



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



EDMUND G. BROWN JR.  
GOVERNOR

DATE: October 7, 2014

MHSUDS INFORMATION NOTICE NO.: 14-031

TO: COUNTY BEHAVIORAL HEALTH PROGRAM DIRECTORS  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY BEHAVIORAL HEALTH DIRECTOR'S ASSOCIATION  
CALIFORNIA COUNCIL OF COMMUNITY MENTAL HEALTH AGENCIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS  
DRUG MEDI-CAL PROVIDERS  
DRUG MEDI-CAL DIRECT CONTRACT PROVIDERS

SUBJECT: FEDERAL APPROVAL OF CALIFORNIA MEDICAID STATE PLAN  
AMENDMENT NO. 13-038

This Information Notice communicates that the Department of Health Care Services (DHCS) has received approval from the federal Centers for Medicare and Medicaid Services (CMS) of the State Plan Amendment (SPA) 13-038. The SPA authorizes additional beneficiary aid groups to receive services under the Drug Medi-Cal (DMC) treatment program. This approval authorizes reimbursement under DMC for substance use disorder (SUD) treatment services to all beneficiaries who meet the requirement for medical necessity.

### **Background**

California's Medicaid State Plan is an agreement with the federal government describing how the state administers its Medicaid programs, known in California as Medi-Cal. The State Plan gives assurances that the state will abide by federal rules, and is necessary for the state to claim federal matching funds for its program activities. The State Plan sets out groups of individuals to be covered, services to be provided, and methodologies for providers to be reimbursed.

Passage and implementation of the federal Affordable Care Act (ACA) necessitated an amendment to the Medicaid State Plan. The ACA required that health insurance plans be made available to more citizens, mandated that SUD services be included as an essential health benefit on all health insurance plans, and increased the number of Californians eligible to receive Medi-Cal as their health plan. SUD benefits available to

Medi-Cal beneficiaries are known as DMC. DMC services are accessed by beneficiaries through counties or community providers certified by DHCS to provide DMC services.

### **Discussion**

To conform with ACA requirements, the SPA expands SUD services for the Medi-Cal population. A significant change is that Day Care Rehabilitative Treatment services have been renamed Intensive Outpatient Treatment (IOT) services, and made available to more beneficiaries. Previously available only to those who are pregnant, postpartum, or youth eligible for Early and Periodic Screening, Diagnosis and Treatment, IOT is now authorized for all beneficiaries who meet the requirement for medical necessity.

The SPA also removes the 200-minute limit on counseling in narcotic treatment settings, as the ACA prohibits quantitative limits without medical necessity. The SPA also adds treatment planning as a component of the Narcotic Treatment, Naltrexone Treatment, and Outpatient Drug Free Treatment programs.

Additionally, based on discussions with CMS beginning in January 2014, residential treatment services have been removed from the SPA. The state and CMS continue discussing options for the provision of comprehensive SUD services including residential treatment.

For more information on changes, please click the link below to access the State Plan including approved SPA 13-038:

<http://www.dhcs.ca.gov/formsandpubs/laws/Pages/CaliforniStatePlan.aspx>

Please direct any questions on this Information Notice to Ms. Tracie Walker, Acting Chief, Performance Management Branch at (916) 322-7012.

Sincerely,

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