends, and EBPs including “intensive in-home services, MST, FFT, [and] PCIT” services. (BH Connect Summary, p. 16.) This may be implied in the waiver summary, but we would recommend that the evaluation also assess the extent to which child welfare involved youth have accessed the full range of SMHS, including TBS, IHBS, ICC, and TFC. As recommended above regarding the Statewide Incentive Program, the waiver should also evaluate behavioral health outcome measures for foster youth, such as permanency outcomes and school performance measures. Given possible redirection of Mental Health Services Act funds away from children and youth, payment reform, and other changes impacting the continuum of children and youth behavioral health services, there is a concern that while initiatives such as BH-CONNECT will be working to strengthen the continuum of behavioral health services for children and youth, there may be an overall reduction in availability or quality of services. BH-CONNECT provides a key opportunity to identify early and be able to ameliorate any reductions in access or quality of behavioral health services for children and youth so long as there is regular data reporting disaggregated for special populations.

We thank you for considering these recommendations. Please feel free to reach out to us at ashilton@cacfs.org if you have any questions.

Sincerely,



Adrienne Shilton
Director of Public Policy and Strategy