

LEGISLATIVE UPDATE



Week of February 24, 2025

State Issues

Senate Oversight into CalAIM Highlights Concerns

This week, the Senate Health Committee and Public Safety Committee held a hearing to discuss various aspects of the CalAIM program which is the Newsom Administration's major effort to reform and expand the services funded by Medi-Cal. The first part of the hearing focused on the services and challenges in serving the Justice-Involved population. You can find those materials [here](#).

The second part of the hearing focused on two key services that are part of the CalAIM initiative for the broader Medi-Cal population: Enhanced Care Management (ECM) and Community Supports. Some materials for the hearing can be found at the following links:

- [CalAIM hearing agenda.2.pdf](#)
- [CalAIM hearing background paper.pdf](#)
- [CalAIM Community Supports fact sheet.pdf](#)
- [CalAIM ECM fact sheet.pdf](#)

The provider panel shared a number of concerns about the implementation of the program and criticized the Administration's lack of sufficient oversight and accountability measures that have led the State to let well-recognized problems go unresolved.

Concerns raised were the latitude DHCS has given health plans in the implementation of the programs. This has resulted in great variation in how health plans have rolled out the programs – each plan developing their own provider rate structure and program elements making it difficult for providers to enter into contracts and expand access to these services.

In the most recently published data on utilization, in the second quarter of 2024, just under 126,000 Medi-Cal enrollees received ECM (out of 14.89 million total enrollees), representing less than 1% of beneficiaries receiving the benefit. While this service is intended for enrollees with the most complex medical and social needs, the penetration rate by county is less than 3.5 (percentage of Medi-Cal enrollees who received the service in the last 12 months) varies from .39% in Mono county to 3.39% in Santa Cruz county - a nearly ninefold difference. The variation by plan is even greater. Excluding plans serving specialized populations, the penetration rate varies from .43% to 4.57%, a nearly elevenfold difference.

This data set also noted that over 124,000 beneficiaries used a Community Support. Of those who received Community Supports, 79,000 used medically tailored meals or medically supportive food, while less than 1,000 enrollees used each of seven of the services.

(more)

<p>Senate Oversight into CalAIM Highlights Concerns <i>(continued)</i></p>	<p>Another complaint raised by stakeholders and Committee staff is that many plans chose to contract with out-of-state, for-profit entities to provide services, as opposed to the local nonprofits who may already have relationships in these communities. A 2023 analysis of 19 Medi-Cal plans by Health Affairs found that more than half of the plans opted to contract with national for-profit companies to offer ECM or Community Supports services. While there may be value in the economies of scale these companies provide, there is a concern raised that these contracts may have simply been more convenient for the plans to oversee and may be a detriment to the efficacy of services.</p> <p>With billions of dollars of state and federal funds already expended to implement the program, there is a hope that the Administration will begin to work closer with advocates and providers to address the outstanding implementation issues, so that more California's can access these innovative and much needed services.</p>
<p>The State's Newest Behavioral Health Program</p>	<p>The December 2024 approval of California's BH-CONNECT waiver by the Centers for Medicare & Medicaid Services aims to expand access to community-based services for Medi-Cal beneficiaries with significant behavioral health needs. BH CONNECT is the "Behavioral Health Community-Based Organized Networks of Equitable Care and Treatment" program that the Newsom Administration is hoping will create opportunities to address long-standing access challenges to behavioral health care.</p> <p>A <u>new fact sheet</u>, published by the Center for Health Care Strategies, summarizes the four key components of BH-CONNECT:</p> <p>Expanded community-based services. Under BH-CONNECT counties can offer additional evidence-based practices for Medi-Cal members with serious mental health conditions or substance use disorders. These community-based services include Assertive Community Treatment, First Episode Psychosis, supported employment, and community health worker and peer support services, among others.</p> <p>Federal funding for short-term psychiatric care. Counties that offer these community-based services can, for the first time, use federal funding for short-term inpatient psychiatric care in facilities with more than 16 beds (Institutions for Mental Diseases). In 2015, California was the first state to gain this approval for inpatient <u>substance use disorder services</u>, and under BH-CONNECT it is now one of 15 states to be approved for mental health services.</p> <p>Workforce development initiative and incentives. To address the persistent shortage of behavioral health professionals, BH-CONNECT includes \$1.9 billion of funding to expand the workforce pipeline of those who care for people with serious behavioral health needs. It also includes an additional \$1.9 billion in incentives that counties can earn by adopting optional services and improving access and outcomes.</p> <p>Transitional rent. Although most of BH-CONNECT will be delivered through county specialty behavioral health systems, the transitional rent benefit will be delivered by managed care plans (MCPs). Starting in July, MCPs will have the option to offer the benefit — up to six months of short-term rental assistance. Then, starting in January 2026, MCPs will be required to offer the benefit statewide to eligible people with specialty behavioral health conditions.</p> <p>The fact sheet also explains how BH-CONNECT aligns with other state initiatives, including the Behavioral Health Services Act, and highlights the importance of robust engagement from providers, counties, and community partners.</p>