



# Department of Health Care Services



DATE: January 5, 2021

Behavioral Health Information Notice No: 21-002

TO: California Alliance of Child and Family Services  
California Association for Alcohol/Drug Educators  
California Association of Alcohol & Drug Program Executives, Inc.  
California Association of DUI Treatment Programs  
California Association of Social Rehabilitation Agencies  
California Consortium of Addiction Programs and Professionals  
California Council of Community Behavioral Health Agencies  
California Hospital Association  
California Opioid Maintenance Providers  
California State Association of Counties  
Coalition of Alcohol and Drug Associations  
County Behavioral Health Directors  
County Behavioral Health Directors Association of California  
County Drug & Alcohol Administrators

SUBJECT: Use of Substance Abuse Block Grant (SABG) and Community Mental Health Services Block Grant (MHBG) Funds for Cost-Sharing Assistance (CSA) for Private Health Insurance

PURPOSE: To inform counties, providers, and eligible entities who contract with DHCS for SABG and MHBG funding about established CSA policy requirements and procedures for an individual's private health insurance.

REFERENCE: Guidance for use of the Substance Abuse and Mental Health Services Administration (SAMHSA) SABG and MHBG funds for cost-sharing assistance for Private Health Insurance (12-7-2015); 42 Code of Federal Regulation (CFR) Part 2-Confidentiality of Substance Use; 42 CFR Part 8-Certification of Opioid Treatment Programs; 45 CFR Part 96-Block Grants Title XIX (Medicaid), Part B of the Public Health Service Act.

## **BACKGROUND:**

### **SABG**

The SABG program's objective is to help plan, implement, and evaluate activities that prevent and treat substance abuse. The SABG program provides funds to all 50 states. Administered by SAMHSA, SABG grants were originally authorized by the section 1921 of Title XIX, Part B, Subpart II and III of the Public Health Service (PHS) Act.

DHCS administers SABG and allocates funding each year to local non-federal governments to either provide substance use disorder (SUD) services directly or by contracting with local SUD providers. These local government agencies and providers are awarded funding to deliver a broad array of SUD services to many of the most vulnerable communities throughout California. The priority service areas and populations that the SABG program must address are: 1) intravenous drug users; 2) tuberculosis services; 3) early intervention services for HIV/AIDS; 4) primary prevention services; and 5) pregnant women and women with dependent children.

### **MHBG**

The MHBG is allocated from SAMHSA to provide mental health treatment services to adults with serious mental illness, children with serious emotional disturbance, and individuals with early serious mental illness. The MHBG program is authorized by [\*\*Section 1911 of Title XIX, Part B, Subpart I and III of the Public Health Service Act.\*\*](#)

DHCS administers the MHBG and allocates funding each year to 57 local county mental health plans (MHP). The MHPs and their contracted providers deliver a broad array of mental health (MH) treatment and recovery support services including over 150 individual programs supported by the MHBG program.

## **POLICY:**

SAMHSA issued a letter to state health departments and providers in December 2015 to clarify that SABG and MHBG funds can be used for CSA purposes for the maintenance of private health insurance coverage to individuals for behavioral health services.

Counties will be able to include CSA in their SABG plans starting in State Fiscal Year 2021-2022.

In the effort to lead, administer, and support integrated behavioral health services and access to integrated behavioral health, DHCS is now authorizing the use of SABG and MHBG funds to help individuals satisfy cost-sharing requirements for block grant authorized SUD and MH services, if cost-effective and in accordance with block grant laws and regulations. Providers may choose to support cost-sharing of individuals with insurance seeking SUD and MH treatment if the financial burden of the deductible, coinsurance, or copayment serves as a deterrent to the individual's ability to access and maintain treatment for their disorder. These block grant laws and regulations are inclusive of Title XIX, Part B, Subpart I, Subpart II, and Subpart III of the Public Health Service (PHS) Act, as amended, including the requirements for state reports and audits.

The provisions of this notice are not intended to abrogate any provisions of law or regulations, or any standards existing or enacted during the current block grant funding agreements with counties.

### **Definition**

“Cost-sharing” means the share of costs paid out of pocket by an individual. Block grant funds may be used to cover health insurance deductibles, coinsurance, and copayments, or similar charges to assist eligible individuals in meeting their cost-sharing responsibilities. Cost-sharing assistance does not include premiums, balance billing amounts for non-network providers, or the cost of non-covered services.

### **Cost-Sharing Assistance Procedures and Policies**

Cost-sharing assistance for private health insurance with SABG and MHBG may only be used with a DHCS-approved SABG or MHBG County Application. To utilize cost-sharing assistance, providers must be a subrecipient of block grant funds, and cost-sharing must be a block grant authorized service in the provider's contract with the local county. Operationalizing a CSA program (deductibles, coinsurance, and copayments) requires the establishment of comprehensive policies and procedures by providers to ensure effective and accountable CSA services.

All providers interested in providing CSA services must have policies and procedures for CSA services in place prior to providing said services. These policies and procedures shall include how to verify private health insurance, how to determine (based on ability to pay) and record client financial eligibility for cost-sharing services, how cost-sharing will be calculated, how funding for cost-sharing will be managed and monitored, and how to screen clients to determine whether they could be or are beneficiaries of social service funding streams. These social service funding streams include Medi-Cal, Children's Health Insurance Program, social security income and

other insurance programs that may be able to fund needed client services. These types of provider CSA provisions must be contained within their block grant contracts with counties.

All payments must be made to the provider of service. It is prohibited to make cash payments to intended recipients of health services.

Client records must also be maintained regularly and be inclusive of client cost-sharing allowable amounts. These cost-sharing services must include health-care costs and coinsurance used for block grant purposes.

Additional policies and procedures can be found in the annual DHCS SABG and MHBG County Applications.

### **Monitoring**

To maintain effective oversight and the monitoring of this cost-sharing program, the counties will be tasked to perform oversight of contracted providers to ensure compliance with the terms set forth in this information notice and the annual SABG and MHBG County Applications. As part of this oversight, counties will be expected to submit an annual report inclusive of a list of providers who have received cost-sharing funds, the number of individuals provided CSA services, and the total dollars paid for cost-sharing at the end of each state fiscal year in conjunction with the final quarterly invoice.

DHCS will monitor counties' corresponding policy and cost-sharing records to contracted providers in respect to provider monitoring with the appropriate recommendations, findings, and corrective actions required in performance improvement projects.

### **Questions**

Please address all SABG questions relating to this IN to [SABG@dhcs.ca.gov](mailto:SABG@dhcs.ca.gov) and all MHBG questions to [MHBG@dhcs.ca.gov](mailto:MHBG@dhcs.ca.gov).

Sincerely,

Original signed by

Marlies Perez, Chief  
Community Services Division