



<b>To:</b>	<b>BHS Contracted Service Providers</b>
<b>From:</b>	<b>Behavioral Health Services</b>
<b>Date:</b>	<b>November 21, 2023</b>
<b>Title</b>	<b>Behavioral Health Payment Reform – Phases 2, 3, 4, and 5 Rates</b>

This memo is intended to provide an update about **Phases 2, 3, 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**

**Phase 2** of implementation will **shift to January 1, 2024**, and will impact:

- Mental Health Residential services
- Mental Health Crisis Residential services

Rates are still being finalized for Phase 2.

**Update: Phase 3 Rate Implementation**

**Phase 3 of Behavioral Health Payment Reform** implementation will **shift to January 1, 2024**, and will impact:

- Crisis Stabilization Units (CSUs), inclusive of adult and children’s services
- Day Treatment Services

**Phase 3 FFS rates**, along with key assumptions and modifiers, are included in the attached CalAIM Payment Reform Overview PPT deck and FY2023-24 Rates spreadsheet, included on the CalAIM for BHS Providers 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.

**Update: Phase 4, 5, and 6 Rate Implementation**

**Phases 4 and 5** of implementation will **shift to July 1, 2024**, and will impact:

- Substance Use Disorder Outpatient Services
- Mental Health Outpatient Services

Implementation of FFS rates for **Phase 6: Mobile Crisis Teams**, will remain as July 1, 2024.

Rates are still being finalized for Phases 4, 5, and 6.

**Updated Implementation Timeline\***

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

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	Jan 1, 2024	Rates under development, implementation underway



<b>To:</b>	<b>BHS Contracted Service Providers</b>
<b>From:</b>	<b>Behavioral Health Services</b>
<b>Date:</b>	<b>November 21, 2023</b>
<b>Title</b>	<b>Behavioral Health Payment Reform – Phases 2, 3, 4, and 5 Rates</b>

Phase 3	Mental Health Crisis Stabilization Units, Day Treatment Services,	Jan 1, 2024	Rates developed, implementation underway
Phase 4	Substance Use Outpatient Services	July 1, 2024*	Rates under development
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			

**Amendments**

Due to several providers expressing concerns around equating total budget amounts to minimum annual bed days, the following information is being provided for clarification:

- Contractor budgets included in payment reform amendments were developed using historical analysis.
- CORs and fiscal staff will be closely monitoring contractor spend and utilization to evaluate alternative transition payment and to assess if/when additional funding is needed.
- Contracts requiring additional funding will be amended pursuant to the Contract Services template,
- Article 6, Changes, to align funding amounts with predicted service volume.

**Future Phase Implementation**

FFS rates for the remaining services under development and proposed implementation dates are subject to change. Communication around future FFS rate implementation will be communicated to contractors via memos.

Please continue to communicate ongoing challenges and concerns to your CORs as we operationalize this new way of doing business.

**For More Information:**

- Contact your Contracting Officer’s Representative (COR)