



# California Council of Community Mental Health Agencies

*Leaders in the partnership that developed and promoted Proposition 63*

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## **CCBHC VALUE TO CALIFORNIA PUBLIC BEHAVIORAL HEALTH SYSTEM**

The two year demonstration program offers eight states the opportunity to receive higher reimbursement rates (65% versus 50% for traditional MediCal enrollees) under a cost based prospective payment model for outpatient behavioral health delivered by certified community behavioral health centers (probably counties and their networks of providers). This model is also likely to include federal reimbursement for more costs together with the opportunity to gain additional federal funds through performance bonus payments that the state would receive and have to pass on to the public behavioral health system of counties and their networks of providers.

There has been wide speculation as to what the value of this is for California. Below is an analysis of what it could be worth if implemented statewide by all counties with their full contract provider network included.

### **Amount of state/county funds that are used for Medicaid match**

California has approximately \$2 Billion in current federal funds that it receives as match for state and county funds expended for behavioral health.

Reasonable estimates are that between \$1 Billion and \$1.4 Billion of that is for services that would be services that could be covered by the CCBHC program.

If it is \$1 Billion that means that for the \$2 Billion of services that this funding makes possible the counties would only be required to come up with \$700 million in county funds versus \$1 Billion which in turn would generate a savings of \$300 million.

That \$300 million would largely be targeted to outreach and increased services for homeless and other high risk populations which would then generate more federal funds. (If \$200 million of the \$300 million were

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invested in service expansion it would draw an additional \$400 million in federal funds.)

These investments would also likely have the effect of reducing inpatient costs- both psychiatric and physical health. The psychiatric inpatient savings would then make available additional state funds that could be used as match to draw down additional federal funds.

The physical health savings would generate savings for both the state and federal government which should earn the state and counties a performance bonus which would also allow for further expansion.

When all of this is put together it appears as though the first year would generate additional value of all of these sums together:

\$300 million initial savings reinvested to produce additional \$400 million of federal funds or a total of \$700 million of increased services.

In addition to this amount are the unknown additional funds from each of the following:

- Performance bonus
- Reinvestment of performance bonus to draw more federal funds
- Reduced psychiatric hospitalizations savings
- Reinvestment of reduced hospitalization savings to draw more federal funds
- Additional costs that are eligible for federal reimbursement
- Reinvestment of funds saved by having more costs eligible for federal reimbursement.

When all of this is put together it would appear that the first year value would be about \$1 Billion. Since California has \$4 Billion of county and state funds used for behavioral health this should translate into more funds each year being used for purposes for which the higher federal share of costs applies (assuming that it is extended by further Congressional action) so that the value to the state would expand over time.