



DATE: April 21, 2023

Behavioral Health Information Notice No: 23-017

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: Specialty Mental Health Services and Drug Medi-Cal Services Rates

PURPOSE: To describe to County Mental Health Plans (MHPs), Drug Medi-Cal Organized Delivery System (DMC-ODS) Counties, and DMC Counties the fee schedules effective July 1, 2023.

REFERENCE: [BHIN 22-046](#), Welfare and Institutions Code Sections [14184.403](#)

BACKGROUND:

The Department of Health Care Services (DHCS) is responsible for developing and administering fiscal policies for the Medi-Cal Specialty Mental Health Services (SMHS) program, and the DMC and DMC-ODS programs (collectively the Drug Medi-Cal programs). The Medi-Cal SMHS program provides mental health services to Medi-Cal beneficiaries who meet medical necessity criteria; and the DMC programs provide Substance Use Disorder Treatment and Expanded Substance Use Disorder Treatment services to Medi-Cal beneficiaries who meet medical necessity criteria for those services.

Article 5.51, titled the California Advancing and Innovating Medi-Cal (CalAIM) Act, was added to Chapter 7, Part 3, Division 9 of the Welfare and Institutions Code in 2021. CalAIM is a multi-year initiative by DHCS to improve the quality of life and health outcomes of Californians by implementing broad delivery system, program, and

payment reform across the Medi-Cal program. In response to Section [14184.403](#) of the CalAIM Act, DHCS will transition counties from a cost-based reimbursement methodology to a fee for service reimbursement payment structure.

During the last two years, DHCS, the California Mental Health Service Authority and the County Behavioral Health Director's Association of California worked on designing payment reform for the SMHS program and the DMC programs. One component of payment reform includes the transition of coding from a Healthcare Common Procedure Coding System (HCPCS) to a combination of Current Procedure Terminology and HCPCS codes. This shift will allow for more granular claiming and reporting of services provided to beneficiaries. See [BHIN 22-046](#) for technical documents related to payment reform. Another component includes the development of a fee schedule for SMHS and DMC services for State Fiscal Year (SFY) 2023-24, as well as ongoing methodology for updating rates.

POLICY:

Starting with SFY 2023-24, DHCS will reimburse MHPs and Counties in the DMC programs for services rendered to Medi-Cal beneficiaries. MHPs and Counties in the DMC programs will negotiate rates with individual network providers. MHPs and Counties in the DMC programs are not required to reimburse network providers at the rates posted on the DHCS website. DHCS will annually publish all SMHS and DMC fee schedules on its [website](#). The rates posted on the DHCS website do not include costs incurred by MHPs to administer the Specialty Mental Health Delivery System or costs incurred by counties to administer the DMC programs. MHPs and counties administer the DMC programs will receive separate payments for those administrative and utilization review and quality assurance costs.

For each delivery system, DHCS used one or more of the below factors to develop SMHS and DMC Fee Schedules.

SMHS FEE SCHEDULES:

DHCS has established a fee schedule for outpatient services, day services, other 24-hour services, psychiatric inpatient hospital services, and community-based mobile crisis intervention services provided through the SMHS delivery system. The fee schedule for each group of services can be found on this linked [webpage](#). DHCS used one or more of the below factors to develop a fee schedule for each of these services:

- ***Bureau Labor of Statistics (BLS) Mean Hourly Wage for Each SMHS Provider Type:*** DHCS used the mean hourly wage for each eligible provider type from the

May 2021 State Occupational Employment and Wage Estimates for California as reported by the BLS.¹

- **SMHS Outpatient Provider Cost Surveys:** Developed by DHCS to collect cost information from direct and indirect SMHS outpatient providers in each county for SFY 2020-21. Information includes employee benefits costs, clinic supervision and support staff costs, clinic operating costs, and clinic indirect costs. DHCS used this data to develop fee schedules for outpatient services.
- **Vacancy and Labor Adjustments:** DHCS used an elasticity of labor supply meta-analysis² to develop a rate adjustment for vacancies and labor shortages. This adjustment was applied to most SMHS fee schedules.
- **County Submitted SMHS Cost Reports:** DHCS used reported units of service and total reported costs for specific SMHS services to develop a fee schedule for specific SMHS services.
- **Home Health Agency Market Basquet Index (HHAMBI):** DHCS trended specific SMHS fee schedules to SFY 2023-24 using HHAMBI data to account for inflation costs.
- **SMHS Residential Provider Surveys:** Develop by DHCS to collect cost information from residential providers in each county. Information included total client days and total costs for SFY 2020-21. DHCS used this data to develop a fee schedule for residential services.
- **Short-Doyle Claims Data:** DHCS used SMHS approved claims data to develop fee schedules for specific SMHS services.
- **Day Treatment Intensive Providers Surveys:** Develop by DHCS to collect cost information from SMHS day treatment intensive providers in each county for SFY 2020-21. Information included total client hours and total costs. DHCS used this data to develop fee schedules for day treatment services.
- **Therapeutic Foster Care (TFC) Report from Seneca Family Agencies:** A TFC provider operating in Santa Clara County that provides TFC cost information for SFY 2022-23. DHCS used this report as one of the data points to develop TFC rates for all counties.
- **County Cost of Labor Index:** DHCS developed a cost of labor index for each county using the BLS mean wage data for California for metropolitan and nonmetropolitan areas, and the network adequacy (NACT) data for the SMHS program. DHCS used this Index as a data point to develop specific SMHS fee schedules.

¹ The May 2021 State Occupational Employment and Wage Estimates for California may be access by clicking on the following [link](#).

² This literary source can be found at the e-journal [website](#).

- ***Psychiatric Inpatient Hospital Market Basket Index (PIHMBI)***: DHCS trended specific SMHS fee schedules to SFY 2023-24 using PIHMBI data to account for inflation costs.
- ***Crisis Resources Need Calculator***: A tool developed for the National Association of State Mental Health Directors to identify the number of estimated mobile crisis services teams, travel time to and from place of service, and the estimated mobile crisis services encounters for each county. DHCS used this tool to develop a fee schedule for community-based mobile crisis intervention services.

DRUG MEDI-CAL FEE SCHEDULES:

DHCS has established a fee schedule³ for outpatient services, day services, residential treatment Services, inpatient withdrawal management services, partial hospitalization services, and community-based mobile crisis intervention services provided through the DMC Programs. DHCS used one or more of the below factors to develop a fee schedule for each of these services:

- ***Bureau Labor of Statistics Mean Hourly Wage for Each DMC Provider Type***: DHCS used the mean hourly wage for each eligible provider type from the May 2021 State Occupational Employment and Wage Estimates for California as reported by the BLS.⁴
- ***DMC Outpatient Provider Cost Surveys***: Developed by DHCS to collect cost information from direct and indirect DMC outpatient providers in each county for SFY 2020-21. Information includes employee benefits costs, clinic supervision and support staff costs, clinic operating costs, and clinic indirect costs for each outpatient provider in each county. DHCS used this data to develop fee schedules for outpatient services.
- ***Vacancy and Labor Adjustments***: DHCS used an elasticity of labor supply meta-analysis⁵ to develop a rate adjustment for vacancies and labor shortages. This adjustment was applied to most DMC fee schedules.
- ***DMC Residential Provider Surveys***: Develop by DHCS to collect cost information from residential providers in each county. Information included total client days and total costs for SFY 2020-21 for each residential provider in each county. DHCS used this data to develop fee schedules for residential services.
- ***Short-Doyle Claims Data***: DHCS used DMC approved claims data to develop fee schedules for specific DMC services.

³ The fee schedule for each group of services can be found on this linked [webpage](#).

⁴ The May 2021 State Occupational Employment and Wage Estimates for California may be access by clicking on the following [link](#).

⁵ This literary source can be found at the e-journal [website](#).

- **County Submitted DMC Interim Rates:** DMC interim rates calculate or estimate the total costs each DMC-ODS county will incur for DMC services for each SFY. DHCS used interim rates to develop fee schedules for specific Drug Med-Cal services.
- **Home Health Agency Market Basket Index:** DHCS trended specific DMC fee schedules to SFY 2023-24 using HHAMBA data to account for inflation costs.
- **Hospital Financial Reports:** DHCS used the annual financial reports that hospitals submit to the California of Health Care Access and Information (HCAI) agency as a data point to develop a fee schedule for DMC hospitals.
- **Psychiatric Inpatient Hospital Market Basket Index:** DHCS trended specific DMC fee schedules to SFY 2023-24 using PIHMBA data to account for inflation costs.
- **Welfare and Institutions Code, Section [14021.51](#):** DHCS used the rate methodology in this section to develop a fee schedule for Narcotic Treatment Program Services.
- **Ambulatory Withdrawal Management (AWM) Provider Surveys:** Develop by DHCS to collect cost information from AWM providers in each county. Information included total compensation costs and total units of service for SFY 2020-21 in each county. DHCS used this data to develop fee schedules for AWM services.
- **County Submitted DMC-ODS Cost Reports:** DHCS used reported units of service and total reported costs for specific DMC services to develop fee schedules for specific DMC services.
- **County Cost of Labor Index:** DHCS developed a cost of labor index for each county using the BLS mean wage data for California for metropolitan and nonmetropolitan areas, and the NACT data for the SMHS program. DHCS used this Index as a data point to develop fee schedules for specific DMC services.
- **[Crisis Resources Need Calculator](#):** A tool developed for the National Association of State Mental Health Directors to identify the number of estimated mobile crisis services teams, travel time to and from place of service, and the estimated mobile crisis services encounters for each county. DHCS used this tool to develop a fee schedule for community-based mobile crisis intervention services.

Sincerely,

Original signed by

Brian Fitzgerald, Chief
Local Governmental Financing Division