

## STATE OF CALIFORNIA

## Budget Change Proposal - Cover Sheet

DF-46 (REV 10/20)

<b>Fiscal Year</b> FY 2021-22	<b>Business Unit</b> 4260	<b>Department</b> Health Care Services	<b>Priority No.</b>
<b>Budget Request Name</b> 4260-054-BCP-2021-GB		<b>Program</b> 3960	<b>Subprogram</b> 3960010

**Budget Request Description**

Behavioral Health Plan 274 Expansion Project

**Budget Request Summary**

The Department of Health Care Services, Community Services Division requests two-year limited-term expenditure authority of \$1,080,000 (\$108,000 General Fund; \$972,000 Federal Fund) in fiscal year (FY) 2021-22 and in FY 2022-23 to support contract costs for the provision of technical assistance to counties during the expansion of X12 274 Health Provider Directory (274 HPD) to behavioral health plans. The system expansion is required to meet federal network adequacy requirements.

<b>Requires Legislation</b> <input type="checkbox"/> Yes <input checked="" type="checkbox"/> No	<b>Code Section(s) to be Added/Amended/Repealed</b>	
<b>Does this BCP contain information technology (IT) components?</b> <input checked="" type="checkbox"/> Yes <input type="checkbox"/> No	<b>Department CIO</b> Chris Riesen	<b>Date</b> 1/10/2021

For IT requests, specify the project number, the most recent project approval document (FSR, SPR, S1BA, S2AA, S3SD, S4PRA), and the approval date.

Project No.

Project Approval Document:

Approval Date:

If proposal affects another department, does other department concur with proposal?  Yes  No

<b>Prepared By</b> Jessica Bogard	<b>Date</b> 1/10/2021	<b>Reviewed By</b> Erika Sperbeck	<b>Date</b> 1/10/2021
<b>Department Director</b> Will Lightbourne	<b>Date</b> 1/10/2021	<b>Agency Secretary</b> Brendan McCarthy for Mark Ghaly, CHHS Secretary	<b>Date</b> 1/10/2021

**Department of Finance Use Only**

Additional Review:  Capital Outlay  ITCU  FSCU  OSAE  CALSTARS  Dept. of Technology

<b>PPBA</b> Iliana Ramos	<b>Date submitted to the Legislature</b> 1/10/2021
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## Analysis of Problem

### A. Budget Request Summary

The Department of Health Care Services (DHCS), Community Services Division (CSD) requests two-year limited-term (LT) expenditure authority of \$1,080,000 (\$108,000 General Fund (GF); \$972,000 Federal Fund (FF)) in fiscal year (FY) 2021-22 and in FY 2022-23 to support contract costs for the provision of technical assistance to counties during the implementation of the X12 274 Health Provider Directory (274 HPD) standard expansion to behavioral health plans (mental health plans, Drug Medi-Cal Organized Delivery System counties, and DMC State Plan counties).

The 274 HPD standard expansion is a department-wide initiative to standardize the format, content, and transmission of Medi-Cal managed care provider network data to support the alignment of data with federal requirements. The Health Provider Directory will replace the existing Network Adequacy Certification Tool (NACT) used by county behavioral health plans to submit provider data needed by DHCS for annual network monitoring and certification.

The proposed two-year contract authority is needed to support 5 IT contractor staff (one technical lead and four testing analysts) to provide technical support for implementation of the 274 HPD. The state funding match is a condition of the approved, enhanced federal funding match.

### B. Background/History

The 274 HPD Expansion Project is a department-wide initiative to standardize the format, content and transmission of Medi-Cal managed care provider network data. The 274 HPD standard is an Electronic Data Interchange (EDI) standard adopted by DHCS so that managed care provider network data is consistent, uniform, and aligns with national standards. This data national standard is HIPPA compliant and has been approved by CMS for use across DHCS programs. DHCS has implemented the 274 HPD standard for the Medi-Cal medical and dental managed care plans and is currently implementing this standard for the DHCS behavioral health managed care delivery systems, which include the County Mental Health Plans (MHPs), the Drug Medi-Cal Organized Delivery System (DMC-ODS) plans, and the DMC State Plan counties.

DHCS has already implemented the Health Provider Directory standard expansion for Medi-Cal medical and dental managed care plans. Implementation of the expansion to Medi-Cal medical managed care plans utilized four contractor staff. The scope of the implementation effort for the Behavioral Health Provider Directory standard expansion is larger given the greater number of county behavioral health plans and the increased variation in county behavioral health plan data systems and vendors. Implementing the 274 HPD requirements is highly technical work and DHCS does not have the staff needed to develop the requirements for the behavioral health managed care delivery systems.

The 2020 Budget Act included ongoing resources to support four permanent positions (2.0 Health Program Specialists, 1.0 Research Data Specialist I, and 1.0 Research Data Specialist II) and 4.0 two-year LT positions (4.0 Research Data Specialist I) to address the increased state workload associated with the federal network adequacy certification requirements, including planning and remediation activities for the Behavioral Health Provider Directory standard expansion.

DHCS is requesting funds for contracting costs for qualified California Multiple Award Schedules (CMAS) contractors to provide four (4) user acceptance testing/data analysts and one (1) user acceptance testing/data analyst lead. Contract staff will work closely with DHCS staff to conduct user acceptance testing support and data analysis, data validation and testing, data issue resolution and data quality management support functions for the implementation of the CMS X12 274 standard for provider network data (referred to as the 274 Expansion Project).

## Analysis of Problem

The 274 HPD will replace the NACT currently being used by DHCS Behavioral Health program areas to collect provider data necessary for annual network monitoring and certification. The 274 HPD standard is new to the DHCS Behavioral Health program areas and will require significant testing, quality assurance and the development of on-going quality control mechanisms to support the integrity and quality of the data moving forward.

DHCS requested federal funding to conduct remediation activities to implement the 274 HPD transaction for the behavioral health service delivery models as part of the Provider Management Implementation Advanced Planning Document Update (IAPDU) Federal Fiscal Year (FFY) 2020. However, Requests for Offer (RFO) Vendor contract to provide Behavioral Health – User Acceptance Testing services were deferred as additional resources were required.

### Resource History (Dollars in thousands)

#### Community Services Division

<b>Program Budget</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
Authorized Expenditures	N/A	N/A	N/A	N/A	\$129,863
Actual Expenditures	N/A	N/A	N/A	N/A	\$39,287
Revenues	N/A	N/A	N/A	N/A	N/A
Authorized Positions	N/A	N/A	N/A	N/A	132.5
Filled Positions	N/A	N/A	N/A	N/A	108.4
Vacancies	N/A	N/A	N/A	N/A	24.1

\*Effective FY 2019-20, CSD split from Substance Use Disorder Program, Policy, and Fiscal Division

### Workload History

This is a new budget change proposal and the workload in this proposal has not been measured previously.

## C. State Level Consideration

This proposal supports the DHCS Strategic Plan by implementing strategies identified in four of the eight commitments stated in DHCS' Strategic Plan:

- Commitment 1: Improve consumer experience so individuals can easily access integrated, high-quality health care when they need it, where they need it, at all stages of life.
- Commitment 4: Develop effective, efficient, and sustainable health care delivery systems through effective oversight, ensuring program integrity and compliance.
- Commitment 5: Ensure there is a viable health care safety net for people when they need it.
- Commitment 7: Hold ourselves and our providers, plans and partners accountable for performance.

This proposal is also consistent with the DHCS Quality Strategy and the goals of CMS to find innovative ways to better coordinate care and align incentives around Medi-Cal beneficiaries to improve

## Analysis of Problem

health outcomes while also containing health care costs. In addition, this proposal would also further California's progress toward the strategic priorities identified by the California Health and Human Services Agency, Build a Healthy California for all:

- Priority 1: Create a system in which every Californian, regardless of origin or income, has access to high quality, affordable health care coverage.
- Priority 2: Ensure all Californians have meaningful access to care by modernizing the health workforce and expanding care delivery capacity.

### D. Justification

#### CSD- IT Consultant Services to Support 274 Expansion to Behavioral Health

- \$1,080,000 (\$108,000 GF; \$972,000 FF) in FY 2021-22 and FY 2022-23.

DHCS does not have the staff expertise or resources to implement the technical specifications required to come into compliance with the CMS 274 requirement. DHCS requires the services from qualified CMAS contractors equivalent to 4.0 user acceptance testing/data analysts and 1.0 user acceptance testing/data analyst lead. Contract staff will work closely with DHCS staff to conduct user acceptance testing, data analysis, data validation, data issue resolution and data quality management support functions associated with the implementation of the 274 HPD standard for provider network data.

DHCS has implemented the 274 HPD standard for the Medi-Cal medical and dental managed care plans and is currently implementing the 274 standard for the DHCS behavioral health service delivery systems, which includes 56 county MHPs, up to 40 DMC-ODS plans, and DMC State Plan counties. The 274 provider data submitted from these plans will be captured and edited via the DHCS Post Adjudicated Claims and Encounters System (PACES) and loaded to the Medi-Cal Management Information System/Decision Support System (MIS/DSS). It is primarily from these repositories that the contracted data analysts will be developing and executing data queries and comparing to existing provider data sources such as Excel spreadsheets and other provider management information systems.

Each behavioral health plan must work closely with DHCS so that rigorous user acceptance testing and quality assurance requirements are met as part of the implementation and post-production phases of the project. The contract data analysts will collaborate with DHCS in the preparation of user acceptance test criteria and methodologies for validating test and production data. In addition, the contract data analysts will assist analytical research and preparation of plan-specific and state-wide analytical reporting, dashboards and trend analysis.

At DHCS' direction, the contractors will be required to perform the following services:

1. Collect, validate, compile, analyze, and interpret data using tools such as Structured Query Language (SQL), SAS, Microsoft BI software, and Esri ArcGIS software
2. Conduct data analysis and user acceptance testing on 274 HPD test and production data to support alignment between IT data system and programmatic business needs, as well as accuracy relative to data collection requirements.
3. Prepare, update and maintain tracking tools on plan-specific testing and quality assurance activities, and response to plan questions and issue tracking.
4. Independently design, organize, maintain, and conduct data analysis and generate research results, dashboards and trend reports on plan-specific and state-wide provider network data.

## Analysis of Problem

5. Provide research support, training and expert consultation on data analysis methods and analytical methodologies.
6. Develop recommendations for data quality standards and resolution of data quality issues, including IT system modifications that would improve data reporting issues.
7. Provide close and frequent collaboration and communication with counties/plans, IT vendors, DHCS program staff, and other stakeholders as instructed by DHCS.
8. Prepare and deliver project status reports, knowledge transfer and training as requested by DHCS.

### E. Outcomes and Accountability

Expected Outcomes if proposal is approved:

- Authority to expend FFP approved by CMS, to provide 90% of the funding for this contract.
- Necessary funds to match federal funds provided for the 274 HPD expansion to behavioral health plans;
- Obtain IT contractor support for implementation of 274 HPD expansion to behavioral health plans.
- Further DHCS toward standardizing provider network data collection and expanding 274 standards to behavioral health plans.

#### Projected Outcomes

<b>Workload Measure</b>	<b>2020-21</b>	<b>2021-22</b>	<b>2022-23</b>
User Acceptance Testing (UAT) Test data	N/A	56 MHPs,40 DMC-ODS, DMC SP	56 MHPs,40 DMC-ODS, DMC SP
UAT Production data	N/A	56 MHPs,40 DMC-ODS, DMC SP	56 MHPs,40 DMC-ODS, DMC SP
Document UAT status and progress	N/A	56 MHPs,40 DMC-ODS, DMC SP	56 MHPs,40 DMC-ODS, DMC SP
Training and Technical Assistance on 274 reporting requirements	N/A	56 MHPs,40 DMC-ODS, DMC SP	56 MHPs,40 DMC-ODS, DMC SP
Analysis of 274 transaction test and production data	N/A	56 MHPs,40 DMC-ODS, DMC SP	56 MHPs,40 DMC-ODS, DMC SP
Data quality monitoring reports	N/A	56 MHPs,40 DMC-ODS, DMC SP	56 MHPs,40 DMC-ODS, DMC SP
Data quality management (i.e., error identification and resolution, ongoing analysis and monitoring)	N/A	56 MHPs,40 DMC-ODS, DMC SP	56 MHPs,40 DMC-ODS, DMC SP

### F. Analysis of All Feasible Alternatives

#### Alternative 1

Approve the request for two-year LT expenditure authority of \$1,080,000 (\$108,000 GF; \$972,000 FF) in FY 2021-22 and FY 2022-23 for the implementation of the X12 274 Health Provider Directory (274 HPD) standard expansion to behavioral health plans.

#### **Pros:**

- Provides 90% of project funds through enhanced federal funding.
- Provides required 10% state match to enhanced federal funding.
- Allows DHCS to implement the federally required 274 HPD expansion to behavioral health plans.

## Analysis of Problem

- The user acceptance test criteria and methodologies for validating test and production data will be complete.
- Rigorous user acceptance testing and quality assurance requirements will be met as part of the implementation and post-production phases of the project.
- Analytical research and preparation of plan-specific and state-wide analytical reporting, dashboards and trend analysis will improve the quality of services and help support increased network adequacy for behavioral health Medi-Cal services. Provider network data collection will be streamlined and standardized for behavioral health plans.

### Cons:

- Increase in state general fund costs.
- Increase in need for space for IT contractors.

### Alternative 2

Deny the two-year LT contract authority.

### Pros:

- No increase in state general fund costs.
- No increase in need for additional space for IT contractors.
- Utilizes existing resources.

### Cons:

- Loss of federal funding due to lack of authority to expend it and lack of state match.
- Insufficient resources to implement 274 expansion to behavioral health plans.
- Non-compliance with federal requirement.

## G. Implementation Plan

Upon approval of funds, DHCS will release a Request for Offers to qualified IT CMAS vendors.

## H. Supplemental Information

This request includes two-year LT contract authority of \$1,080,000 (\$108,000 GF; \$972,000 FF) in FY 2021-22 and FY 2022-23.

Attachment A: BCP Fiscal Detail Sheet

## I. Recommendation

**Alternative 1:** Approve the request for two-year LT expenditure authority of \$1,080,000 (\$108,000 GF; \$972,000 FF) in FY 2021-22 and FY 2022-23 for the implementation of the X12 274 Health Provider Directory (274 HPD) standard expansion to behavioral health plans. This funding is required as a condition of the approved, enhanced federal funding and is necessary to fund the contractor costs for five IT contractor staff to provide technical support for implementation of the 274 HPD. The 274 HPD will replace the NACT currently being used by DHCS to collect provider data necessary for annual network monitoring and certification. Expansion of the 274 HPD to behavioral health plans is part of the ongoing 274 HPD implementation efforts of DHCS. This contract will provide support from one Technical Lead and four testing analysts. Implementing the expansion of the 274 HPD standard

## Analysis of Problem

to behavioral health plans will ultimately streamline provider network data collection and analysis and improve efficiencies related to annual network certification and monitoring of behavioral health plans.

**If the proposal is not approved**, expansion of the 274 HPD standard to behavioral health plans will be delayed and enhanced federal funding will be lost. DHCS will not have the necessary resources with the technical expertise to implement the 274 HPD expansion to the behavioral health plans. DHCS will continue to utilize the NACT, which is burdensome to both behavioral health plans and DHCS staff as it is a manual, labor-intensive way of collecting and analyzing provider data necessary for annual network monitoring and certification.

**Attachment A: BCP Fiscal Detail Sheet**

BCP Title: Behavioral Health Plan 274 Expansion Project

BR Name: 4260-054-BCP-2021-GB

Budget Request Summary

Operating Expenses and Equipment

Operating Expenses and Equipment	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
5340 - Consulting and Professional Services – External	0	1,080	1,080	0	0	0
<b>Total Operating Expenses and Equipment</b>	<b>\$0</b>	<b>\$1,080</b>	<b>\$1,080</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Total Budget Request

Total Budget Request	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
<b>Total Budget Request</b>	<b>\$0</b>	<b>\$1,080</b>	<b>\$1,080</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Fund Summary

Fund Source

Fund Source	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
State Operations - 0001 - General Fund	0	108	108	0	0	0
State Operations - 0890 - Federal Trust Fund	0	972	972	0	0	0
<b>Total State Operations Expenditures</b>	<b>\$0</b>	<b>\$1,080</b>	<b>\$1,080</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>
<b>Total All Funds</b>	<b>\$0</b>	<b>\$1,080</b>	<b>\$1,080</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

Program Summary

Program Funding

Program Funding	FY21 Current Year	FY21 Budget Year	FY21 BY+1	FY21 BY+2	FY21 BY+3	FY21 BY+4
3960010 - Medical Care Services (Medi-Cal)	0	1,080	1,080	0	0	0
<b>Total All Programs</b>	<b>\$0</b>	<b>\$1,080</b>	<b>\$1,080</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>