



Transition Plan: Update

Transfer of the Drug Medi-Cal Treatment Program from the Department of Alcohol and Drug Programs to the Department of Health Care Services, effective July 1, 2012.

Department of Health Care Services

January 19, 2012

Overview

Assembly Bill (AB) 106 (Chapter 32, Statutes of 2011) transfers the administration of the Drug Medi-Cal Treatment Program from the Department of Alcohol and Drug Programs (DADP) to the Department of Health Care Services (DHCS), effective July 1, 2012. The law required DHCS to submit a written transition plan to the fiscal and applicable policy committees of the Legislature no later than October 1, 2011. DHCS submitted the transition plan as required, and it is available on the DHCS website.

[Click here](#) to review the transition plan, or visit the DHCS website at the following address: <http://www.dhcs.ca.gov/services/med-cal/Pages/DrugMedi-CalProgram.aspx> for more information about the program transfer.

Upon release of the October 1, 2011 transition plan, DHCS committed to providing bimonthly updates beginning November 15, 2011. The updates will provide further detail on current and future transition activities and describe progress throughout this transition year.

DHCS released the first update on November 15, 2011. This second bimonthly update focuses on DHCS and DADP's progress in meeting specific key transition plan milestones since the November update and does not discuss milestones or activities that the two departments expect to conduct later in the fiscal year. The update may not discuss milestones with a target date beyond December 2011, or address previously completed milestones. Future bimonthly updates will report on milestones for which there is reportable progress.

DHCS is committed to continuing ongoing stakeholder engagement and welcomes comments through a regularly monitored email address designated specifically for that purpose. Please provide any comments to DHCSDRUGMEDI-CALTRANSFER@DHCS.CA.GOV.

Key Milestones – Part A

Milestone #3 – Ensure Stakeholder Engagement

During the transition of the Drug Medi-Cal Treatment Program, prior to July 1, 2012:

- A. By November 2011, identify those transition activities that require stakeholder input and identify appropriate stakeholders.
- B. By December 2011, determine how the stakeholder process(es) will continue to inform and guide the transition during various stages.

Ongoing:

- C. By January 2012, identify all current Drug Medi-Cal Treatment Program stakeholder groups, purpose, meeting frequency, and associated mandates.

Status:

- A. This milestone is in process. DADP is currently developing a list of transition activities that require stakeholder input and will be meeting with DHCS in the near future on this issue. In addition, representatives of the two departments meet weekly to discuss overall transition issues. During these meetings, staff have been reminded that any major policy changes associated with the transition will require stakeholder input prior to implementation.
- B. This milestone has been delayed until the two departments meet to discuss the issue, as indicated above.
- C. This milestone is complete. DADP created and submitted the list to DHCS in November, 2011.

Milestone #4 – Development of Stakeholder Communication Plan

By November 2011, develop a stakeholder communication plan to assure regular communications during the transfer, and inform stakeholders of upcoming transfers of major functions.

Status: This milestone is partially complete. DADP has created a high-level communications matrix that identifies internal and external stakeholders, the type of stakeholder, the communication vehicle used by DADP, and the frequency of the communication. DADP and DHCS have discussed the matrix and are scheduled to meet in the near future to determine if there is a need for a more detailed communications plan.

Milestone #5 - Recruit and Hire Deputy Director and Division Chief

By September 2011, develop a duty statement and begin recruitment. DHCS intends to have the new Deputy Director in place well before July 1, 2012, to provide critical leadership during the transition of staff and programming.

Status: This milestone is partially complete. DHCS developed the duty

statement for the Deputy Director of Mental Health and Substance Use Disorder Services and posted it to the DHCS website on September 14, 2011. DADP also posted contact information on its website. DHCS has requested assistance from stakeholders in sharing information about the recruitment and arranged for several national substance use disorder services organizations to post the Deputy Director's duty statement on their websites. Several national organizations sent the duty statement directly to their membership. DHCS will continue the recruitment until it finds a well-qualified candidate.

Milestone #6 – Stakeholder Recommendations

Analyze, categorize and prioritize recommendations received from stakeholders during the July to September process.

- A. By December, begin assessment of the recommendations for feasibility and to determine priority.

Status: This milestone is in process. DHCS has shared all stakeholder comments received since July 2011 with DADP, and DADP staff have begun their assessment. DHCS and DADP have plans to meet in the near future to discuss DADP's assessment and develop the action plan.

Milestone #7 - Staff Meetings for Identification of Major Issues and Risks

By December 2011, meet with staff of each major operational and program area coming to DHCS to identify major issues and risks to consider and address during the transfer.

Status: This milestone is partially complete. DADP and DHCS have each assigned a project manager to oversee the administrative transfer. The project managers regularly communicate with staff in the operational and program areas. In 2011, DADP leadership directed state staff working with the Drug Medi-Cal Treatment Program (DMC) to assess their individual assignments as well as the program's processes and systems and to create a list of major issues and risks. Completion of a portion of this assignment was somewhat delayed due to limited staffing in this area, and the need for DADP staff to focus on state-county contract changes, and the addition of Certified Public Expenditure requirements for DMC claims arising from the 2011 Realignment. DADP plans to review and reassess all major issues and risks in light of the Governor's Budget for Fiscal Year 2012-13 budget, which proposes to redirect all DADP programs to other Health and Human Services Agency departments, including DHCS.

Milestone #10 - DHCS/DADP Transition Team

- A. Use the existing interdepartmental transition team as a vehicle for program leads and executive management to meet weekly to discuss expected and unexpected operational transfer issues.
- B. The transition team will provide regular updates to the respective Directors and Agency on the status of the transition.
- C. The transition team will assist in development of regular updates regarding the status of the transition.

Status:

- A. This milestone activity occurs on a regular and ongoing basis. DHCS and DADP representatives attend a recurring weekly to discuss transition issues, and will continue through the transition period.
- B. This milestone activity occurs on a regular and ongoing basis. Select representatives from each department meet with their respective Directors, and communicate with Agency to provide transition updates.
- C. This milestone activity occurs on a regular and ongoing basis.

Milestone #11 – Identification of Critical Outstanding Workload

By April 2012, identify critical outstanding workload. Examples may include:

- A. Fiscal and program audits
- B. Cost settlements
- C. Outstanding invoices
- D. Contract status
- E. Claims processing

Status: This milestone is partially complete. DADP and DHCS are discussing claims processing, and DHCS has identified the staff to perform the audits, which will begin in early 2012; determined that as of December 31, 2011, all Short Doyle II claims are current and no backlog exists for reimbursing Drug Medi-Cal providers; and received DADP's Drug Medi-Cal county and direct service provider contract boilerplates for fiscal year 2011/12, as well as, a list of all current county and direct service provider contractors and their contract expiration dates. The information technology (IT) portion of the effort is proceeding as planned. The IT Project Charter has been approved; DHCS and DADP IT staff have begun preliminary transition work; the Project Management vendor is on board; and the migration vendor will begin work in early 2012.

Milestone #12 – Flow Charting and Process Improvement of Key Functions and Processes

By October 2011, list each function to transfer to DHCS and identify the key associated processes for flowcharting and process improvement. Examples include, but are not limited to: cost settlements, cost reports and other required reports, audit processes and overlaps, county encumbrance and payments, Drug Medi-Cal Treatment Program provider certification, maintenance of the Master Provider File, and develop timelines for flowcharting of all items.

Status: This milestone is partially complete. DHCS anticipates that flowcharting activities will be completed by early 2012. Currently, DADP staff are developing program summaries, and have identified functions not previously listed in the milestone. DHCS and DADP continue to identify the differences and similarities of business processes between the two departments. The departments will begin the process of considering improvements, streamlining, and efficiencies and determine the best approach for utilizing stakeholder input when the flowcharting and program summary processes are completed.

DHCS IT is implementing a “lift and shift” of the DADP enrollment and payment provider file systems, which will allow DHCS to better determine if they are technically and programmatically compatible with DHCS’s systems, and whether they should remain stand-alone systems or be merged into the DHCS system.

DHCS continues to collaborate with DADP on their certification processes to determine if DMC providers meet standards of participation in the Medi-Cal program; however, the potential for merging is positive at this time.

Milestone #13 - Medicaid State Plan

- A. By December 2011, DHCS will determine whether any transfer-related changes are necessary to the State Plan.
- B. By December 2011, DHCS will develop a timeline for writing and submitting any necessary State Plan Amendments.

Status:

- A. This milestone is partially complete. DHCS has flagged the area of the State Plan that addresses the Drug Medi-Cal Treatment Program and is in process of reviewing the language to determine if a State Plan Amendment is required. DHCS anticipates this milestone will be completed by the end of January.
- B. This milestone is on hold until DHCS determines whether a State Plan Amendment is needed.

Milestone #14 – County and Direct Provider Contract Status

By December 2011:

- 1. Review contract boilerplate language, and ensure that cultural competency language is in all provider contracts
- 2. Determine if contracts require CMS and/or Department of General Services approval.

Status:

- 1. This milestone is partially complete. DADP has indicated that the boilerplates for their provider contracts reflect cultural competency language. DHCS will evaluate the language to ensure consistency with other DHCS provider contracts.
- 2. This milestone is not yet complete, but will be completed upon full review of the Drug Medi-Cal Treatment Program provider contract boilerplate language.

Milestone #16 - Administrative Issues

- A. DHCS and DADP shall collaborate to:
 - 1. Develop a prioritized process for transferring staff
 - 2. Provide training for DHCS regarding the Drug Medi-Cal Treatment Program

- B. By November 2011, complete identification of organizational placement for each transferred DADP function and reporting and supervisory relations of staff associated with those functions.

Status:

- A.1 This milestone is in process. DADP and DHCS human resources staff are collaborating to develop a prioritized process for transferring DADP staff. The departments met with the Department of Personnel Administration to discuss the most appropriate way to proceed, and DADP has notified applicable unions about the transfer of staff. The departments have faced a challenge for this milestone because the majority of DADP staff who work on Drug Medi-Cal Treatment Program activities do not do so as a full time assignment. Most staff are assigned to other DADP program duties in addition to their work on Drug Medi-Cal. DADP has targeted a number of currently vacant positions that will be transferred to DHCS.
- A.2 This milestone is partially complete. DADP presented a PowerPoint slide show to DHCS managers and supervisors in fall 2011. In addition, staff from the two departments meet and discuss specific program issues on an ad hoc basis. A more formal training will be provided for affected DHCS staff as the actual transfer draws closer.
- B. This milestone is partially complete. DHCS has amended the organizational chart to reflect a new DHCS Deputy Director of Mental Health and Substance Use Disorder Services, as well as a new Substance Use Disorder Treatment Services Division to be headed by a Career Executive Appointee. The sub-structure of the division and assignment of specific staff to that division, and to other areas of DHCS such as IT, human resources, fiscal/budgets, and audits was somewhat delayed until final decisions were made related to the Governor's fiscal year 2012/13 budget. DHCS and DADP are now moving forward with the assignment of staffing.

Milestone #18 - Identification of Points of Contact within DADP and DHCS

By November 2011, identify the points of contact within DADP and DHCS for consultation with counties regarding specific Medicaid regulatory, policy and other critical county and stakeholder business and operational issues.

Status: This milestone has been delayed. DHCS must wait to develop and release contact information to Drug Medi-Cal Treatment Program providers, beneficiaries and counties until final decisions have been made about staff assignments. The current points of contact within DADP will remain the same until transitioning staff assignments are made.

Key Milestones – Part B

Project Management:

The administrative project management team developed the DHCS/DADP Transition Project chart to track the major administrative processes associated with the transfer of the Drug Medi-Cal Treatment Program from DADP. The team identified the following major categories: Communications, Human Resources, Fiscal Management, Information Technology, Facilities & Space Planning, Flow Charting, and Training. The team has developed key milestones and incorporated them in the chart. [Click here](#) to view the chart. (Please note: The red vertical line in the chart identifies progress to date.)

Telecommunications, Leased Facilities, and Contract Management:

In August 2011, the Telecommunications and Leased Facilities Unit (TLFU) met with the DADP Facility Manager to evaluate and assess program needs regarding storage, space, ergonomic and reasonable accommodation and parking. Further assessment and evaluation of available space in the East End Complex for DADP is pending final determination of the number of staff transitioning to DHCS.

Information Technology (IT) Services:

The DHCS IT transition team has met with DADP IT several times. DADP has provided an overview of its IT systems. DADP also provided documentation of the SMART system and other DADP applications and business functions, and both departments continue discussions on strategies for migration

Human Resources and Labor Relations:

Effective July 1, 2012, staff in the designated DADP positions will begin reporting to DHCS. The transfer is complicated in that Drug Medi-Cal Treatment Program staff responsibilities spread across multiple DADP positions. For example, four full-time DADP positions, each funded 25 percent by Drug Medi-Cal Treatment (DMC) Program funds, perform DMC-related duties 25 percent of the time and non-DMC related duties 75 percent of the time. Therefore, it is not possible to easily identify the transferees. DADP will offer staff the ability to volunteer to transfer to DHCS. If too many or too few staff volunteer to transfer to DHCS, DADP will use state service seniority to make the final determination as to which staff transfer. DADP staff performing DMC-related duties 100 percent of the time will transfer with the position. DADP will generate state service seniority lists for affected DADP staff for this purpose.

The total number of positions is still under discussion in addition to the identification of the staff that will transfer to DHCS. However, once this occurs, DHCS will secure all personnel forms, Official Personnel Files, and all other necessary records for the employees transferring from DADP. DHCS Human Resources will process

employment transactions to place the transferring employees onto the DHCS payroll and attendance automated systems no later than July 23, 2012 (the Master Payroll Cut-off for the July 2012 pay period).

DHCS Human Resources will provide a brief presentation in June 2012 (or earlier if feasible) to transferring employees to ensure completion of all forms required of employees new to DHCS. On an on-going basis, DHCS Human Resources will consult with program staff on the new organizational structure, position classifications, and any change to the essential functions of the transferring positions. Also, DHCS Labor Relations staff will be available to meet with union representatives for the transferring employees and program management to address any and all employee transfer concerns. DHCS Labor Relations will also ensure that the departments provide transferring employees with adequate notice of physical moves from one facility to another.

Until final determination of the total number of ADP positions and amount of funding to be transferred, DHCS Budgets will not complete the budget building processes to transfer the resources to the Department. This information will be final before the 2012 May Revision, and the DHCS Budget Section will work with the Department of Finance to proceed with the necessary workload for the July 1, 2012 transfer. DHCS also has to determine whether a unique fiscal coding structure is necessary for these programs or whether it can use existing codes.