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



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GOVERNOR

DATE: December 17, 2018

MHSUDS INFORMATION NOTICE NO.: 18-058

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  
CALIFORNIA STATE ASSOCIATION OF COUNTIES

SUPERSEDES: [MHSUDS INFORMATION NOTICE 16-059](#)

SUBJECT: SUBSTANCE ABUSE PREVENTION AND TREATMENT BLOCK GRANT FUNDED ROOM AND BOARD FOR TRANSITIONAL HOUSING, RECOVERY RESIDENCES AND RESIDENTIAL TREATMENT SERVICES

PURPOSE

This Information Notice provides clarification regarding the use of Substance Abuse Prevention and Treatment Block Grant (SABG) discretionary funds to cover the cost of room and board for the following services:

1. Transitional Housing (TH) in counties that contract to provide State Plan substance use disorder (SUD) prevention, treatment and recovery services.
2. Recovery Residences (RRs) in counties that enter into a state-county intergovernmental agreement to participate in the Drug Medi-Cal Organized Delivery System (DMC-ODS) Waiver.
3. Residential SUD treatment services in counties that enter into a state-county intergovernmental agreement to participate in the DMC-ODS Waiver.

## BACKGROUND

For several years, the Department of Health Care Services (DHCS), in consultation with the County Behavioral Health Directors Association of California, has sought approval and guidance from the Substance Abuse and Mental Health Services Administration (SAMHSA) for the inclusion of county administered, SABG-funded TH as an essential recovery support service in California's SUD continuum of care.

SAMHSA has recently provided guidance that:

- Encourages states to use SABG funding for the provision of short term (Up to 24 months) support service linkages to temporary housing, including payment of room and board for beneficiaries in TH and RRs.
- Confirms that SABG funds can be used for payment of the room and board component of residential treatment services under the DMC-ODS Waiver.

## POLICY

### State Plan - Transitional Housing

Counties contracting to provide State Plan SUD services may offer TH as an essential support service in their SUD continuum of care in adherence with the following guidance:

- TH does not provide SUD services or require licensure by DHCS.
- All TH residents must be actively engaged in SUD treatment services to be provided off-site.
- Each county should develop guidelines for contracted TH providers and provide monitoring and oversight.

### DMC-ODS Waiver - Recovery Residences

Counties entering into a state-county intergovernmental agreement to participate in the DMC-ODS Waiver may offer RR services as an ancillary component of the DMC-ODS Waiver in adherence with the following guidance:

- RRs do not provide SUD services or require licensure by DHCS.
- All RR residents must be actively engaged in medically necessary *SUD treatment or* recovery support services to be provided off-site.

- Each county should develop guidelines for contracted RR providers and provide monitoring and oversight.

### DMC-ODS Waiver - Residential Treatment

Counties entering into a state-county intergovernmental agreement to participate in the DMC-ODS Waiver are required to provide at least one American Society of Addiction Medicine (ASAM) level of residential treatment for approval of a county implementation plan in the first year. The county implementation plan must demonstrate ASAM levels of Residential Treatment Services 3.1, 3.3, and 3.5 within three years of the Centers for Medicare and Medicaid approval of the county implementation plan and state-county intergovernmental agreement. The county must describe coordination for ASAM levels 3.7 and 4.0.

Under the DMC-ODS Waiver:

- Residential treatment is a non-institutional, 24-hour, non-medical, short-term residential program providing rehabilitation services to beneficiaries with a SUD diagnosis.
- A Medical Director or Licensed Practitioner of the Healing Arts must determine that the residential treatment is medically necessary and in accordance with the beneficiary's individualized treatment plan.
- For additional information regarding residential treatment services under the DMC-ODS Waiver, please select the link below:

Residential Treatment Services Frequently Asked Questions

[http://www.dhcs.ca.gov/provgovpart/Documents/DMC\\_ODS\\_Residential%20\\_09.16.pdf](http://www.dhcs.ca.gov/provgovpart/Documents/DMC_ODS_Residential%20_09.16.pdf)

### QUESTIONS

Please submit questions pertaining to this Information Notice to the [DMCODSWAIVER@dhcs.ca.gov](mailto:DMCODSWAIVER@dhcs.ca.gov) mailbox.

Sincerely,

Original signed by

Brenda Grealish, Acting Deputy Director  
Mental Health and Substance Use Disorder Services