COUNTY OF GLENN
AGENDA ITEM TRANSMITTAL

MEETING DATE: 7/17/07

Submitting Department(s):
Health Services Agency

BRIEF SUBJECT/ISSUE DESCRIPTION:
Request for Board of Supervisors to Authorize Board Chair to
Sign Letter to California Department of Mental Health
Concerning Inadequate Allocations for Medi-Cal Programs and
Past Due Amount of Over $1,250,962.

Contact: Scott Gruendl, Director
Phone: 934-6582

AGENDA PLACEMENT

ATTACHMENTS

LEGAL/PERSOONEL/FISCAL

☐ Board Report
☐ Letter
☐ Minute Order
☐ Contract
☐ Transfer
☐ Grant App.
☐ Resolution
☐ Ordinance
☐ Proclamation
☐ Policy Update
☐ Code Update
☐ Other

☐ County Counsel
☐ Personnel
☐ Finance
☐ County Administrative Office

Required -0- Minutes
☐ Business – No  ☑ Consent
☐ Correspondence  ☐ Reports & Notices

CLERK INSTRUCTIONS

☐ Return Minute Order
☐ Return Certified Copy Of:

☐ Other:
Signed Letter

☐ Receive Concurrence

PUBLIC HEARINGS & COMMITTEE VACANCIES

LEGISLATION

☐ State  ☐ Federal

FUNDING SOURCE/IMPACT

☐ General Fund Impact
☐ Other: ______
☐ Budgeted
☐ Transfer Attached
☐ 4/5ths Vote Required
☐ Contingency Request

CONTRACTS, LEASES & AGREEMENTS

☐ New  ☐ Renewal
☐ Amendment
☐ Insurance Certificate
☐ Contract Report

Bill#: ______
☐ Latest Version of Bill
☐ Draft Letter Attached
☐ List of Supporters/Opposers
☐ Statement of Relevance to County Interests
☐ Description Attached

Date of Original Contract:
Contract No.: ______
Fiscal Year: ______

COMMITTEE VACANCIES

☐ Published
☐ Affidavit on File w/Clerk
☐ Affected Parties Notified

RECOMMENDED ACTION/MOTION:
Authorize Board Chair to sign letter to the Director of the California Department of Mental Health providing notice of inadequate Medi-Cal Program allocations and past due reimbursements of over $1,250,962.

Reviewed By (if applicable):

Personnel Director

Department of Finance

County Administrative Officer

Department Head

CC:
EXECUTIVE SUMMARY: Glenn County provides mental health services to children and adults as directed by the State of California and submits claims to the state for federal and state shares of the expenses. The State of California has not paid all claims that the Health Services Agency has submitted with an outstanding balance of $1,250,962 which is now causing cash flow issues for the county. Additionally, the debt continues to grow even though the state continues to pay the county because the allocated funding at the state level is inadequate to properly fund the programs and services that the state contracts with the county to provide, as well as the state will not fully reimburse the county as required.

This request is for authorization for the Board Chair to sign a letter to the Director the California Department of Mental Health providing notice that the funding allocations are inadequate and that the outstanding and growing debt is negatively affecting the county.

RECOMMENDATION(S): Authorize the Board Chair to sign the letter.

HISTORY AND BACKGROUND: The California Department of Mental Health and the Department of Health Services have unpaid claims for services provided by the county for Early and Periodic Screening, Diagnosis and Treatment (EPSDT) and Medi-Cal Programs dating back to 2003. The Glenn County Health Services Agency has unpaid claims in these programs totaling over $1,250,962.

The State of California has not provided any cost of living adjustments since 2001 and has not restored program cuts. As a result, the level of funding from the state is inadequate to properly run the programs in accordance with the contracts executed between the county and the state. Lack of reimbursement and slow reimbursements is in violation of the Government Code which requires timely payment within 45 days of invoicing for services rendered.

Since state allocations are insufficient, additional local dollars must be transferred from other programs to support mental health services. This negatively affects these other programs and the county is to the point where is can no longer sustain the contractual requirements imposed upon the county by the state.

FISCAL/PERSONNEL IMPACT(S): Unpaid claims for Glenn County total over $1,250,962 or almost one-fifth of the mental health budget. The lack of payment has severely affected cash flow and has become a financial crisis. The legislature has included in the
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BOARD REPORT

proposed state budget a payment plan for some of these expenses, but proposes that the unpaid and past due claims be paid over a three year period. This approach will negatively affect Glenn County and severely limits its ability to continue to provide services to Medi-Cal beneficiaries and the indigent. Lack of reimbursement and slow reimbursement forces the county to use local funding for indigents on Medi-Cal beneficiaries, which may limit the county’s ability to meet mandated responsibilities to the indigent under Welfare and Institutions Code 17000. Additionally, the county must transfer funds at the statutory maximums from other programs to cover mental health services, which decreases other critically important programs.

ANALYSIS/DISCUSSION: The state admits that the unpaid claims are owed the county, but needs the legislature to authorize additional funding to pay the claims. Current budget proposals will pay some of these unpaid claims over a three year period. This does not conform to Government Code Chapter 4.5, Section 927, which requires prompt payment within 45 days. In the meantime, debt continues to increase even though some claims are paid. The Health Services Agency is quickly approaching the point where it will lack the resources necessary to continue services. The letter asks the state to 1) reimburse the county for outstanding services as required by law, 2) the state institute a system by which allocations are advanced to the county, 3) the state initiate legislation to provide cost of living adjustments and restore cuts, 4) the state institute MHSA oversight that does not smother innovation, and 5) the state identify the process by which services can continue to be provided to Medi-Cal beneficiaries when the county can no longer afford to do so and to avert a state-wide collapse of the Medi-Cal system.

All items transmitted by a County Department or Agency for inclusion in the agenda for Board of Supervisors action must include all background and analysis necessary for the Board to make an informed decision. Failure to provide adequate information, analysis, or backup could result in the matter not being added to the agenda and returned to the department for additional information.
July 3, 2007

Stephen W. Mayberg, Ph.D., Director
California Department of Mental Health
1600 Ninth Street, Room 151
Sacramento, CA 95814

Re: Major EPSDT and Medi-Cal Issues

Dear Dr. Mayberg,

The purpose of this letter is to notify the State of California that funding for Early and Periodic Screening, Diagnosis and Treatment and Medi-Cal services is inadequate and is limiting our ability to provide services to Medi-Cal beneficiaries and indigent clients. Limits on cost of living adjustments and prior cuts in these programs have rendered state contributions insufficient. Increased demands on local funding and a lack of growth in realignment dollars have further impacted the situation. Matters are worsened by the state’s failure to comply with the Government Code by fully and timely reimbursing Glenn County for services rendered as far back as three prior fiscal years and has severely limited the county’s ability to match state and federal dollars, negatively impacted the county’s borrowing power and has severely impacted county cash flow to the extent that Glenn County may not be able to afford to meet the terms of the contracts that require the county to provide services to Medi-Cal beneficiaries.

The Health Services Agency has exhausted all funding resources related to Mental Health. Increased costs, failure by the state to recognize increased costs, and lack of reimbursement or timely reimbursement by the state as required by law have pushed mental health services programming to the point where the county may no longer be able to afford to provide such services. Additionally, the unlawfully slow and insufficient reimbursement by the state has severely diminished the county’s capacity to meet statutory requirements under Welfare and Institutions Code Section 17000 because funding is needed to sustain Medi-Cal services. In other words, the State of California has significantly inhibited the county’s statutory responsibility by the failure to adequately
fund and timely reimburse the county. This situation further exacerbates other departmental programs because funds must be transferred at the statutory maximums from these programs to sustain mental health services. As a result, public health services to the needy and general population have been scaled back. In particular, the county is forced to reduce prevention services to support mental health, which adds to the overall service and program costs over the long term. It is critical that additional Public Health infrastructure be developed in these difficult and uncertain times, but mental health costs prohibit implementation of such a common sense vision.

The State owes Glenn County $94,102 for Fiscal Year 2004/2005, $268,160 for Fiscal Year 2005/2006, and $888,700 so far for Fiscal Year 2006/2007. This is a total of $1,250,962. This represents nearly one-fifth of the total budget for these services. This indebtedness has driven the county to the point where it must seriously consider its ability to continue to provide mental health services in a meaningful and effective way. Even if the state entertains the provision of such services by a provider different than the county, per Welfare and Institutions Code Section 5775, there is not sufficient funding at the local level to provide match in an amount wherein such a provider would not lose hundreds of thousands of dollars.

On June 12, 2007 the Health Services Agency kicked off a thirty-six month transformation process that recognizes that the current mental health service delivery model is neither efficient nor sustainable. The agency will utilize MHSA funding to assist in the transformation of the model, but our director is extremely alarmed that he may not be able to sustain existing Medi-Cal programs within that thirty-six month period.

Additionally, we are gravely concerned with the excessive bureaucracy that has been imposed upon the counties by the Department of Mental Health for the implementation of MHSA. It is becoming increasingly clear that the Department of Mental Health may have lost sight of the intent of the Act. This will most likely cause a well intentioned program to fail due to the unrealistic and excessive oversight that has smothered any opportunity for innovation at the county level. DMH has imposed a centralized bureaucratic structure that makes change management nearly impossible, or at least not meaningful or effective.

Therefore, it is imperative that we define a process moving forward that 1) the state reimburses the counties for funding that the state is obligated to pay through contractual requirements and that reimbursement be immediate as required by the Government Code; 2) that the Department of Mental Health implement an advance/reimbursement payment model; 3) that the state initiate legislation that provides a cost of living adjustment and restores cuts to Medi-Cal program funding; 4) that the state create a new model for MHSA oversight that conforms with the intent of the act and is conducive
Stephen W. Mayberg, Ph.D., Director  
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to systems change; and 5) the state identify the process to be followed should the counties no longer be able to provide services to Medi-Cal beneficiaries because the counties can no longer afford the program and are unable to meet financial obligations as governed by Welfare and Institutions Code.

We appreciate your time and attention to this matter. Our Health Services Agency Director is more than willing to meet to discuss these matters further. This is not about upsetting a few persons, but about the potential system-wide collapse of Medi-Cal and the immediate actions that must be taken to assure that not only Medi-Cal beneficiaries are served, but the indigent as well. A system failure would be devastating to the families and communities who struggle with mental illness and would exacerbate overall negative impacts to society.

Sincerely,

Tom McGowan, Chair  
Board of Supervisors  
County of Glenn

Scott Gruendl, Director  
Health Services Agency  
County of Glenn

CC: The Honorable Sam Aanestad, Senate 4th District  
The Honorable Doug LaMalfa, Assembly 2nd District  
The Honorable John Laird, Chair, Assembly Budget Committee  
The Honorable Denise Ducheny, Chair, Senate Budget Committee  
Kim Belshe, Secretary, Health and Human Services Agency  
Patricia Ryan, Executive Director, California Mental Health Directors Association  
Kelly Brooks, Legislative Representative, California Association of Counties  
Mickey Richey, Legislative Analyst, Regional Council of Rural Counties