



ALCOHOL, DRUG & MENTAL HEALTH SERVICES
MARYE L. THOMAS, M.D., DIRECTOR

Network Office
2000 Embarcadero Cove, Suite 302
Oakland, California 94606
(510) 567-8296 / Fax (510) 567-8290

May 27, 2011

Dear Provider:

I am sending this letter to provide an update on several important issues related to your contract(s) with BHCS including details on the following issues:

- I. Invoicing for FY 10-11
- II. Updates regarding interim (rollover) contracts and FY 11-12 Allocation Letters
- III. Current information regarding the impact of the State Budget on BHCS mental health services

Please note that you will be receiving a number of additional updates and notices in the coming weeks.

- o Changes to program and fiscal liaison assignments for FY 11-12 resulting from the ongoing development of the Network Office
- o Reporting requirements due July 10 for housing and co-occurring conditions
- o Mental health providers will receive cost report settlement letters for FY 07-08 and FY 08-09.

In this letter you will find notices attached for:

- o Cut-off dates for data entry
- o Cut-off dates for invoicing

I. Invoicing for FY 10-11

- o Due to the State and county budget situation, BHCS will be holding all providers, including EPSDT providers, to their contract cap. This is a change from past years when BHCS has been able to augment EPSDT contracts to meet expanding demand for services.
- o Per BHCS/ACCMHP leadership discussions, the Network Office will be accepting supplemental invoices on a **ONE-TIME BASIS ONLY** for units of service not reported during this fiscal year. Providers should submit those invoices by August 31, 2011.

II. Interim Contracts and Allocation Letters for FY 11/12

MH Contracts: Due to uncertainty around the current budget situation, particularly as it relates to EPSDT, Educationally Related Mental Health Services (formerly AB3632) and CalWORKS funds:



- BHCS will be sending interim contracts for four-months only within the next month;
- The four-month interim contracts will reflect reductions in CalWorks allocations.
- Contractors that have underutilized their existing EPSDT allocation in FY 10-11 will find their allocations have been reduced in the 4-month interim contract to reflect FY 10-11 utilization.
- Interim contract amounts reflect approximately 1/3 of final FY 2010-11 contract amounts less reductions noted above. These amounts may not reflect final budget allocations for next fiscal year.
- MH Allocation Letters will be sent out after July 1, 2011 when the impact of the State and county budget on allocations has been determined
- BHCS will amend interim contracts in the fall with FY 11-12 allocation amounts so that providers will continue to be paid while the final contracts are negotiated.
- Existing SAN contracts for in-county providers will be converted to Master contracts in FY 11-12. More detail on the process for doing so will be provided with the interim contract.

III. Impact of the State Mental Health Budget on BHCS

1. In fiscal year 2011-12, per AB 100, the California State Legislature will be redirecting \$861 million dollars in MHSA funding to be used for 3 purposes:
 - MH Medi-Cal Managed Care
 - Educationally Related MH Services
 - EPSDT Costs
2. The amount of money for the 3 areas listed under AB 100 is set categorically to be divided among the counties.

Managed Care	\$183,600,000
ERMHS	\$98,586,000
EPSDT	\$579,000,000
TOTAL	\$861,186,000

3. The current formula for the EPSDT county distribution recommended by CMHDA is based on paid claims for calendar year 2009, with a weighting factor based 85% on paid claims and 15% on the number of eligibles. Using this formula, we anticipate that Alameda County will sustain a substantial cut and will need to reduce our EPSDT budget. BHCS administration is implementing multiple strategies to address as much of the expected reduction as possible.
4. Negotiations are ongoing with the State and the allocation language is not yet written into AB100. Despite ongoing efforts to mitigate, we need to prepare for the potential of significant cuts. Alameda County will begin planning for a targeted reduction of approximately \$10 million dollars for FY 11-12. The cut could be larger.
5. In the meantime, BHCS is issuing four month interim contracts for mental health services for FY 11-12, based upon FY 10-11 utilization levels.
6. BHCS will begin meeting with partner agencies (SSA, Probation, First Five, and Schools) to develop a process for budget reductions. This process will help guide BHCS once we receive the final guidance regarding the EPSDT allocation we expect to receive, and how the State views its obligation under the entitlement.
7. The redirection of MHSA funding under AB100 is for FY 11-12 only, financing beyond FY 11-12 is uncertain.

For questions regarding your contract please contact your fiscal liaison. However, please note that no specific decisions about any provider's contract allocation for FY 11-12 have been made so your fiscal liaison will have the information provided in this letter only.

Sincerely,

Fiona Branagh

*Fiona Branagh,
Director, Network Office*