

Public SUD/DMC Finance Overview, Issues & Updates

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Agenda

1. Overview: SUD funding streams
2. Hot issues/Updates
 - SABG “Reform”
 - DMC-ODS compliance
 - Federal OIG Audit of CA SUD Programs
3. Resource pages

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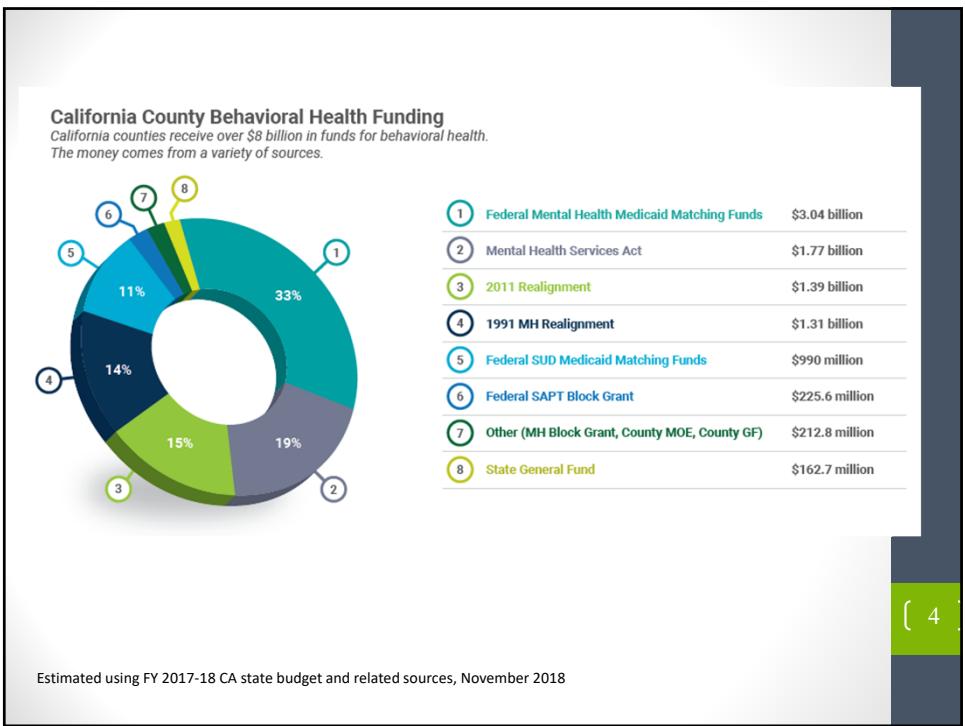
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OVERVIEW: SUD FUNDING STREAMS

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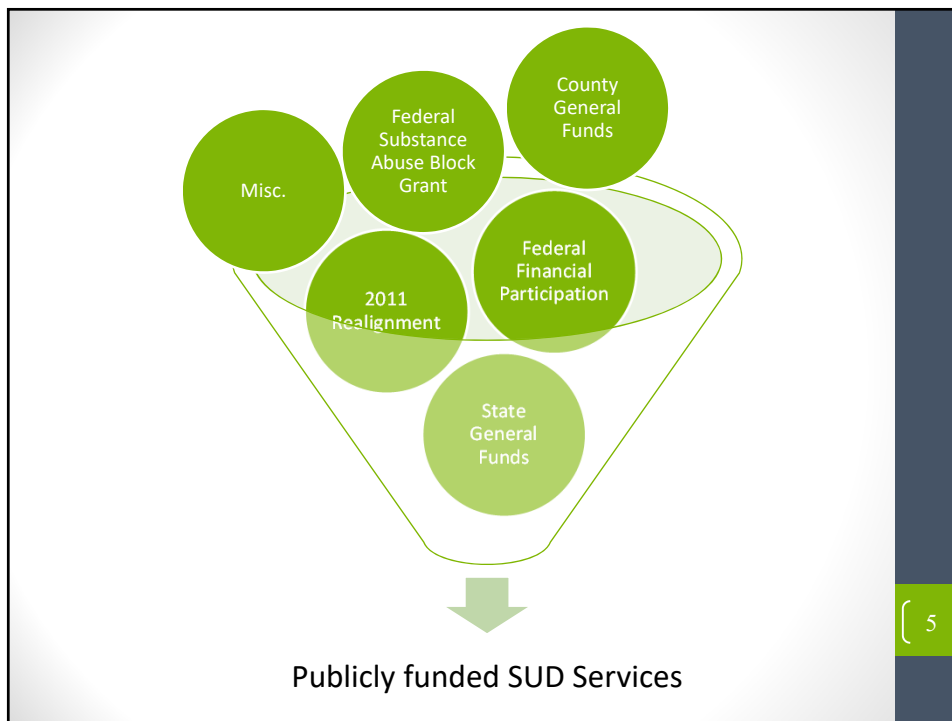
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Primary Funding Sources for Substance Use Disorder Services

- 2011 Realignment – Behavioral Health Sub Account
 - 2011 Realignment Behavioral Health Growth Special Account
- Federal Substance Abuse Prevention & Treatment Block Grant (SABG)
- Federal FFP reimbursement for Drug Medi-Cal
- State general funds
 - ACA expansion population and specific DMC-ODS services

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2011 Realignment BHS for SUD

- DMC benefit realigned to counties; obligation to administer all Medicaid state plan services and supply non-federal share
 - See Information Notice [18-009](#)
- SUD services for the EPSDT population included (though not explicitly)
 - See Information Notice [16-063](#)
- BHS funds may also be used for non-DMC SUD program costs, e.g. drug court treatment services
- DMC claims are one component of 2011 BHS allocation methodology
- Counties have discretion over the proportion of BHS funds they use for SUD vs. SMH

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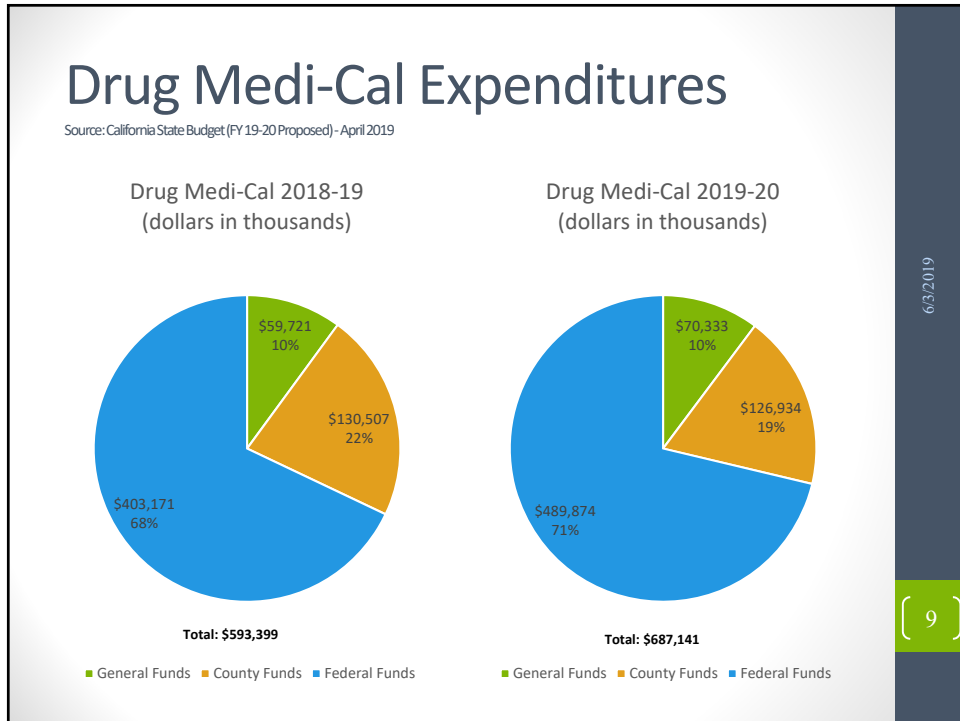
DMC State General Funds (SGF) and Federal Financial Participation (FFP)

- FFP accounts for more than two-thirds of DMC program expenditures
- SGF is roughly 10 percent and is available for:
 - Medi-Cal ACA expansion population
 - Specified DMC-ODS services
 - Residential
 - Intensive Outpatient Treatment
- Proportion of FFP and SGF will vary by county
- Will SGF investment and FFP percentage grow with DMC-ODS implementation?

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Federal Substance Abuse Prevention & Treatment Block Grant (SABG)

- SABG funds are awarded to the state of California, contracted to counties by DHCS, and subcontracted by counties to treatment providers to *“plan, implement, and evaluate activities that prevent and treat substance use disorders.”*
- Majority of funds are discretionary, with the following exceptions:
 - Primary prevention set-aside (federal)
 - Perinatal set-aside (federal)
 - Adolescent and Youth Treatment Program
 - Friday Night Live/Club Live
- Intended to supplement, not supplant, existing state funds – generally payer of last resort after DMC and 2011 Realignment BHS
- Statewide MOE required

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HOT ISSUES & UPDATES

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Substance Abuse Block Grant (SABG) Distribution & Oversight Changes

- Key References:
 - IN [18-057](#): SABG New Reporting and Payment Processes
 - DHCS [SABG Policy Manual](#) v. 1
- SABG funding is a payer of last resort and cannot supplant DMC or other state funding of SUD prevention and treatment programs.
- DHCS has begun to implement a statewide corrective action plan (CAP) prompted by an audit of the Department's management of federal SABG funds.
- Changes to SABG distribution and oversight processes will include:
 - Annual budgets and quarterly invoicing for SABG funds
 - More frequent fiscal audits (conducted by DHCS A&I team)
 - Updated contract language
 - Revision of SABG allocation methodology
- Many counties will need to adjust their SABG spending.

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Allowable SABG Expenditures

(Discretionary) *See p. 15 of SABG manual

- **Residential and nonresidential treatment**
- **Recovery support services**
 - Room and board, infrastructure development, linkages to permanent housing
- **Ancillary services**
 - Assessment, case management, outreach/engagement, secondary prevention, transportation (when not otherwise funded), medical care for perinatal/pediatric populations
- **Other required services (IVDUs, Tuberculosis)**
- **Administrative Services**
- **Resource Development**
 - Planning, coordination, needs assessment, QA, training (post-employment), program development, research & evaluation, information systems

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SABG Spending Prohibitions

Per federal regulations, SABG funds may NOT be expended on the following (p. 3-4 of SABG manual):

- Inpatient hospital services
- Cash payments to clients
- Most capital expenditures
 - No purchases of land, buildings, or major medical equipment; may permit minor improvements and some I.T. expenses
- “Financial assistance” to for-profit entities
- Injection supplies/needle exchange programs
- Salaries in excess of “Level 1 of the Executive Salary Schedule”
- Purchase of treatment services in “penal or correctional institutions”
- To match or “draw down” other federal funds
- To supplant state funding

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SABG & Supplantation

*See pages 8 and H-13 of SABG manual

- Federal policy: “The Block Grant shall not be used to supplant state funding of alcohol and other drug prevention and treatment programs.”
- Federal policy: “. . . The Secretary requires the state not to use the Block Grant to supplant State funding of substance abuse prevention and treatment programs.”
- State explanation: “If SABG funds were spent on a SUD services that the county would have provided regardless of receiving SABG funding, the county supplanted state funds and violated the restrictions on expenditures found in 42 USC 300x-31.”

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SABG Funding Hierarchy

*See Appendix F -1 in SABG manual

- **Limited use of SABG for Medi-Cal eligible clients:**
 - Services not covered by Medi-Cal or Medicare
 - Transitional Housing or Recovery Residences
 - Gaps in Medi-Cal eligibility
- **Anything that can be retroactively billed to Medi-Cal should be!**
 - This includes services rendered by providers awaiting certification.
- **Spend Behavioral Health Subaccount (BHS) funds before spending SABG.**
 - Note: BHS is primary resource for costs that exceed the DMC maximum allowance.
- **Use set-asides before discretionary if appropriate.**

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SABG Indirect Cost Rates

- Unlike DMC, will not be capped at 15 percent
- Under federal regulation, subcontractors (subgrantees) may negotiate rate directly with federal agency or with state agency
- DHCS still to determine methodology
 - Proposal: adopt CA Dept. of Public Health negotiated rates
- CBHDA proposal: Allow counties to opt into using DPH rate or work with state to develop local SABG-specific rate
- For Q1 of 2019, counties should use current indirect cost rate methodology (per cost reports)

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2019 Supplemental SABG Awards – Proposed Activities

- **Prevention and Youth**
 - Training and start-up costs for new EBPs
 - Town Hall meetings
 - Cannabis summit
 - Social media: stigma reduction, youth Tx
 - Expanded community-based screening & assessment
- **Purchase early intervention curriculums**
- **Adult public education**
 - Safe storage and disposal of medications
 - Cannabis
- **Workforce development/training**
 - motivational interviewing, relapse prevention, trauma-informed care, cognitive behavioral interventions, medication assisted treatment, and care coordination
- **EHR reporting improvements**

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DMC-ODS Compliance

- Are DMC-ODS counties submitting DMC claims for all ODS services included in state-county contracts?
- Known challenges:
 - Physician consultation
 - Recovery services
 - Youth services
- May lead to corrective action and (eventually) sanctions
 - Enhanced financial reporting/monitoring
 - Removal from waiver participation

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Federal OIG Audit of California SUD Programs

- U.S. Dept. of Health & Human Services Office of the Inspector General (OIG) = independent auditor
- Conducting review of federal expenditures within CA's SUD treatment programs, inclusive of
 - Drug Medi-Cal
 - SABG
- Goal: examine state oversight and any "areas of potential risk and abuse"
- Will conduct audits and site visits with individual counties

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RESOURCE PAGES

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ODS resource pages

- DHCS DMC-ODS homepage
 - <http://www.dhcs.ca.gov/provgovpart/Pages/Drug-Medi-Cal-Organized-Delivery-System.aspx>
- DMC-ODS STCs and CPE protocol
 - <http://www.dhcs.ca.gov/provgovpart/Pages/Special-Terms-and-Conditions.aspx>
- DMC-ODS webinars
 - https://www.dhcs.ca.gov/provgovpart/Pages/DMC_ODS_Webinars.aspx
 - ✓ Includes presentation on ODS claiming and extensive 3-part fiscal overview
- Fact Sheets, FAQs, and Information Notices
 - http://www.dhcs.ca.gov/provgovpart/Pages/FAQs_Fact_Sheets.aspx
 - ✓ Includes FAQs on billing and fiscal considerations
- CIBHS waiver trainings homepage
 - <https://www.cibhs.org/dmc-ods-waiver-trainings>
- CBHDA committee pages
 - <https://www.cbhda.org/members/>
 - ✓ SAPT
 - ✓ Medi-Cal Policy
 - ✓ Financial Services

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DMC resource pages

- MHSUDS Information Notices (current & archived)
 - <http://www.dhcs.ca.gov/formsandpubs/Pages/MHSUDS-Information-Notices.aspx>
- Drug Medi-Cal Forms
 - <http://www.dhcs.ca.gov/formsandpubs/forms/Pages/DMC-Forms.aspx>
- SUD Directories
 - <http://www.dhcs.ca.gov/provgovpart/Pages/SUD-Directories.aspx>
 - ✓ Includes directories of county AOD Administrators and beneficiary access lines
- DMC Provider Billing Manual – April 2019
 - https://www.dhcs.ca.gov/services/Documents/SUD%20-%20DMC%20Billing%20Manual/DMC_Billing_Manual_2019%20Final.pdf
- DMC Title 22 Regulations
 - http://www.dhcs.ca.gov/services/adp/Pages/CA_Code_Regulations.shtml.aspx
 - ✓ Or try [Title 22 Training](#) (2016) or [Title 22 FAQs](#)
- SUD Cost Report Manual (Fall 2017) and DHCS Cost Report page
 - https://www.cibhs.org/sites/main/files/file-attachments/fmab_cost_report_user_manual.pdf
 - https://www.dhcs.ca.gov/provgovpart/Pages/Fiscal_Management.aspx

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SABG resource pages

- Substance Abuse Block Grant (SABG) home page
 - <https://www.dhcs.ca.gov/provgovpart/Pages/Substance-Abuse-Block-Grant-SABG.aspx>
- Resources from DHCS webinars
 - July 26th 2018 Q & A:
 - <https://www.dhcs.ca.gov/provgovpart/Documents/Substance%20Use%20Disorder-PPFD/Questions-and-Answers-from-July-26th-Webinar.pdf>
 - October 1st 2018 Presentation:
 - <https://www.dhcs.ca.gov/provgovpart/Documents/Substance%20Use%20Disorder-PPFD/SABG-Informational-Webinar-October-2018-Final.pdf>
- Important SABG Information Notices
 - [18-058](#): SABG Room & Board for Transitional Housing, Recovery Residences, & Residential Treatment
 - [18-057](#): SABG New Reporting and Invoicing Processes
 - [17-047](#): SABG Coverage Gaps in DMC and DMC-ODS Services
 - [17-013](#): Allocation of Funding for SUD PPF, FY 2017-18
 - ✓ Attachments include allocation summary, funds exchange methodology, and spending periods
- DHCS [SABG Policy Manual](#) v. 1

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ADDITIONAL QUESTIONS OR DISCUSSION?

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A presentation slide with a white background and a dark blue vertical bar on the right. The word "Contacts:" is centered in a large, bold, dark blue font. Below it, the text "Paula Wilhelm, Senior Policy Analyst, CBHDA" is centered, followed by the email address "pwilhelm@cbhda.org" in a smaller, blue font. A small green box with the number "26" is located in the bottom right corner of the slide area. The date "6/3/2019" is printed vertically in the dark blue bar.

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