



August 25, 2023

To: Tribal Chairpersons, Designees of Indian Health Programs, and  
Urban Indian Organizations

Subject: Notice of Proposed Change to the Medi-Cal Program

The purpose of this letter is to provide information regarding a proposed change to the Department of Health Care Services' (DHCS) Medi-Cal Program that will be submitted to the Centers for Medicare and Medicaid Services (CMS). DHCS is forwarding this information for your review and comment.

DHCS is required to seek advice from designees of Indian Health Programs and Urban Indian Organizations on Medi-Cal matters having a direct effect on Indians, Indian Health Programs or Urban Indian Organizations per the American Recovery and Reinvestment Act of 2009 (ARRA). DHCS must solicit the advice of designees prior to submission to CMS of any State Plan Amendment (SPA), waiver requests or modifications, or proposals for demonstration projects in the Medi-Cal program.

Please see the enclosed summary for a detailed description of this DHCS proposal.

### **QUESTIONS AND COMMENTS**

Indian Health Programs and Urban Indian Organizations may also submit written comments or questions concerning this proposal within 30 days from the receipt of notice. Comments may be sent by email to [BHpaymentreform@dhcs.ca.gov](mailto:BHpaymentreform@dhcs.ca.gov) or by mail to the address below.

### **Contact Information**

Department of Health Care Services  
ATTN: Local Governmental Financing Division  
Director's Office  
1500 Capitol Avenue, MS 0000  
Sacramento, CA 95814

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**California Department of Health Care Services**  
Office of Tribal Affairs  
P.O. Box No. 997413 | Sacramento, CA | 95899-7413  
MS Code 8502 | Phone (916) 449-5770 |  
[www.dhcs.ca.gov](http://www.dhcs.ca.gov)

**State of California**   
Gavin Newsom, Governor

California Health and Human Services Agency

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In addition to this notice, DHCS plans to cover this SPA in the next quarterly Medi-Cal Indian Health webinar. Please note that Indian Health Programs and Urban Indian Organizations may request a consultation on this proposal at any time as needed.

Sincerely,

Original signed by

Andrea Zubiato, Chief  
Office of Tribal Affairs  
Department of Health Care Services

Enclosure



**Department of Health Care Services (DHCS)  
Tribal and Designees of Indian Health Programs Notice**

**PURPOSE**

To seek federal approval to clarify the DHCS reimbursement methodology for residential treatment provided to Medi-Cal beneficiaries with a substance use disorder.

**BACKGROUND**

CMS approved SPA 23-0015 on July 20, 2023. SPA 23-0015 described the methodology in which DHCS reimburses county Behavioral Health Plans for Medi-Cal behavioral health services, including residential treatment for beneficiaries who have a substance use disorder. Residential treatment is reimbursed a daily per diem rate. Care coordination, recovery support services, peer support specialist services, and Medication Assisted Treatment (MAT) are among the types of services which can be provided in a residential treatment facility. DHCS intended to reimburse those additional services on a fee-for-service basis separately from the per diem rate reimbursed for the residential stay. However, SPA 23-0015 did not clearly describe how care coordination, recovery support services, peer support specialist services and MAT will be reimbursed when provided in a residential treatment setting.

**SUMMARY OF PROPOSED CHANGES**

This SPA proposes to clarify the reimbursement methodology for care coordination, recovery support services, peer support specialist services, and MAT when provided in a residential treatment setting. SPA 23-0025 will authorize reimbursement for these services on a fee-for-service basis based upon the same rates paid when these services are provided in outpatient treatment settings, such as an Intensive Outpatient Treatment setting. The proposed effective date of this SPA is July 1, 2023.

**IMPACT TO TRIBAL HEALTH PROGRAMS (THPs)**

Counties will remain responsible to reimburse THPs as described in Behavioral Health Information Notice (BHIN) [22-053](#) for the Drug Medi-Cal (DMC) services listed above. As part of the reimbursement process THPs are not eligible to receive the Federal All-Inclusive Rate (AIR), when the service is not provided by one of the health professionals identified in Supplement 6 to Attachment 4.19-B of California's Medicaid State Plan. During these instances, THPs are currently entitled to payment at the fee schedule described in the State Plan. This SPA will not change the fee schedule.

**IMPACT TO FEDERALLY QUALIFIED HEALTH CENTERS (FQHCs)**

Counties will remain responsible to reimburse Urban Indian Organizations enrolled in Medi-Cal as FQHCs as described in BHIN [22-053](#) for the DMC services listed above. As part of the reimbursement process, FQHCs are not eligible to receive their Prospective Payment System rate for these services because existing state law<sup>1</sup> requires that FQHCs carve-out DMC services. Consequently, FQHCs are currently entitled to payment for these services at the fee schedule described in the State Plan. This SPA will not change the fee schedule.

<sup>1</sup> Welfare and Institutions Code, Section 14132.100

**IMPACT TO INDIAN MEDI-CAL BENEFICIARIES**

DHCS anticipates no impact to American Indian Medi-Cal beneficiaries as a result of this SPA because, as discussed in BHIN [22-053](#), beneficiaries remain eligible to access DMC services through an Indian Health Care Provider whether or not that provider is a part of the county's provider network.

**RESPONSE DATE**

Indian Health Programs and Urban Indian Organizations may submit written comments or questions concerning this proposal within 30 days from the receipt of this notice. Comment may be sent by email to [BHpaymentreform@dhcs.ca.gov](mailto:BHpaymentreform@dhcs.ca.gov) or by mail to the address below:

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