


REPORT OF THE CHIEF LEGISLATIVE ANALYST

DATE: May 17, 2019

TO: Honorable Members of the Rules, Elections, and Intergovernmental Relations Committee

FROM: Sharon M. Tso 
Chief Legislative Analyst

Council File No.: 19-0002-S75
Assignment No.: 19-05-0437

SUBJECT: Resolution (Buscaino – Cedillo) to Request Application for a Section 1115 Medicaid Waiver.

CLA RECOMMENDATION: Adopt the attached Resolution (Buscaino – Cedillo) to include in the City's 2019-20 State Legislative Program SUPPORT for Governor Gavin Newsom to direct the California Department of Health Care Services to apply for the Section 1115 Medicaid waiver in the Social Security Act to allow for the expansion of Medicaid coverage to the excluded population that is in need of inpatient mental health treatment.

SUMMARY

Resolution (Buscaino - Cedillo) was introduced on April 30, 2019 and states that there is a gap in coverage for treatment of mental illness in the United States and this gap is significant for low income people who are in need of mental health treatment. The Resolution states that the gap in coverage for low income population is known as the Institution for Mental Disease (IMD) Exclusion which prohibits the use of federal Medicaid financing for patients 21 to 65 living in residential facilities with more than 16 beds. The intention of the IMD Exclusion was to prevent states from shifting the responsibility and cost of in-patient psychiatric care to the federal government, but the states have been unable to provide adequate coverage. The Resolution states that in November 2018, the Centers for Medicaid and Medicare Services announced that the federal government would consider state applications for IMD Exclusion waivers which would allow Medicaid coverage for IMD treatment to patients with severe mental illness.

Los Angeles County introduced a motion on February 5, 2019 directing the Chief Executive Officer to send a five signature letter to Governor Gavin Newsom, the California Department of Health Care Services, and the Los Angeles County State Legislative Delegation asking the State to apply for the Section 1115 Medicaid waiver to allow for the expansion of Medicaid coverage for the excluded population in need of inpatient mental health treatment.

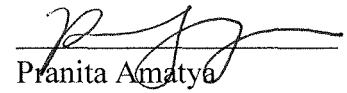
The Resolution recommends that the City should fully support this effort and request the same from the State inasmuch as mental illness treatment is important to the City residents who have been excluded from this treatment in the past.

BACKGROUND

For services provided to patients in mental health and substance use disorder residential treatment facilities larger than 16 beds, the IMD Exclusion excludes the use of federal Medicaid financing. This exclusion is applied to patients in the age group 21 to 64. There is a significant need to expand the coverage for treatment of mental illness. Section 1115 of the Social Security Act allows the U.S. Secretary of Health and Human Services to waive specific provisions of health and welfare

programs, such as Medicaid, to establish pilot programs that help promote the goals of the department. The Centers for Medicare and Medicaid Services (CMS) announced in November 2018 that states can now apply for a Section 1115 waiver of the IMD exclusion rule for services for individuals with mental health diagnoses. With this new opportunity, states can receive funding for short-term residential treatment in an IMD for these individuals. This is critical in providing access to coverage that was not available to this vulnerable population previously.

Additionally, Los Angeles County has committed to work with the State to increase the additional funding to provide more coverage for mental health services. This would provide services and coverage to the most vulnerable population in the City and potentially decrease the in-flow to homelessness from within this population. Support and request of this action by the State is consistent with City's goal to provide services to individuals with mental illness and homeless individuals with mental illness within the City.


Pranita Amatya
Analyst

Attachment: 1. Resolution

WHEREAS, any official position of the City of Los Angeles with respect to legislation, rules, regulations or policies proposed to or pending before a local, state or federal governmental body or agency must have first been adopted in the form of a Resolution by the City Council with the concurrence or the Mayor; and

WHEREAS, there is a gap in coverage for treatment of mental illness in the United States and this gap is significant for low income people who are in need of mental health treatment; and

WHEREAS, the gap in coverage for low income population is known as the Institution for Mental Disease (IMD) exclusion which prohibits the use of federal Medicaid financing for patients 21 to 65 living in residential facilities with more than 16 beds; and

WHEREAS, in 1965, the Social Security Act was amended to establish the federal Medicaid and Medicare program with a built in IMD exclusion; and

WHEREAS, the intention of the IMD exclusion was to prevent states from shifting the responsibility and cost of inpatient psychiatric care to the federal government, but the states have been unable to provide adequate coverage; and

WHEREAS, in Section 1115 in the Social Security Act, the United States Secretary of Health and Human Service has the authority to waive specific provisions of health and welfare programs such as Medicaid; and

WHEREAS, in November 2018, the Centers for Medicaid and Medicare Services announced that the federal government would consider state applications for IMD exclusion waivers which would allow Medicaid coverage for IMD treatment to patients with severe mental illness; and

WHEREAS, there is a significant number of individuals with severe mental illness in the homeless population; and

WHEREAS, Los Angeles County introduced a motion on February 5, 2019 directing the Chief Executive Officer to send a five signature letter to Governor Gavin Newsom, the California Department of Health Care Services, and the Los Angeles County State Legislative Delegation asking the State to apply for the 1115 Medicaid waiver to allow for the expansion of Medicaid coverage for the excluded population in need of inpatient mental health treatment; and

WHEREAS, the County sent this letter to Governor Newsom on February 15, 2019 requesting the State to apply for the Section 1115 Medicaid waiver; and

WHEREAS, the City of Los Angeles should fully support this effort and request the same from the State inasmuch as mental illness treatment is important to the City residents who have been excluded from this treatment in the past;

NOW, THEREFORE, BE IT RESOLVED, that the Council of the City of Los Angeles, by the adoption of this Resolution, the City of Los Angeles hereby includes in its 2019-2020 State Legislative Program, a request that Governor Gavin Newsom direct the California Department of Health Care Services to apply for the Section 1115 Medicaid waiver in the Social Security Act to allow for the expansion of Medicaid coverage to the excluded population that is in need of inpatient mental health treatment.

PRESENTED BY:

JOE BUSCAINO
Councilmember, 15th District

SECONDED BY:

[Signature]

ORIGINAL

2019 02 21

[Signature]