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# Maximizing Federal Reimbursement for Parolee Mental Health Care

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LEGISLATIVE ANALYST'S OFFICE

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Senate Budget and Fiscal Review Subcommittee No. 3  
On Health and Human Services  
Hon. William W. Monning, Chair





## General Fund Historically Supports Parolee Mental Health Services

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- Parole Outpatient Clinics (POCs).*** The California Department of Corrections and Rehabilitation (CDCR) employs mental health care professionals (such as psychologists, psychiatrists, and social workers) to deliver outpatient mental health treatment to some parolees. This treatment includes (1) prescribing psychiatric medications, (2) mental health counseling, (3) case management, and (4) crisis management. The Governor's 2013-14 budget for CDCR proposes \$44 million from the General Fund to serve an estimated 17,000 POC patients.
- Integrated Services for Mentally Ill Parolees (ISMIP) Program.*** The CDCR also contracts with private providers and counties for more comprehensive services for about 300 severely mentally ill parolees. In addition to providing case management and day treatment services, ISMIP providers refer parolees to other supplemental services (such as subsidized housing and substance abuse treatment services) on an as-needed basis. The Governor's 2013-14 budget for CDCR proposes \$6 million from the General Fund for the ISMIP program.
- Transitional Case Management Program (TCMP).*** Through the TCMP, CDCR contracts with social workers to assist some inmates with medical, mental health, and developmental disabilities to apply for benefits (such as Medi-Cal) prior to their release from prison. The Governor's 2013-14 budget for CDCR proposes \$8 million from the General Fund for the TCMP, about \$2 million of which we estimate is for assisting inmates with Medi-Cal applications.



## State Is Not Maximizing Federal Funds for Existing Programs

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### **Some Parolees Are Enrolled in Medi-Cal**

- We estimate that about 10 percent of parolees receiving mental health services are currently enrolled in Medi-Cal and another 10 percent to 15 percent are eligible but not enrolled.



### **More Federal Reimbursements Are Potentially Available in Several Areas**

- **Medi-Cal Application Assistance Staff.** The CDCR is unable to draw down federal reimbursements for Medi-Cal application assistance because it lacks a process for tracking and claiming costs for these services.
- **Psychiatric Medications.** We estimate that the state draws down only about half of the federal reimbursements that are potentially available for psychiatric medications provided to parolees because CDCR does not ensure that all Medi-Cal eligible parolees are enrolled.
- **POC Services.** The state is currently unable to draw down federal reimbursements that are potentially available for the costs of providing certain POC services to Medi-Cal enrolled patients because (1) CDCR does not track its costs to provide Medi-Cal-covered services, (2) CDCR lacks a process for submitting claims for such services, and (3) most CDCR clinicians lack Medi-Cal certification.
- **ISMIP Services.** According to CDCR, ISMIP providers should be able to draw down Medi-Cal funds to offset the General Fund costs of the program, but currently only one provider is doing so.



## State Could Achieve Much Greater Savings Under Medi-Cal Expansion

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- ☑ The recently passed federal Patient Protection and Affordable Care Act gives states the option to expand their Medicaid programs in January 2014 to cover most low-income individuals—including childless adults—with the federal government initially paying for 100 percent of the share of costs for newly eligible individuals.
  
- ☑ If the Legislature expands the Medi-Cal Program, the number of Medi-Cal eligible parolees, as well as the federal match, will increase significantly in 2014. This would allow the state to offset a significant share of current General Fund expenditures for CDCR's parolee mental health programs.
  
- ☑ However, the state currently lacks a plan for implementing the operational changes that will be necessary to maximize the available federal reimbursements.



## LAO Recommendations Could Result in Tens of Millions of Dollars in General Fund Savings

*(In Millions)*

	2013-14	2014-15
Additional benefits assistance staff	-\$2	-\$2
Increased reimbursements for psychiatric medications	6	13
Claiming reimbursement for benefits assistance staff	2	2
Claiming reimbursements for POC and ISMIP services	—	15
<b>Net General Fund Savings</b>	<b>\$6</b>	<b>\$28</b>

Assumes state expands the Medi-cal Program in 2014.  
POC = Parole Outpatient Clinic and ISMIP = Integrated Services for Mentally Ill Parolees.

- Increase Medi-Cal Application Assistance.*** We recommend that the Legislature adopt budget trailer legislation directing CDCR—in collaboration with the Department of Health Care Services (DHCS)—to expand its prerelease Medi-Cal application assistance to inmates to ensure that all eligible POC and ISMIP patients are enrolled in Medi-Cal.
- Develop Process for Claiming Reimbursements for Benefits Assistance Staff.*** We recommend that the Legislature adopt budget trailer legislation directing CDCR to implement—in collaboration with DHCS—a process for claiming federal reimbursement for staff that assist inmates with Medi-Cal applications.
- Develop Process for Claiming Reimbursements for POC and ISMIP Services.*** We recommend that the Legislature also adopt budget trailer legislation requiring DHCS and CDCR to develop and submit a plan by September 1, 2013, to implement a process to claim federal reimbursement for POC and ISMIP treatment services and immediately take steps to implement the plan, including seeking any necessary federal approval.