

X INFORMATION

TAB SECTION: 3

\_\_\_ ACTION REQUIRED

DATE OF MEETING: 10/28/10

PREPARED BY: Lowder

DATE MATERIAL PREPARED: 10/14/10

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**AGENDA ITEMS: Priority 4: Envision Opportunities for Restored Financial Growth 2014 through 2019**

**Continued Discussion on Behavioral Health Implications/Implementation**

- Federal Healthcare Reform
- Medicaid 1115 Waiver
- FMAP (Federal Medical Assistance Percentage)
- Mental Health Parity

**ENCLOSURES: None**

**OTHER MATERIAL RELATED TO ITEMS:** Handouts will be distributed at the meeting.

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**ISSUE**

The fourth priority identified in the 2010 Mental Health Services Oversight and Accountability Commission (MHSOAC) Work Plan is to Envision Opportunities for Restored Financial Growth, 2014 through 2019. As part of this priority the Mental Health Funding and Policy Committee is directed to monitor, analyze and report on all State and Federal budget issues. Consistent with this charge, the Committee has coordinated a panel presentation to address Federal Healthcare Reform, the Medicaid 1115 Waiver, the Federal Medical Assistance Percentage (FMAP) and Mental Health Parity. The panelists presenting on these topics include; Sandra Naylor Goodwin, Executive Director, California Institute for Mental Health, Patricia Ryan, Executive Director, California Mental Health Director's Association and Sheree Kruckenberg, Vice President, Behavioral Health, California Hospital Association.

**BACKGROUND**

Federal Healthcare Reform

On March 23, 2010, President Obama signed comprehensive health reform, the Patient Protection and Affordable Care Act, into law. This reform focuses on provisions to expand coverage, control health care costs, and improve the health care delivery system. The new law will do four primary things: 1) Integrate the concept of shared responsibility into the United States health care system, 2) Implement significant health insurance market reforms, 3) Enact changes in the Medicare program, and 4) Enact other changes that support the health care safety net, and promote prevention and wellness.

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**BACKGROUND (continued)**

Medi-Cal 1115 Waiver

The Department of Health Care Services submitted the California Section 1115 Comprehensive Demonstration Project Waiver Proposal to the Department of Health and Human Services (HHS) on June 4, 2010. California's current Section 1115 waiver was scheduled to expire on August 31, 2010. A 60 day extension of the current 1115 waiver has been approved extending the waiver through October 31, 2010.

FMAP

The American Recovery and Reinvestment Act (ARRA) enacted an enhanced FMAP, providing \$87 billion to state Medicaid programs. This increased the FMAP for States by 6.2 percent. The enhanced FMAP was originally scheduled to expire on December 31, 2010. On August 10, 2010 the President signed the Education Jobs and Medicaid Assistance Act (H.R. 1586) which provides an additional six months of federal assistance beginning January 1, 2011 through June 30, 2011. The extended federal assistance will increase the California's FMAP by 3.2 percent during January through March 2011 and by 1.2 percent from April to June 30, 2010.

Mental Health Parity

On January 29, 2010, the HHS, Education, and Labor released an interim final rule (IFR) providing guidance on how the Mental Health Parity and Addiction Equity Act (MHPAEA) must be implemented. The MHPAEA of 2008, requires health insurers to offer mental health benefits equal in cost and scope to medical and surgical benefits. It will prevent insurers from requiring larger copayments or imposing lower reimbursement ceilings for mental health and addiction conditions.