



State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

DATE: July 28, 2017

MHSUDS INFORMATION NOTICE NO.: 17-036

TO: COUNTY BEHAVIORAL HEALTH DIRECTORS  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF CALIFORNIA  
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS  
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM EXECUTIVES, INC.  
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES  
CALIFORNIA OPIOID MAINTENANCE PROVIDERS

SUBJECT: DRUG MEDI-CAL COUNTY OF RESPONSIBILITY TRANSITION

**PURPOSE**

The purpose of this information notice is to provide additional guidance to the counties regarding the transition to the county of responsibility (COR) model of service delivery. This guidance applies to both regular Drug Medi-Cal (DMC) State Plan and Drug Medi-Cal Organized Delivery System (DMC-ODS) counties. Prior guidance can be found in both [Information Notice 16-023](#) Drug Medi-Cal Claims Adjudication and Certified Public Expenditure Transition from County of Services to County of Responsibility in the DMC-ODS Pilot Program and [Information Notice 16-052](#) Fiscal Year 2016-17 Behavioral Health Subaccount Allocations.

**BACKGROUND**

Information Notice 16-052 explained that the Department of Finance, in consultation with the appropriate state agencies and the California State Association of Counties, established the ongoing methodology (“base methodology”) for allocating 2011 Realignment Behavioral Health Subaccount (BHS) funds. Pursuant to Government Code Section (GC) 30029.6, beginning in FY 2016-17, the State Controller’s Office allocated the BHS funds according to the new base methodology, which included a change to the calculation for determining BHS allocations from the county that provides a DMC service to the county in which the beneficiary resides. Information Notice 16-023 provided additional advance notice of this transition.

## **DISCUSSION**

All Counties have an obligation to provide DMC State Plan services to all beneficiaries who reside in that county per Section 2: Covered Services of Exhibit A, Attachment 1 of the “State/County” DMC contract and GC 30026.5 (e)(5). For DMC, the covered services are Outpatient Drug-Free Treatment; Narcotic Replacement Therapy; Oral Naltrexone; Intensive Outpatient Treatment and, Perinatal Residential Substance Abuse Services.

Counties that opt-into the 1115 DMC-ODS waiver have an obligation to provide all state plan services plus all DMC-ODS services to all beneficiaries that reside in that county per paragraph 128(a) and 129 of the DMC-ODS Special Terms and Conditions (STCs) (available at <http://www.dhcs.ca.gov/provgovpart/Pages/medi-cal-2020-waiver.aspx>). Per paragraph 143(c) of the STCs, ODS Counties must ensure that beneficiaries who live in a non-ODS County, but receive Narcotic Treatment Program services in the ODS County do not experience a disruption of services. The details of this coordination with non-ODS Counties must be outlined in the ODS County’s Implementation Plan.

This Information Notice clarifies that Counties are expected to establish contractual arrangements, when necessary, to ensure that the county of residence is financially responsible to pay for any DMC entitlement services being provided to its residents by another county given its BHS allocation for this purpose. Pursuant to GC 30025(f)(16)(B)(i) – 30025(16)(B)(v), counties shall use BHS (base and growth) funds exclusively to fund the following: (1) residential perinatal drug services, (2) drug court operations, (3) non-DMC substance abuse treatment programs, (4) the DMC program, and (5) Medi-Cal Specialty Mental Health Services, including Early and Periodic Screening, Diagnostic, and Treatment and mental health managed care.

The following are options that counties of residence may use to ensure their BHS funds are being used to reimburse providers from another county for services provided to their residents:

Option A: The COR may choose to contract directly with providers located outside of its borders to ensure that its beneficiaries receive medically necessary DMC entitlement services.

Option B (this option is only available to counties that are not participating in the DMC ODS waiver): If a county serves, or pays a contracted provider to serve an out of county beneficiary, the county that provided, or arranged for the provision of the service can submit the Certified Public Expenditure for that service and receive the Federal Financial Participation for that claim. In this case, the county where the beneficiary resides is responsible for the non-federal match of the reimbursement

and must make this payment. The two counties would enter into a contractual relationship that would allow the exchange of BHS funds from the COR to the other county that provided the service.

Because an ODS County is operating as a managed care plan, the ODS County is unavailable to provide ODS services to beneficiaries from other non-ODS Counties. As a result, any provider within the ODS County's borders that wants to provide State Plan services to non-ODS beneficiaries will need to contract with the non-ODS County where those beneficiaries reside.

**QUESTIONS**

Please address all questions regarding this Informational Notice to Marco Zolow, Health Program Specialist, Program, Policy, and Fiscal Division at [marco.zolow@dhcs.ca.gov](mailto:marco.zolow@dhcs.ca.gov).

Sincerely,

Original signed by

Karen Baylor, Ph.D., LMFT, Deputy Director  
Mental Health & Substance Use Disorder Services