

## Senate Bill No. 1161

### CHAPTER 486

An act to add Section 14124.29 to the Welfare and Institutions Code, relating to Medi-Cal.

[Approved by Governor September 19, 2014. Filed with  
Secretary of State September 19, 2014.]

#### LEGISLATIVE COUNSEL'S DIGEST

SB 1161, Beall. Drug Medi-Cal.

Existing law provides for the Medi-Cal program, which is administered by the State Department of Health Care Services, under which qualified low-income individuals receive health care services. The Medi-Cal program is, in part, governed and funded by federal Medicaid Program provisions. Existing federal law prohibits federal financial participation for care or services provided to patients in an institution for mental diseases (IMD). Existing law establishes the Drug Medi-Cal Treatment Program (Drug Medi-Cal) under which the department is authorized to enter into contracts with counties for various drug treatment services for Medi-Cal recipients, or is required to directly arrange for these services if a county elects not to do so.

This bill would require the department, if the department seeks a specified waiver to implement Drug Medi-Cal, to pursue federal approvals to address the need for greater capacity in both short-term residential treatment facilities and hospital settings for short-term voluntary inpatient detoxification.

*The people of the State of California do enact as follows:*

SECTION 1. (a) The Legislature finds and declares all of the following:

(1) The federal Patient Protection and Affordable Care Act (PPACA) (Public Law 111-148), as amended by the federal Health Care and Education Reconciliation Act of 2010 (Public Law 111-152), offers previously uninsured Californians unprecedented access to health services, including mental health and substance use disorder services.

(2) In 2013, the Legislature passed Assembly Bill 1 and Senate Bill 1 in the 2013–14 First Extraordinary Session, which expanded Medi-Cal coverage to low-income adults with incomes at or below 138 percent of the federal poverty level who were not previously eligible, established the Medi-Cal benefit package for this expansion population, and required the Medi-Cal program to cover additional mental health and substance use disorder services.

(3) An estimated 1.2 million people enrolled in the Medi-Cal program have substance use treatment needs.

(4) Substance use disorder treatment often requires medical detoxification and residential treatment services, services that have been included in California's Medi-Cal expansion under PPACA.

(5) The federal exclusion for institutions for mental diseases (IMD) only permits residential care for substance use disorder in facilities with 16 beds or fewer and medical detoxification only in a general acute care hospital, making both services inaccessible to Medi-Cal and Drug Medi-Cal beneficiaries.

(6) Capacity for both medical detoxification and residential treatment is severely limited in California in settings in compliance with the federal exclusion for IMD.

(7) According to a letter from the Director of Health Care Services to the federal Centers for Medicare and Medicaid Services, only 21 percent of California's beds are in facilities with a capacity of 16 and under. Furthermore, other than 11 perinatal programs, there are no Drug Medi-Cal licensed residential substance use disorder facilities in California. Therefore, California is severely limited in providing the expanded substance use disorder residential treatment benefits as provided for by the Medi-Cal expansion.

(8) The Commonwealth of Massachusetts successfully included IMD expenditure authority in its Section 1115 waiver. California has a similar need for IMD expenditure authority.

(b) It is the intent of the Legislature to expeditiously expand statewide capacity for mental health and substance use disorder treatment services for all Californians eligible for health care services under Medi-Cal who are in need of, or are currently seeking, treatment.

SEC. 2. Section 14124.29 is added to the Welfare and Institutions Code, to read:

14124.29. (a) If the department seeks a waiver pursuant to subdivision (a) of Section 14021.35, the department shall pursue federal approvals to address the need for greater capacity in both short-term residential treatment facilities and hospital settings for short-term voluntary inpatient detoxification, including, but not limited to, licensed chemical dependency recovery hospitals.

(b) Nothing in this section shall be construed to limit the authority of the department pursuant to Section 14021.35.

(c) This section shall be implemented only to the extent federal approvals are obtained and to the extent that federal financial participation is available.