



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



DATE: December 28, 2022

Medi-Cal Eligibility Division Information Letter No.: I 22-51

TO: ALL COUNTY WELFARE DIRECTORS
ALL COUNTY ADMINISTRATIVE OFFICERS
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIASENS

SUBJECT: INSTRUCTIONS FOR RECOVERY INCENTIVES FOR MAGI AND
NON-MAGI MEDI-CAL ELIGIBILITY DETERMINATIONS

The purpose of this letter is to provide counties with guidance regarding recovery incentives individuals may earn through programs such as the Department of Health Care Services' (DHCS) Recovery Incentives contingency management pilot program, and how those incentives are processed when determining Medi-Cal eligibility.

Background

California Advancing and Innovating Medi-Cal (CalAIM) is a long-term commitment to transform and strengthen Medi-Cal, offering Californians a more equitable, coordinated, and person-centered approach to maximizing their health and life trajectory. As part of the CalAIM initiative, DHCS is implementing [Recovery Incentives](#), a contingency management pilot program that provides recovery incentives to treat individuals living with stimulant use disorder and support their path to recovery.

Beneficiaries will receive incentives for meeting the target behavior of stimulant-non-use. Participating beneficiaries will be able to receive a maximum of \$599 in total incentives per year for successful completion of the treatment protocol, though this amount may be updated in additional guidance. Providers have no discretion to determine the size or distribution of incentives. The size of the incentive will be based on the protocols in Behavioral Health Information Notice No: [22-056](#), Section f.iii. The anticipated start date for the Recovery Incentives program will be in the first quarter of 2023.

While Contingency Management has been tested using other sources of funding, California is the first state in the country to receive federal approval of Contingency Management as a benefit in the Medicaid program through the [CalAIM 1115 Demonstration](#).

Recovery Incentives and Medi-Cal Eligibility

DHCS received approval through the California Advancing and Innovating Medi-Cal (CalAIM) 1115 demonstration waiver to exempt recovery incentive payments as income when determining Modified Adjusted Gross Income (MAGI) Medi-Cal eligibility.

DHCS is seeking federal approval through a State Plan Amendment (SPA) to exempt recovery incentives as income or property for Non-MAGI Medi-Cal eligibility. DHCS will provide updated information and guidance to the counties if federal approval for exempting recovery incentive payments for Non-MAGI Medi-Cal eligibility is obtained.

If you have any questions related to the treatment of recovery incentives for Non-MAGI, please contact Michael Allen at (916) 345-7554 or by email at Michael.Allen@dhcs.ca.gov and for MAGI related questions, please contact Chris White by phone at (916) 345-8065 or by email at Chris.White@DHCS.ca.gov.

Original Signed By

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