

**DRUG MEDI-CAL STATE FUNCTIONS TO BE TRANSFERRED  
FROM ALCOHOL AND DRUG PROGRAMS  
TO DEPARTMENT OF HEALTH CARE SERVICES**

July 7, 2011

*The following is a list of the state level functions that would be transferred to the Department of Health Care Services:*

**Develop and administer the Drug Medi-Cal (DMC) portion of the State Medicaid Plan**

Develop initial legal, regulatory and policy analyses to prepare Medicaid State Plan Amendments for fiscal and programmatic changes. Prepare initial responses to DHCS and federal Centers for Medicare and Medicaid Services.

**Program Standards**

Coordinate and ensure use of current Alcohol and Drug Program Standards.

**Rate setting**

Annually establish DMC rates for each modality and service type. Ensure all appropriate data sources are complete; determine proposed rates based on methodology and legislation; issue Bulletin with proposed rates; prepare regulation package for DMC rates.

**Claims management**

Ensure DMC claims are submitted accurately and timely and appropriately adjudicated through DHCS' Short-Doyle Medi-Cal (SDMC) system. Responsible for the payment of said claims. Identify the legal and business rules for timely adjudication of claims, ensure claims processed within information technology (IT) system to conform with requirements and business processes. Also responsible for providing technical assistance (TA) and training to counties and providers regarding allowable DMC services and submission of claims. Responsible for special handling of claims. Update DMC documents for communication to providers regarding billing procedures and companion guides. Reconcile claims to ensure all are submitted and adjudicated; information used for the cost report settlement process.

**Cost report settlement**

Maintain adequate controls to ensure responsibility and accountability for expenditure of federal and state funds. Annual review year-end cost report data and settlement. Ensure DMC reimbursement follows Welfare and Institution Code Section 14170(a)(1). Data and cost report data separated out by program type and service is submitted and used for the settlement of cost reports. Additionally, responsible for the development of the technical program for submission of the cost report and associated forms for the cost report as well as annual TA and training.

**Data collection and system integrity**

Ensure development, operation and maintenance of the Short-Doyle Medi-Cal Remediation Technology (SMART) system to support DMC business functions. Counties and treatment providers are required to submit DMC claims data to the ITWS webportal and budget and cost report data to the SMART system through the SDMC Phase 2.

**Conduct financial audits**

Conduct financial audits of DMC services. As required by statute, audit expenditures of counties and providers to ensure compliance with applicable federal laws, regulations and guidelines.

**DRUG MEDI-CAL STATE FUNCTIONS TO BE TRANSFERRED  
FROM ALCOHOL AND DRUG PROGRAMS  
TO DEPARTMENT OF HEALTH CARE SERVICES**

**July 7, 2011**

**Complaint initial investigations**

As required by statute, investigate DMC complaints for possible misrepresentation of fact or potential fraud. Regulations require that complaints be investigated prior to referral to law enforcement.

**Post Service, Post Payment provider reviews**

Conduct post-service, post payment (PSP) utilization reviews for compliance with standards of care and other requirements to safeguard against unnecessary services in SUD programs which provides statewide quality assurance and accountability.

Provide administrative and fiscal oversight, monitoring, and auditing through site visits, formal/informal training and TA. Ensure providers are compliant with regulatory requirements, provide TA and training, and initiate the recovery of payments when DMC requirements have not been met. Conduct formal training for county and provider staff as required by statute.

**Appeals process and hearings**

Represent the department in administrative appeals for occasional grievances or complaints arising from audit findings or settlement of cost reports. Give advice and counsel on initial fraud investigations prior to referral to DHCS and prepare position statement for DMC providers suspended by DHCS. Work cooperatively with Attorney General's office on DMC litigation.

***The following is a list of the state level functions that would remain at ADP:***

**Compliance with certification requirements**

Review DMC initial, relocation and satellite applications; review DMC applications for other services such as adolescent waivers, dependent children, increases in bed capacity, and change of ownership. Once the application review portion is completed and approved, conduct an on-site inspection.

**Manage Narcotic Treatment Provider services**

Review and approval of DMC applications for NTP licensure, renewal, slot increases or decreases, and relocation applications. Conduct initial DMC site inspections and annual DMC site inspections to ensure compliance with federal and state laws and regulations. Work closely with the federal Center for Substance Abuse Treatment (CSAT) of the Substance Abuse and Mental Health Services Administration (SAMHSA), as well as the federal Drug Enforcement Administration (DEA) to prevent diversion of the narcotic replacement medication used in the NTPs to treat opiate addiction.