

## HEALTH COMMISSION

CITY AND COUNTY OF SAN FRANCISCO

RESOLUTION NO. 15-94

### ENDORISING THE DEVELOPMENT OF A MANAGED MENTAL HEALTH CARE SYSTEM IN SAN FRANCISCO

WHEREAS, the State Department of Health Services is committed to the rapid expansion of managed care within the Medi-Cal program as a means of improving beneficiary access to quality preventive and primary health care services in a cost effective manner, consistent with directions from the Legislature and the Governor, as embodied in Senate Bill 485; and,

WHEREAS, the State Department of Health Services released their draft strategic plan, "Protecting Vulnerable Populations: California's Strategic Plan for the Transition of Medi-Cal to Managed Care" on January 13, 1993; held five regional public hearings to receive comment on the plan on January 27 and January 28, 1993; released a final plan on March 31, 1993 "carving out" mental health services; released a draft plan for "Managed Medi-Cal Mental Health Services" on October 4, 1993; and will release a final plan in the near future; and

WHEREAS, the San Francisco Health Commission adopted amended Resolution #2-93, "Endorsing Principles for the Development of a Managed Care System in San Francisco" on February 16, 1993; and,

WHEREAS, the State's plan specifies that the most effective system of the delivery of Medi-Cal mental health services will be through mental health programs administered by county mental health departments, thus carving these services out of the models for physical health care, and consolidating the two existing Medi-Cal funding streams into a single county-run system; and,

WHEREAS, the State's plan will be implemented in phases over three years, beginning with consolidation of the State funding for Medi-Cal mental health services at the county level, October 1, 1994 through July 1, 1995, and ending with the implementation of full capitated funding for mental health services through managed care contracts with the counties by July 1, 1997; and,

WHEREAS, the State's plan gives the County Board of Supervisors the option to refuse to accept the transfer in funding and associated responsibility for provision of Medi-Cal mental health services, in which case the State would select one or more alternative plans through a competitive process; and,

WHEREAS, if the County were to accept the transfer in funding and associated responsibility, the State plan indicates that the first stage in the transfer would be on October 1, 1994, and would be the total amount of State funds that would have been used for Medi-Cal psychiatric inpatient services; and,

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WHEREAS, if the County Board of Supervisors elects to participate, the State requires the Board of Supervisors to submit a Letter of Intent by July 1, 1994 specifying: (1) whether the County intends to manage consolidated inpatient funds, and (2) whether the County intends to establish any limitations on risk; and,

WHEREAS, upon completion of the transfer of funding for all Medi-Cal mental health services, targeted for July 1, 1995, the State will capitate the funding for inpatient services on July 1, 1996, and capitate the funding for all other mental health services the following year, thus putting the County at risk for the full extent of Medi-Cal mental health services required by San Francisco Medi-Cal beneficiaries by July 1, 1997; and,

WHEREAS, the State plans to propose various risk-limiting alternatives which would allow the County to shift part of the financial risk back to the State at the cost of lower capitation rates for the County; and

WHEREAS, until the State proposes such risk-limiting alternatives and specifies the funding allocation method, the County cannot determine whether or not a risk-limiting arrangement would be in the County's best interest; and,

WHEREAS, the County Department of Public Health, Division of Mental Health and Substance Abuse Services, already provides most of the public mental health services, including safety net services for the indigent in San Francisco County, and the County is at risk for the many high cost services used by individuals with mental illness if timely and effective treatment is not provided; and,

WHEREAS, the County Department of Public Health, Division of Mental Health and Substance Abuse Services, is committed to building partnerships with traditional, safety net, and private providers in order to establish a comprehensive system of care; and,

WHEREAS, the County would assume even greater risk if it did not elect to become the provider of all Medi-Cal mental health services as it would lose the ability to manage the resources and services directly, therefore, be it

RESOLVED, that the Health Commission supports the efforts of the Department of Public Health, Division of Mental Health and Substance Abuse Services, to participate in Medi-Cal managed mental health care; and,

FURTHER RESOLVED, that the Health Commission urges the Board of Supervisors and the Mayor to submit a Letter of Intent indicating the County's willingness to:

1. Assume responsibility for the provision of Medi-Cal managed care mental health services;
2. Explore options with the State Department of Mental Health to pilot innovative service delivery models;

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3. Consider both the State's allocation methodology and all of the risk-limiting strategies available to the County before committing arrangement; and,
4. Accept the transfer of funding from the State for Medi-Cal psychiatric acute inpatient services on October 1, 1994.

I hereby certify that the foregoing resolution was adopted by the Health Commission at its meeting of Tuesday, March 15, 1994.



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Sandy Ouye Mori  
Executive Secretary to  
the Health Commission