

INITIAL STATEMENT OF REASONS

This regulatory action amends Title 22, California Code of Regulations (CCR), Section 51516.1, by updating Drug Medi-Cal (DMC) reimbursement rates for substance abuse services for fiscal year (FY) 2011-2012, in accordance with Welfare and Institutions Code (WIC) Sections 14021.5, 14021.6, 14021.9, and 14105, and Health and Safety Code (HSC) Sections 11758.42 and 11758.46.

Assembly Bill 106 (Chapter 32, Statutes of 2011) transferred California's DMC program from the Department of Alcohol and Drug Programs (ADP) to the Department of Health Care Services (Department), effective July 1, 2012.

STATEMENT OF NECESSITY:

This regulatory action is necessary to implement WIC Sections 14021.5, 14021.6, and 14021.9 and HSC Sections 11758.42 and 11758.46. WIC Section 14021.5(e) specifies that rates for DMC services shall be effective July 1 through June 30 of the fiscal year in which the rates are established. WIC Section 14021.6 and HSC Section 11758.42 specify how rates for DMC services shall be determined. HSC Section 11758.42 requires the ADP to establish rates for the use of narcotic replacement drugs Methadone and LAAM. Beginning with FY 2006-2007, ADP discontinued establishing the LAAM reimbursement rate because of reported adverse health effects which eliminated the distribution of LAAM within the United States. HSC Section 11758.46 specifies DMC services which are reimbursable through the Medi-Cal program. WIC Section 14021.9(b) requires that starting with FY 2010-2011, the DMC rates shall be the lower of the following:

1. The rates developed by ADP pursuant to HSC Section 11758.42 and WIC Sections 14021.35, 14021.5, and 14021.6; or
2. The rates applicable in the FY 2009-2010, pursuant to WIC Section 14021.9(a), adjusted for the cumulative growth in the Implicit Price Deflator for the Costs of Goods and Services to Governmental Agencies, as reported by the Department of Finance.

This regulatory action benefits DMC service providers through the provision of the recent (FY 2011-2012) reimbursement rates, which in turn facilitates the continued delivery of these vital services. These regulations not only meet the goals of the authorizing statutes, as specified above, but the regulations ensure the proper and efficient administration of the Medi-Cal Program, in accordance with the federal and state laws that govern the Program's rules of participation and funding.

Specific changes and the necessity for those changes are described below:

Section 51516.1(a)(3):

The statewide maximum allowances (SMAs) for DMC substance abuse program services for FY 2011-2012 have been added. These rates have been established by ADP in accordance with WIC Sections 14021.6 and 14021.9 and with the FY 2011-2012 Budget Act (Senate Bill 87, Statutes of 2011, starting with Item 4200). The SMAs are based on the median rates from the most recently completed cost data for each modality as reported by county-operated providers and county-contracted providers.

The specific methodology used to calculate DMC SMAs is described in the document entitled "Drug Medi-Cal Rate Setting Methodology for Non-Narcotic Treatment Programs for Fiscal Year 2011-2012." This document is included in the rulemaking file, which is maintained by the Department of Health Care Services' (Department) Office of Regulations.

Section 51516.1(g):

The uniform statewide reimbursement rates (USRs) for narcotic treatment program services for FY 2011-2012 have been added. These rates have been established by ADP and are based upon criteria specified in HSC Section 11758.42, WIC Section 14021.9(b), and with the FY 2011-2012 Budget Act (Senate Bill 87, Statutes of 2011, starting with Item 4200).

The specific methodology used to calculate narcotic treatment USRs is described in the document entitled "Narcotic Treatment Program – Uniform Statewide Reimbursement Rates and Methodology, FY 2011-2012." This document is included in the rulemaking file, which is maintained by the Department's Office of Regulations.

BIBLIOGRAPHY OF RATE-SETTING METHODOLOGY DOCUMENTS

1. Drug Medi-Cal Rate Setting Methodology for Non-Narcotic Treatment Programs for Fiscal Year 2011-2012.
2. Narcotic Treatment Program – Uniform Statewide Reimbursement Rates and Methodology, Fiscal Year (FY) 2011-2012.

STATEMENTS OF DETERMINATION

ALTERNATIVES CONSIDERED

The Department has determined that no reasonable alternative considered by the Department or that has otherwise been identified and brought to the attention of the Department would be more effective in carrying out the purpose for which this action was

taken, would be as effective and less burdensome to affected private persons than the action, or would be more cost-effective to affected private persons and equally effective in implementing the statutory policy or other provision of law.

LOCAL MANDATE DETERMINATION

The Department has determined that the regulations will not impose a mandate on local agencies or school districts, nor are there any costs for which reimbursement is required by Government Code, Division 4, Part 7, (commencing with Section 17500).

ECONOMIC IMPACT STATEMENT

The Department has made an initial determination that the regulations would not have a significant statewide adverse economic impact directly affecting businesses, including the ability of California businesses to compete with businesses in other states.

The Department has determined that the regulations would not significantly affect the following:

1. The creation or elimination of jobs within the State of California.
2. The creation of new businesses or the elimination of existing businesses within the State of California.
3. The expansion of businesses currently doing business within the State of California.

Medi-Cal is a voluntary program for both service providers and beneficiaries. These regulations affect Medi-Cal providers and beneficiaries who are offered substance abuse services through Medi-Cal.

The Department has determined that the regulations would not affect worker safety or the state's environment. However, the regulations will benefit the health and welfare of California residents by maintaining the continuity of the Medi-Cal Program through the provision of quality health care services, including the delivery of substance abuse services.

This regulatory action will benefit DMC service providers through the provision of the recent (FY 2011/2012) reimbursement rates for these services, which in turn facilitates the delivery of these vital services to beneficiaries.

EFFECT ON SMALL BUSINESSES

The Department has determined that the regulations would only affect small businesses that voluntarily provide DMC services.

HOUSING COSTS DETERMINATION

The Department has determined that the regulations would have no impact on housing costs.