



JENNIFER KENT
DIRECTOR

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



GAVIN NEWSOM
GOVERNOR

DATE: March 18, 2019

MHSUDS INFORMATION NOTICE NO.: 19-016

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
CALIFORNIA CONSORTIUM OF ADDICTION PROGRAMS AND PROFESSIONALS
DIRECT PROVIDERS

SUBJECT: REVISIONS TO COUNTY-SPECIFIC INTERIM RATES UNDER THE DRUG MEDI-CAL-ORGANIZED DELIVERY SYSTEM

PURPOSE

This information notice provides guidance to counties that are planning to submit revisions to their interim rates under the Drug Medi-Cal Organized Delivery System (DMC-ODS) waiver.

BACKGROUND

Counties participating in the DMC-ODS waiver develop county-specific interim rates for waiver approved DMC services, with the exception of Narcotic Treatment Program services. Interim rates are developed based on criteria cited in [MHSUDS Information Notice 16-050](#). The Department of Health Care Services (DHCS) reviews and approves the proposed rates to assure consistency with the DMC-ODS Special Terms and Conditions (STC).

DISCUSSION

For the duration of the DMC-ODS waiver, participating counties will collect fiscal and encounter data to monitor the adequacy of the interim rates. Annually, counties may propose revisions to these rates. When developing a new interim rate for a waiver service, counties should consider the following components:

1. The most recent calculated or estimated total cost for the county;
2. Inflation factor provided by DHCS;
3. Rate adequacy analyses; and
4. Revisions to other types of data such as assumptions, forecasts, and relevant provider(s) information

DHCS must evaluate and approve the proposed rates. The approval process will follow the same guidelines used to review the initial Fiscal Plans and interim rates. The rate change proposal should include:

1. An updated Fiscal Plan template with proposed rates clearly identified;
2. Justification for the rate change, including data used in the analysis and rate development;
3. Recent Certified Public Expenditure data as described in [Attachment AA](#) of the STC; and
4. Revised projections for units of service and total beneficiaries

Proposed interim rate revisions must be submitted to DHCS no later than February 1 of each year to allow adequate review time. DHCS will notify counties by May 1 if the revisions have been accepted. If approved, rates will be effective July 1 to coincide with the new fiscal year.

If you have further questions on the process, please contact German Valencia at (916) 713-8597, or email DMCODSWAIVER@dhcs.ca.gov.

Sincerely,

Original signed by

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