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| To: | BHS Contracted Service Providers |
| From: | Behavioral Health Services |
| Date: | March 22, 2024 |
| Title | Behavioral Health Payment Reform – Updates for Phases 2, 4 and 5 |

This memo is intended to provide an update about **Phases 2, 4 and 5 of Behavioral Health (BH) Payment Reform** implementation to Behavioral Health Services (BHS) contractors that provide Medi-Cal eligible services.

Update: Phase 2 Rate Implementation

- Rates for Mental Health Residential and MH Crisis Residential have been updated and are scheduled for implementation on **April 1, 2024**.

Update: Phase 4 Rate Implementation

- MD rates for Substance Use Outpatient services have been added.

Update: Phase 5 Rate Implementation

- Rates for Mental Health Outpatient Services have been developed and are scheduled for implementation on **July 1, 2024**.

Phase 6 Rate Implementation

- Rates are still being developed for **Phase 6: Mobile Crisis Teams**, which are anticipated to be implemented on **July 1, 2024**.

General Information

It remains **essential for providers to ramp up billing between now and July 1, 2024**, to support viability under the new payment reform FFS payment structure.

Communication around future FFS rate implementation will be communicated to contractors via memos.

FFS rates, key assumptions and modifiers are included in the attached CalAIM Payment Reform Overview PPT deck and FY2023-24 Rates spreadsheet, will be available on the CalAIM for BHS Provider website under **Payment Reform**: <https://www.optumsandiego.com/content/SanDiego/sandiego/en/county-staff---providers/calaim-for-bhs-providers.html>

The BHS team will continue to provide training and technical assistance to contractors, as needed.

Updated Implementation Timeline

The table outlines the updated staggered FFS rate implementation (updates are in **blue**):

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| For More Information: <ul style="list-style-type: none">• Contact your Contracting Officer’s Representative (COR) |
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| Phase | Services | Implementation Date* | Status |
|---------|--|----------------------|--|
| Phase 1 | Opioid Treatment Programs (OTPs) | Mid-Jul 2023 | Implemented |
| Phase 2 | Substance Use Residential Programs | Nov 1, 2023 | Implemented |
| Phase 2 | Mental Health Residential, Crisis Residential Programs | April 1, 2024* | Rates updated, implementation underway |
| Phase 3 | Day Treatment Services | January 1, 2024* | Implemented |
| Phase 3 | Mental Health Crisis Stabilization Units | April 1, 2024* | Rates developed, implementation underway |
| Phase 4 | Substance Use Outpatient Services | July 1, 2024* | Rates developed, MD rates added, implementation underway |
| Phase 5 | Mental Health Outpatient Services | July 1, 2024* | Rates under development |
| Phase 6 | Mobile Crisis Response Teams | July 1, 2024* | Rates under development |

* Anticipated dates, subject to change

Rate Adjustments

FFS rates in the initial year of payment reform were developed based on actual utilization and billing by contracted programs to preserve continuity of care without any significant financial impact to contracted providers during the transition; therefore, several service categories will receive rates that are higher in the initial year.

As the system matures and contracted providers optimize services and significantly increase billable units of service provided, rates will be adjusted to align with the maximum State rates and billing expectations.

FFS Rates in New Requests for Proposals (RFPs)

Rates established for new RFPs will be adjusted to align with new billing expectations for services, and therefore may not align with rates established during the initial FFS transition. Rates included within new RFPs will be modified or adjusted annually to align with adjustments to rates set by the State.

Questions and Comments

Please continue to communicate question and concerns to your CORs through this transition.

For More Information:

- Contact your Contracting Officer’s Representative (COR)