



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



EDMUND G. BROWN JR.  
GOVERNOR

DATE: January 4, 2018

MHSUDS INFORMATION NOTICE NO.: 18-001

TO: COUNTY BEHAVIORAL HEALTH PROGRAM DIRECTORS  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION  
CA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS

SUBJECT: DRUG MEDI-CAL ORGANIZED DELIVERY SYSTEM RESIDENTIAL  
REIMBURSEMENT

**PURPOSE**

The purpose of this Information Notice (IN) is to clarify the required components for reimbursement of residential treatment in the Drug Medi-Cal Organized Delivery System (DMC-ODS) pilot program.

**BACKGROUND**

Residential treatment (ASAM Level 3) is a non-institutional, 24-hour non-medical, short-term residential program that provides rehabilitation services to beneficiaries with a substance use disorder diagnosis, when determined by a Medical Director or Licensed Practitioner of the Healing Arts, as medically necessary and in accordance with an individualized treatment plan. Residential services are provided to non-perinatal and perinatal beneficiaries. These services are intended to be individualized to treat the functional deficits identified in the ASAM Criteria. Each beneficiary shall live on the premises and be supported in their efforts to restore, maintain, and apply interpersonal and independent living skills and access community support systems. Providers and residents work collaboratively to define barriers, set priorities, establish goals, create treatment plans, and solve problems. Goals include sustaining abstinence, preparing for relapse triggers, improving personal health and social functioning, and engaging in continuing care.

## **POLICY**

In order for residential treatment to be reimbursed on a daily basis, the service provided must include a required service activity on the date of billing. The components of residential treatment are established in the DMC-ODS Waiver special terms and conditions (STC), Section 134. Including:

- Intake
- Individual
- Group Counseling
- Patient Education
- Family Therapy
- Collateral Services
- Crisis Intervention Services
- Treatment Planning
- Transportation Services: Provision of or arrangement for transportation to and from medically necessary treatment.
- Discharge Services

Group counseling is described in the DMC-ODS STCs as a face-to-face contact in which one or more therapists or counselors treat two or more clients at the same time with a maximum of 12 in the group, focusing on the therapeutic SUD treatment needs of the individuals served. Group counseling is considered a clinical intervention. The other structured activities that are available in residential treatment, including patient education, are not considered clinical interventions, and are not subject to a limitation in regard to the number of participants. Any structured activity not listed in the STCs will not satisfy the requirement for reimbursement for residential treatment.

## **QUESTIONS**

For questions pertaining to DMC-ODS group types and size definitions, please submit to the [DMCODSWAIVER@dhcs.ca.gov](mailto:DMCODSWAIVER@dhcs.ca.gov) mailbox.

Sincerely,

Original signed by

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