



# Financial Integration of Physical and Mental Health Services

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Presented by

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# Agenda

- Blue Shield of California Foundation support for exploring financial integration
- Challenges of the current system
- Alternative financial arrangements
- Potential integration pilot
- Discussion

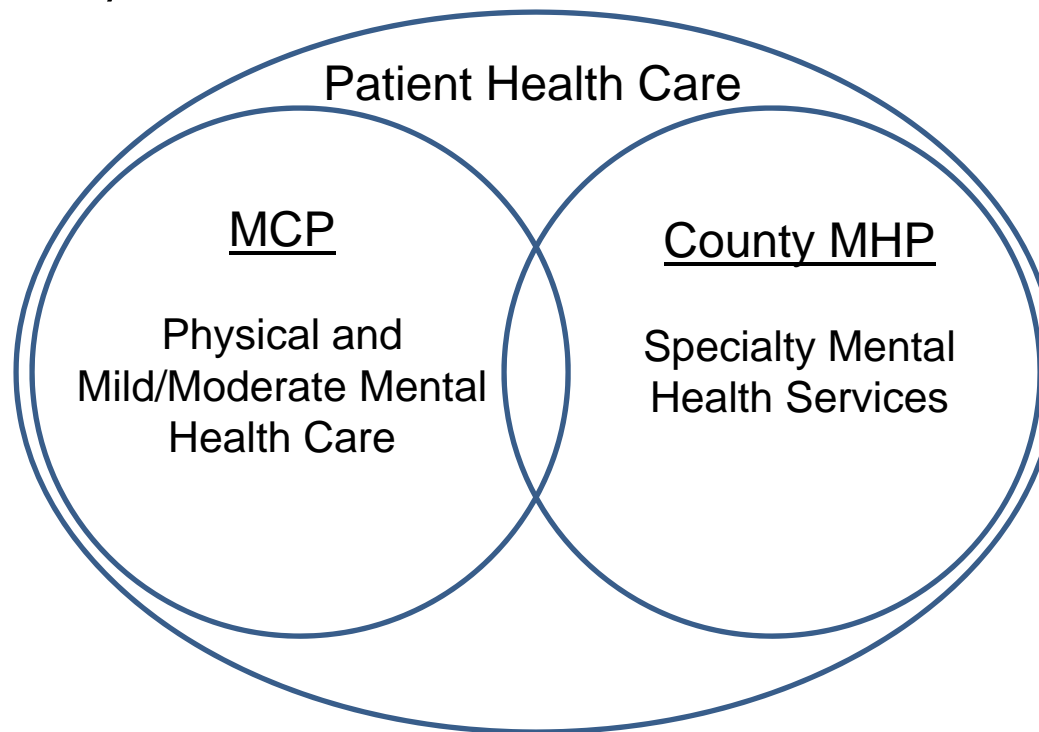
# Blue Shield Support for Exploring Financial Integration

- Blue Shield of California Foundation (BSCF) supported an exploration of financing and policy mechanisms that could improve physical and mental health integration for Medi-Cal beneficiaries
  - Problems caused by the “carve-out”
  - Potential solutions
- Our approach included:
  - Collecting the best available research
    - Academic papers, state and federal contracts, policy documents, and other reports
  - Structured interviews
    - County behavioral health directors, federal and state officials, advocates, providers, Medi-Cal managed care plans, managed behavioral health organizations, county financing experts, and others
- Findings presented in “Improving Mental Health Services Integration in Medi-Cal: Strategies for Consideration” (2017)<sup>1</sup>

1. Available at: <https://www.blueshieldcafoundation.org/publications/improving-mental-health-services-integration-medi-cal-strategies-for-consideration>

# Current Arrangement of Medi-Cal

- Specialty mental health services are “carved out”
- Two partitions: 1) Physical and specialty mental health and 2) Mild/moderate and specialty mental health



# Challenges with the Current Arrangement

- Potential for inadequate physical health care for patients with SMI
  - High prevalence of comorbidities, and behavioral and social risk factors
  - Inadequate primary care: Patients treated for SMI and diabetes use ED twice as much as patients treated for diabetes alone.<sup>1</sup>
  - Stigmatized population
  - Primary care for SMI requires intensive care coordination and outreach
- Potential for lack of continuity of care for mental health patients moving between mild/moderate and severe

<sup>1</sup>“Understanding Medi-Cal’s High-Cost Populations,” DHCS Research and Analytic Studies Division, 2015, Slide 38.

<http://www.chcf.org/~media/MEDIA%20LIBRARY%20Files/PDF/PDF%20D/PDF%20DataSymposium03042015Watkins.pdf>

## More Challenges with the Current Arrangement

- Limited clinical rationale for separation of mental health services can lead to confusion over payer responsibility and delays in care
- Bifurcation disregards the dynamic nature of mental illness that can result in poor continuity of care
- Counter productive financial incentives for patient care
  - MCP does not have the incentive to provide mild/moderate services that would obviate specialty services (e.g. early intervention or follow-up after crisis)
  - Potential for conflict in determining financial responsibility

## Even More Challenges

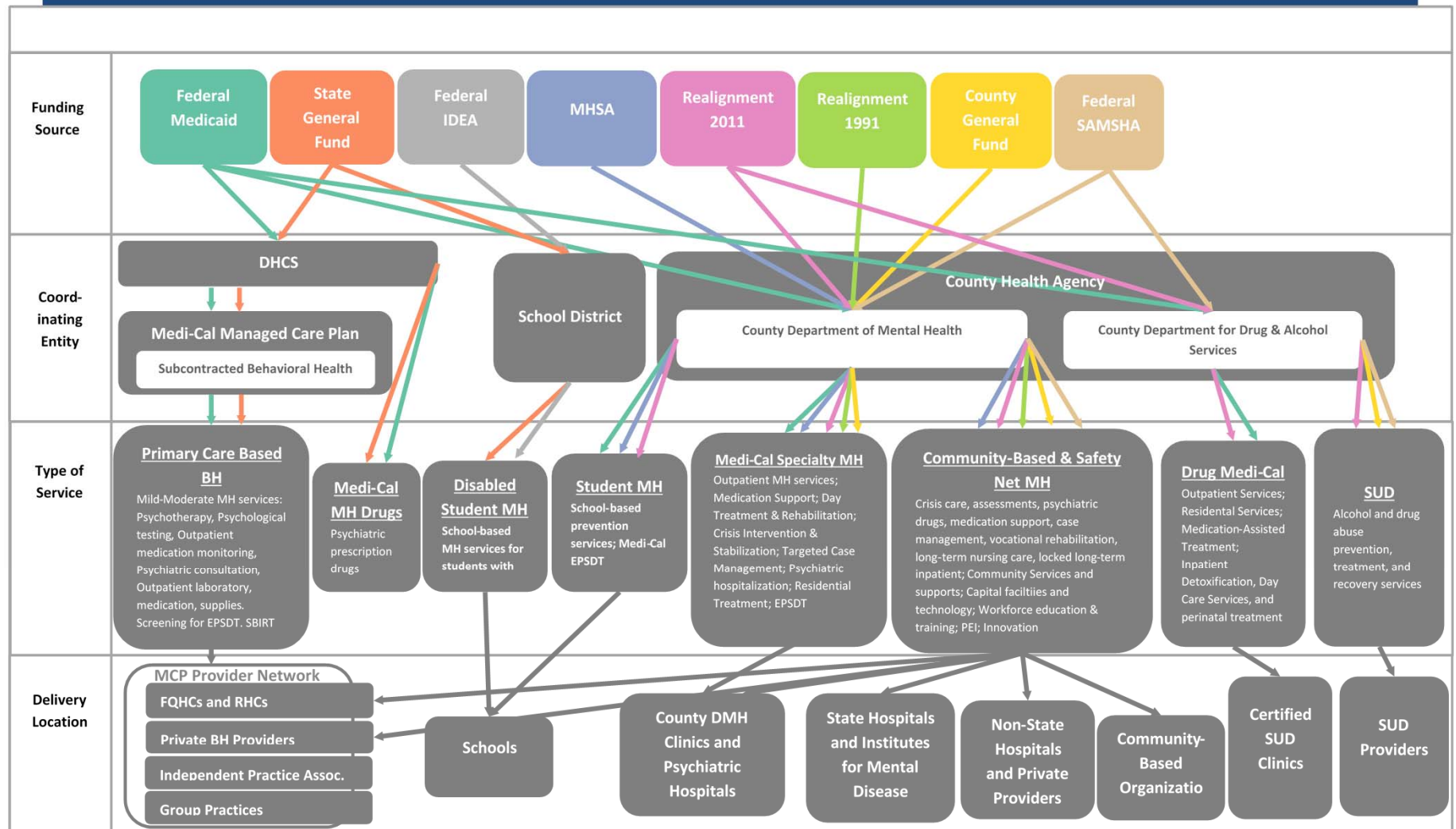
- Disruption of care as patient transitions between county and MCP
- Inability to share data between county and MCP
- Limited ability to coordination physical and mental health care
- Competitive behaviors by counties and MCPs to monopolize a provider's availability (e.g. disallowing co-certification)
- Among others

## Problems Are Inherent in a Bifurcated System

- Complicated, siloed funding streams make it difficult to coordinate patient care
- Incentives do not align with patient needs
- Differing data systems make care coordination difficult
- Inability to ensure continuity of providers as health care needs change



# Diagram of California Behavioral Health Finances



## Ending the “Carve-Out”

- Politically difficult
- Would require changes to state law, the 1915(b) Waiver (CMS), and possibly a ballot initiative
- Involves major changes to county workforce and provider networks
- May not produce benefits in all local environments

## Potential Solutions

- Testing alternatives on a pilot basis could inform direction for more widespread change
- Three potential solutions:
  - County mental health plan manages all care for SMI
  - County mental health plan provides mild-moderate-severe
  - Medi-Cal managed care plan manages physical and mental health care

# Medi-Cal Managed Care Plan Manages Physical and Mental Health Care

- Develop county pilots wherein MCPs assume financial responsibility for the full range of mental health services
  - MCPs contract back to the counties and other existing providers for services
    - Providers remain the same
    - Financial risk management occurs with one payer
    - Improves data sharing (one EHR; universal release)
- Potential Impacts
  - Improve physical care for SMI
  - Improve care along mental health continuum
  - Improve care for co-morbidities

## County Mental Health Plan Provides Mild, Moderate, and SMI Services

- County takes on responsibility for mild and moderate services in addition to SMI services
  - Several possible approaches
    - Counties become authorized providers with the MCP
    - MCPs give full responsibility for mild/moderate to counties
    - State shifts funding and responsibility for mild/moderate to counties
- Potential impacts
  - Improve care along mental health continuum
  - Structural divide between primary care and mild/moderate mental health care would remain

## County Mental Health Plan Manages All Care for SMI

- Counties take on responsibility for delivering physical health services to SMI patients (in addition to specialty mental health services)
- Potential impacts
  - Improve physical care for SMI
  - Increases the challenges of the bifurcated system

## Small Group Exercise

- Working with your tablemates, identify and present back to the group the following:
  - Issues that would be solved by each model?
  - Issues that would not be solved by each model?
  - Ideas for what it would take to solve/address some of the integration challenges not solved by each integration pilot
- Extra credit: identify metrics that could be collected to evaluate the success (or lack) of each integration model
- Be sure to write down your ideas and identify a presenter from your group



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