



DATE: September 20, 2023

Behavioral Health Information Notice No: 23-049

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: Administration and Utilization Review/Quality Assurance (UR/QA)
Reimbursement Under Payment Reform

PURPOSE: This Behavioral Health Information Notice (BHIN) informs Mental Health Plans (MHPs), Drug Medi-Cal Organized Delivery System (DMC-ODS) Plans, and Drug Medi-Cal (DMC) Counties of DHCS' policy regarding Medi-Cal reimbursement for administrative and UR/QA activities under Behavioral Health Payment Reform.

REFERENCE: Welfare and Institutions Code, Sections 14184.403 and 14711(c) and (d).

BACKGROUND:

Welfare and Institutions Code, Section 14184.403 requires DHCS to implement Behavioral Health Payment Reform no sooner than July 1, 2022. Behavioral Health Payment Reform includes transitioning from a cost-based reimbursement methodology to an intergovernmental transfer (IGT) based reimbursement methodology that uses prospective reimbursement rates for Medi-Cal Specialty Mental Health Services (SMHS), DMC Services, and DMC-ODS Services. [BHIN 23-017](#) implemented prospective reimbursement rates for Medi-Cal covered Behavioral Health Services, effective July 1, 2023, and [BHIN 23-026](#) implemented the IGT-based reimbursement methodology, effective July 1, 2023. This BHIN implements the reimbursement methodology for Administration and UR/QA activities.



September 20, 2023

POLICY:

Effective July 1, 2023, MHPs, DMC Counties, and DMC-ODS Plans will continue to claim reimbursement for administration and UR/QA activities on a cost-basis. MHPs will continue to claim reimbursement for administrative costs on a quarterly basis using form MC 1982 B and will continue to claim reimbursement for UR/QA costs on a quarterly basis using form MC 1982 C. Administrative costs will be limited to 15% of total approved and paid claims for Medi-Cal SMHS. DHCS will review quarterly claims submitted and after approving a claim will make an interim payment of federal funds for the federal share of all approved costs and the State General Funds for the non-federal share of all approved costs subject to Proposition 30.

DHCS will reconcile these quarterly interim payments to final actual costs on an annual basis. MHPs must submit a final annual claim for administrative costs using the MC 1982 B and a final annual claim for UR/QA costs using the MC 1982 C. Annual claims are to be submitted to DHCS by December 31st, six months after the end of the fiscal year. Both of these forms may also be downloaded from the MedCCC Library [webpage](#).

DMC Counties and DMC-ODS Plans will continue to claim reimbursement for administrative costs on a quarterly basis using form MC 5312 and will continue to claim reimbursement for UR/QA costs on a quarterly basis using form DHCS 5311. Administrative costs will be limited to 15% of total approved and paid claims for DMC or DMC-ODS services. DHCS will review quarterly claims submitted and after approval will make an interim payment of federal funds and State General Funds for costs subject to Proposition 30.

DHCS will reconcile these quarterly interim payments to final actual costs on an annual basis. DMC Counties and DMC-ODS Plans must submit a final annual claim for administrative costs using MC 5312 and a final annual claim for UR/QA costs using DHCS 5311. Annual claims are to be submitted to DHCS by December 31st, six months after the end of the fiscal year. Both of these forms may be downloaded from DMC Treatment Program forms [webpage](#).

DHCS will issue additional guidance regarding apportioning administrative and UR/QA costs to Medi-Cal and Non-Medi-Cal programs in the near future.

Sincerely,

Original signed by
Brian Fitzgerald, Chief
Local Governmental Financing Division