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CCAH Governing Board Response to Santa Cruz Civil Grand Jury

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Lisa Demmert <ldemmert@thealliance.health>

To: grandjury@scgrandjury.org <grandjury@scgrandjury.org>, Katherine.Hansen@santacruzcourt.org <Katherine.Hansen@santacruzcourt.org>

CC: Michael Schrader <mschrader@thealliance.health>

9 September 2025 17:14

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BodyContent.html (3.33 KB) CCAH Governing Board Response 8 27 25.pdf (399.01 KB)

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To Whom It May Concern,

Attached please find the response to the 2024-25 Santa Cruz Civil Grand Jury from the Governing Board of the Central California Alliance for Health.

Best regards,

Lisa Demmert
Temp Admin Specialist
Central California Alliance for Health
1600 Green Hill Road, Suite 101
Scotts Valley, CA 95066

Office: 831-430-2642

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The 2024-2025 Santa Cruz County Civil Grand Jury

Requires the

Governing Board, Central California Alliance for Health

to Respond by September 24, 2025

to the Findings and Recommendations listed below which were assigned to them in the report titled

If You Can't Measure It, You Can't Manage It.

The Challenges Facing the Management of High-Cost Beneficiaries in the Health Services Agency

Required Responses apply to elected officials, elected agencies or department heads, elected boards, councils, and committees. The respondent is **required** to respond and to make the response available to the public under California Penal Code (PC) §933(c). A required response will be considered **compliant** under PC §933.05 if it contains an appropriate comment on **all** findings and recommendations **which were assigned to you** in this report.

Invited Responses are encouraged but are not required by the California Penal Code.

Please follow the instructions below when preparing your response.

Instructions for Respondents

Your assigned Findings and Recommendations are listed on the following pages with check boxes and an expandable space for summaries, timeframes, and explanations. Please follow these instructions, which paraphrase PC §933.05:

1. ***For the Findings, mark one of the following responses with an "X" and provide the required additional information:***
   a. **AGREE with the Finding**, or
   b. **PARTIALLY DISAGREE with the Finding** – specify the portion of the Finding that is disputed and include an explanation of the reasons why, or
   c. **DISAGREE with the Finding** – provide an explanation of the reasons why.

2. ***For the Recommendations, mark one of the following actions with an "X" and provide the required additional information:***
   a. **HAS BEEN IMPLEMENTED** – provide a summary of the action taken, or
   b. **HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE** – provide a timeframe or expected date for completion, or
   c. **REQUIRES FURTHER ANALYSIS** – provide an explanation, scope, and parameters of an analysis to be completed within six months, or
   d. **WILL NOT BE IMPLEMENTED** – provide an explanation of why it is not warranted or not reasonable.

3. ***Please confirm the date on which the assigned responses were approved during an official meeting:*** ***August 27, 2025***

   We approved these responses in a regular public meeting as shown

   in our minutes dated August 27, 2025

4. ***Please attach a PDF version of your completed responses to an email sent to:***

   The Honorable Judge: Katherine Hansen Katherine.Hansen@santacruzcourt.org
   and

   The Santa Cruz County Grand Jury: grandjury@scgrandjury.org.

If you have questions about this response form, please contact the Grand Jury by calling (831) 454-2099 or by sending an email to grandjury@scgrandjury.org.

Findings

F3 . Clinical: Santa Cruz County does not have a Level of Care Tool to track and manage High-Cost Beneficiaries. The Central California Alliance for Health does have a Level of Care Tool to track and manage High-Cost Beneficiaries. The parties are partners in the delivery of services and their resources could be leveraged to create a unified Level of Care tool.

__ **AGREE**

X **PARTIALLY DISAGREE**

__ **DISAGREE**

Response explanation (required for a response other than **Agree**):

The Alliance utilizes available data to identify and track high-cost beneficiaries (HCBs) that would benefit from care management and other wraparound services to help them manage their conditions and navigate the healthcare system. The Alliance shares member-level data that identifies HCBs with Santa Cruz County (SCC), as follows.

1. The Department of Health Care Services' (DHCS') Enhanced Care Management (ECM) benefit specifies the criteria plans must use to identify high-cost, high-need members eligible for ECM services. The Alliance generates lists of members using this criterion and provides lists of eligible members to contracted providers for outreach. While the Behavioral Health Department does not participate in ECM, SCC Health Services Agency clinic is an Alliance-contracted ECM provider and routinely receives lists of members meeting criteria for ECM.
2. DHCS' No Wrong Door (NWD) approach to behavioral health services requires plans and counties to use common clinical criterion and a shared assessment tool, referred to as the Screening and Transition of Care Tools for Medi-Cal Mental Health Services, to determine whether members should be served by the specialty or non-specialty mental health system. The Alliance refers members needing Specialty Mental Health Services (SMHS) or substance use disorder (SUD) services to SCC and maintains a shared tracking list to ensure all referred members obtain services. The Alliance partners with SCC, and the four other county mental health plans in its service area, align on the assessment tool, and manage the process to connect members to the correct delivery system.
3. Admit, discharge and transfer (ADT) data from local hospitals is shared with SCHIO and then with SCC to enable timely provider follow up with members, including follow up after hospitalization for substance use challenge (FUA) and follow up after hospitalization for mental health challenge (FUM).

4. Lists of linked members with a high volume of ED visits are shared with contracted Primary Care Providers (PCPs), including SCC, to support PCP follow-up with members to ensure post-discharge care is received and coordinated.

F5 . Data, Clinical & Administrative: The Central California Alliance for Health (Alliance) has substantial financial reserves, and Santa Cruz County has seats on the governing board of the Alliance. Clinical, financial and operational collaboration between these agencies, who are both insurers and providers, needs to be better coordinated and integrated at all levels to improve treatment and outcomes for all clients.

__	**AGREE**
__	**PARTIALLY DISAGREE**
X	**DISAGREE**

Response explanation (required for a response other than **Agree**):

The Alliance and SCC work collaboratively to meet the needs of our mutual members and meet routinely to coordinate care for individual members and to improve systems and processes that allow for collaboration and data sharing with the goal of improving health outcomes.

There are legal and regulatory factors that limit the extent to which the Alliance and SCC can “integrate at all levels”. California law (§WIC 5600 and 14684) provides counties exclusive responsibility for providing specialty mental health services (SMHS). Additionally, California’s 1915(b) waiver “carves out” SMHS to county mental health plans. Integration would require statutory and regulatory changes as well as clarification of oversight authority and accountability.

Therefore, integration would require statutory and regulatory changes as well as clarification of oversight authority and accountability. In July 2025, DHCS released a Concept Paper titled, “DHCS Continuing The Transformation of Medi-Cal.” The purpose of this concept paper is to outline DHCS’ vision and goals for the next five years, including plans for advancing the renewal of the CalAIM waivers and other initiatives. The concept paper states, DHCS is committed to increasing efficiency in the managed care program and reducing fragmentation across delivery systems. Under CalAIM, DHCS considered a full integration proposal that would have allowed an MCP, in partnership with one or more BHPs (County Behavioral Health Plans), to apply to bring together physical, behavioral, and oral health benefits under a single entity contracted with DHCS. Due to operational complexities, DHCS did not launch any full integration pilots during the CalAIM waiver period and is considering streamlining the member experience and improving outcomes through more limited integration, such as piloting the integration of oral health benefits into managed care. Additionally, the Alliance is a regional agency with a five-county governing board. The Alliance is required by statute and regulation to have financial reserves to ensure the long-term financial viability of the organization, including providing uninterrupted services to its members, timely and adequate reimbursement to its providers, compliance with regulatory requirements, and ensuring organizational capacity to respond to short and long-term capital needs and opportunities consistent with the Alliance’s strategic plans. To that end, the board has set a reserve target and has allocated remaining reserves to support ongoing operational and strategic requirements including provider payments, implementing a Medicare Advantage (MA) Dual Eligible Special Needs Program (D-SNP) product as required by DHCS, and enhancing provider payments across the five-county service area.

With recent federal budget cuts and policy changes affecting Medicaid funding, and a worsening state budget, the Alliance is experiencing a decline in financial reserves, and projects this decline will continue over the next four years. The Alliance is obligated to meet members’ needs and fulfill its contracts and obligations to its community, which covers five different counties. Additionally, Alliance reserves are to address obligations across all five counties, under the authority of the Alliance five-county governing Board.

F7 . Compassion: Throughout the Grand Jury investigation, the Jury found that the staff and leadership of the Health Services Agency, Santa Cruz County Sheriff's Office, and the Central California Alliance for Health are compassionate in the treatment of people experiencing behavioral health or substance use disorder. Patients are treated with dignity and respect, despite sometimes difficult conditions.

X	**AGREE**
__	**PARTIALLY DISAGREE**
__	**DISAGREE**

Response explanation (required for a response other than **Agree**):

The Alliance agrees with this finding and appreciates the acknowledgement.

Recommendations

R3 . Ongoing External Reporting: In order to leverage their partnership with the Mental Health Advisory Board (MHAB) and raise public awareness around Behavioral Health in Santa Cruz County, the Health Services Agency and the Central California Alliance for Health should jointly report to the MHAB. Their reporting should occur at least bi-annually starting no later than June 30, 2026. Their report should discuss their collaborative efforts towards implementing a LoC tool, their progress towards developing value-based financing and should include Year-to-Date statistics on HCBs.

—	**HAS BEEN IMPLEMENTED –** summarize what has been done
—	**HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE –** summarize what will be done and the timeframe
—	**REQUIRES FURTHER ANALYSIS –** explain the scope and timeframe (not to exceed six months)
X	**WILL NOT BE IMPLEMENTED –** explain why

Required response explanation, summary, and timeframe:

The Alliance is accountable to DHCS as articulated in statute, regulation, and state contracts, and DHCS oversees Alliance operations and compliance by reviewing required reports and conducting regulatory audits. The Alliance maintains an oversight structure, as required by DHCS, that includes obtaining member and provider input into our programs and operations via a Member Services Advisory Board and Physician Advisory Board, both of whom report to the Board in an advisory capacity.

R4 . Ongoing External Reporting: At least bi-annually beginning no later than September 30, 2025, Health Services Agency (HSA) and the Central California Alliance for Health (Alliance) should meet jointly with Serving Communities Health Information Organization (SCHIO). The meeting agenda should include a review of the data HSA and the Alliance submit to SCHIO and the SCHIO data and reporting features that HSA and the Alliance use. The goal is to leverage their partnership and better integrate the dissemination of accurate information to health care professionals and law enforcement about the treatment and needs of their clients. The outcome of the meeting should be reported to the Mental Health Advisory Board.

__	**HAS BEEN IMPLEMENTED –** summarize what has been done
__	**HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE –** summarize what will be done and the timeframe
__	**REQUIRES FURTHER ANALYSIS –** explain the scope and timeframe (not to exceed six months)
X	**WILL NOT BE IMPLEMENTED –** explain why

Required response explanation, summary, and timeframe:

Data sharing between the Alliance, SCC, and other providers does routinely occur, as required by state law, and as permitted by federal law. Examples of this data sharing are noted above and include ADT data, NWD referrals, ECM chase lists, and data routinely shared with PCPs for their linked members. Health information exchanges are one method for sharing data; however, plans and providers frequently share data directly. What is important is that the data is shared to ensure coordination for members as they access care across the system.

The Alliance has also instituted data sharing incentives for providers who share data with SCHIO and has made available funding for providers to improve their data sharing capability through the MCGP.

In addition, there are statewide efforts underway aimed at expanding data sharing between entities involved in providing medical and physical care to members, as well as those supporting care coordination and navigation of the healthcare system.

As an example, in line with the California Data Exchange Framework, the Alliance is actively working with SCC to develop a uniform consent to release information, which, if signed by patients, would allow for broader data sharing for care coordination.

In addition, the Local Health Plans of California, an association representing all local Medi-Cal Plans (MCPs), including the Alliance, has co-sponsored AB 618 with the County Behavioral Health Directors Association (CBHDA). This bill will require DHCS to develop clear and directive guidance to mandate data sharing between MCPs and MHPs, including the data to be shared and the timeframe for sharing such data. By providing explicit direction on what data must be shared, this bill intends to remove the gray area in current privacy law that prevents entities from sharing data. This bill would also mandate the use of the aforementioned uniform consent form by all providers in California. If AB 618 is enacted by the Legislature, and upon receipt of such guidance, the Alliance will be better positioned to assess the feasibility of implementing this recommendation.

R5 . Clinical Integration. Annually, beginning January 1, 2026, the Santa Cruz County Health Services Agency and the Central California Alliance for Health should review, align, and jointly publish their aligned clinical and program delivery methods and goals for all levels of Behavioral Health and Substance Use Disorder patients.

X	**HAS BEEN IMPLEMENTED –** summarize what has been done
—	**HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE –** summarize what will be done and the timeframe
—	**REQUIRES FURTHER ANALYSIS –** explain the scope and timeframe (not to exceed six months)
—	**WILL NOT BE IMPLEMENTED –** explain why

Required response explanation, summary, and timeframe:

In recognition of the bifurcated mental health delivery system, DHCS requires that MCPs and MHPs enter into Memorandum of Understanding (MOU) that delineates each party's specific responsibility in providing BH services and clarifies roles and responsibilities for coordination of care, including specific procedures that will be used. The Alliance and SCC have been operating pursuant to an MOU since 2014 and review the MOU at minimum annually.

R6 . Administrative, Financial & Clinical. By July 1, 2026, the Santa Cruz Health Services Agency and the Central California Alliance for Health should have a shared database and shared criteria for identifying potential High-Cost Beneficiaries. This Level of Care tool should track costs, services, and outcomes for not only Behavioral Health and Substance Use Disorder High-Cost Beneficiaries, but for all clients. The following California Health Care Foundation brief provides a starting point for building a more integrated system of care over the long term: Better Integrate Physical and Behavioral Health Care.

—	**HAS BEEN IMPLEMENTED –** summarize what has been done
—	**HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE –** summarize what will be done and the timeframe
—	**REQUIRES FURTHER ANALYSIS –** explain the scope and timeframe (not to exceed six months)
X	**WILL NOT BE IMPLEMENTED –** explain why

Required response explanation, summary, and timeframe:

Currently, routine and timely information sharing is already well-established from the Alliance to SCC for high-cost beneficiaries through multiple channels, including ADT data, NWD referrals, ECM chase lists, and routine data exchanges with PCPs for their attributed members.

The Alliance understands that the Behavioral Health Services Act (BHSA) enhances data collection and transparency for behavioral health services and includes the development of a statewide dashboard. The Alliance is willing to support SCC in these efforts.

R7 . Administrative Integration. The Santa Cruz County Health Services Agency and the Central California Alliance for Health should develop a seamless administrative process that uses standardized and shared data, reports and goals. No later than December 31, 2026, a report shall be submitted to the respective governing boards outlining the processes established to integrate network management, provider payment, and data collection and reporting.

__	**HAS BEEN IMPLEMENTED –** summarize what has been done
—	**HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE –** summarize what will be done and the timeframe
—	**REQUIRES FURTHER ANALYSIS –** explain the scope and timeframe (not to exceed six months)
X	**WILL NOT BE IMPLEMENTED –** explain why

Required response explanation, summary, and timeframe:

As noted above, the two parties are separate legal entities with differing statutory and regulatory responsibilities and further integration would require legal and statutory changes. Further, as Alliance is a regional agency serving five counties, administrative integration with SCC is not feasible.

R8 . Financial Integration. On or before July 1, 2027, the County Health Services Agency and the Central California Alliance for Health should report to their respective governing boards the steps they have taken towards financial integration of all behavioral health services and substance use services using a value-based financing process. Braiding Medicaid Funds described in August 2024 Brief from the California Health Care Foundation provides a framework for achieving this necessary integration.

—	**HAS BEEN IMPLEMENTED –** summarize what has been done
—	**HAS NOT YET BEEN IMPLEMENTED BUT WILL BE IN THE FUTURE –** summarize what will be done and the timeframe
—	**REQUIRES FURTHER ANALYSIS –** explain the scope and timeframe (not to exceed six months)
X	**WILL NOT BE IMPLEMENTED –** explain why

Required response explanation, summary, and timeframe:

As noted above, the two parties are separate legal entities with differing statutory and regulatory responsibilities. Financial integration is not feasible as the Alliance serves 5 separate counties and must follow strict requirements regarding financial viability, which are closely monitored through reporting and auditing by DHCS and DMHC.

The California Health Care Foundation report, *How California Can Build on CalAIM to Better Integrate Physical and Behavioral Health Care* (2022), found that attempts to further integrate the behavioral health systems were largely unsuccessful due to these legal barriers, a view that was reiterated by DHCS when they removed their vision for behavioral health integration from their most recent and afore-mentioned concept paper.