



## Department of Health Care Services (DHCS) Organized Delivery System Waiver for the Drug Medi-Cal (DMC) Program

January 10, 2014

The Department of Health Care Services (DHCS) will request a waiver from the Centers for Medicare and Medicaid Services (CMS) to operate the Drug Medi-Cal Program (DMC) as an organized delivery system. The waiver will give state and county officials more authority to select quality providers to meet drug treatment needs. This will strike an appropriate balance between ensuring access to these vital services while also ensuring that drug treatment services are being provided consistent with program goals.

**Realignment of the DMC Program:** The DMC program provides substance use disorder treatment services to Medi-Cal beneficiaries. Funding for the program was realigned to the counties as part of 2011 Public Safety Realignment, but the delivery system remained unchanged.

**Reasons DHCS is Seeking a Waiver:** The need to fully realign this program takes on more importance given a number of developments and experiences:

- *Integration through Coordination:* The need to maximize services for the beneficiary, with integration through improved coordination of substance use disorder treatment with county mental health and public safety systems and primary care.
- *Building Upon the Mental Health System:* The opportunity to build upon the experience and positive results California has achieved in state administered and county operated Medi-Cal Specialty Mental Health program. In 54 of the 58 counties, mental health and substance use disorder programs are consolidated in the same department.
- *Medi-Cal Eligibility and Benefit Expansion:* The expansion of eligibility for and substance use benefits in the Medi-Cal program under the Affordable Care Act and enacted in the 2013-14 Budget Act. This will result in tens of thousands of additional potential Medi-Cal beneficiaries seeking enhanced substance use disorder treatment.
- *Improving Drug Medi-Cal:* Need to improve the DMC program, in light of recent significant program integrity issues.

**Medicaid Waiver as Vehicle:** Federal law allows states seeking to improve the performance of Medicaid programs to seek permission from the federal government to deliver those programs in innovative ways in their state. The process for making the change involves seeking a *waiver* of federal Medicaid law.

**Access:** The state is committed to striking a balance between ensuring the greatest degree of access for Medi-Cal beneficiaries, while also maintaining integrity and incentivizing performance in those programs.



**Benefits of a Waiver:** There are numerous anticipated benefits for a DMC waiver:

- The waiver will support coordination and integration across systems to the benefit of the beneficiary, with the goal of more appropriate use of health care, such as reduced emergency rooms and hospital inpatient visits.
- A waiver is consistent with the State's recent reforms in transitioning populations and services to organized delivery systems. In particular, the structure will build upon the existing organized delivery system in the Medi-Cal Specialty Mental Health program.
- This will result in increasing the monitoring of provider delivery of services to DMC beneficiaries, with the goal of improving the quality of substance use disorder treatment services beneficiaries receive.
- This model will strengthen county oversight of network adequacy, service access, and standardized practices in provider selection which will:
  - Improve information available regarding provider performance;
  - Help avoid provider fraud and the inappropriate use of public funds.
- This structure will create an organized substance use disorder delivery system that can better coordinate with county public safety systems, improving the coordination of mental health and substance use disorder services to better support offenders in their re-entry back into the community.

**County Opt-in Model:** The waiver will only be operational in counties that elect to opt into this organized delivery system for DMC. DHCS will work with counties to move forward with implementation, particularly in light of 2011 Realignment, which provided counties with the financial and administrative responsibilities for DMC services. Given the spectrum of county infrastructure and resources, DHCS does expect some counties to implement sooner than others. However, DHCS encourages all counties to implement this new model.

**Requirements for Counties Opting In:** Counties that opt into this waiver will be required to:

- Implement selective provider contracting. This allows local control over the providers that participate in the program and the number of contracts the county oversees.
- Provide or arrange for all DMC benefits. A county could not exclude any benefits, including Narcotic Treatment Programs, which provide methadone.
- Monitor the providers based on performance criteria, with timely and appropriate action when county or beneficiary concerns are noted.
- Assure beneficiary access to DMC service providers, an adequate provider network for the anticipated population, and standardized practices in provider selection by the county.



- Use a single-point of access for beneficiary assessment to determine medical necessity and provide appropriate service referrals. Provide access for beneficiaries who require emergency or urgent services.
- Collect and maintain data regarding the accessibility and quality of services, and timely reporting of data to DHCS.
- Ensure timely termination of contracts with non-compliant providers, and appropriate placement of affected beneficiaries.
- Partner with DHCS on the licensing and certification of providers, including conducting on-site review of providers.
- Ensure a collaborative relationship with DHCS to protect program integrity and beneficiary access.

**Experience with Specialty Mental Health Waiver:** DHCS expects that this waiver will improve quality of care, access to services, and program integrity similar to the experience with the Medi-Cal Specialty Mental Health waiver. That waiver:

- Helps promote a higher quality of provider and increases beneficiary protections. It does this through selective provider contracting based on uniform and federally-approved performance standards (such as Hedis Measures) and oversight requirements.
- Provides increased administrative authority for counties to select and maintain the highest-quality service providers in all regions of counties.
- Provides for a single-point of beneficiary assessment to determine medical necessity and provide appropriate service referrals.
- Allows for better monitoring oversight by the county and the state through annual external and triennial audits which ensures that providers are meeting expected standards and regulations.

**Stakeholder Engagement:** As the next step, DHCS will sponsor a conference call on January 21, 2014 at 4PM, and convene stakeholders beginning later that month to provide input and review of the waiver proposal DHCS will submit to CMS. Stakeholder input is critical, and will be considered by DHCS.

In particular, DHCS will request consultation on the:

- Access and monitoring requirements under the waiver.
- Safeguards and protections for beneficiaries to receive urgent access to services.
- A provider selection appeal or dispute resolution process.

**Stakeholder** Representatives will include, but are not limited to:

**Participants:**

- County Representatives
  - California State Association of Counties (CSAC)



- California Mental Health Directors Association (CMHDA)
- County Alcohol and Drug Administrators Association of California (CADPAAC)
- Providers
  - California Association of Alcohol and Drug Program Executives (CAADPE)
  - California Society of Addiction Medicine (CSAM)
  - California Opioid Maintenance Providers (COMP)
- Consumers, Family Members and Advocates
- Legislative Staff

**Where:** DHCS in Sacramento, and via webinars and teleconferences (will vary)

**Anticipated 1. Conference Call: Kick Off January 21, 2014 at 4PM**

**Stakeholder Call-in: 1-888-673-9783 Passcode: 8269475**

**Process:** Objective: Review stakeholder process, workgroups and identify participants.

**2. Workgroup Meetings: Meetings will begin in February 2014 until completion of the waiver**

Objective: Recommend essential elements of DMC program components and make recommendations for waiver revisions.

**3. Post-Workgroup Progress Updates: Meetings will begin in March 2014 until completion of the workgroups**

Objective: Following workgroup meetings, all interested parties will be provided with progress updates, with the opportunity for input.

**4. Webinar: Stakeholder Workgroup Outcomes**

Objective: Share workgroup recommendations, solicit broader stakeholder input, share timeline and prepare waiver.