



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



EDMUND G. BROWN JR.  
GOVERNOR

DATE: May 25, 2018

MHSUDS INFORMATION NOTICE NO.: 18-023

TO: COUNTY BEHAVIORAL HEALTH DIRECTORS  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF CALIFORNIA  
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS  
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM EXECUTIVES, INC.  
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES  
CALIFORNIA OPIOID MAINTENANCE PROVIDERS  
CALIFORNIA STATE ASSOCIATION OF COUNTIES  
COUNTY CHIEF ADMINISTRATIVE OFFICERS

SUBJECT: DRUG MEDI-CAL ORGANIZED DELIVERY SYSTEM COST REPORTING REQUIREMENTS FOR NARCOTIC TREATMENT PROGRAMS

**PURPOSE:**

The purpose of this Information Notice is to clarify the cost report requirements for Narcotic Treatment Programs (NTPs) participating in the Drug Medi-Cal Organized Delivery System (DMC-ODS) pilot program.

**BACKGROUND:**

The [DMC-ODS Certified Public Expenditure Protocol \(Attachment AA\)](#) describes the use of cost reports to determine cost settlement for the DMC-ODS county interim rates.

Except as specified below, services provided in the DMC-ODS continuum of care are reimbursed with rates established by each county's DMC-ODS plan. The plan's rates are considered "interim" pending cost settlement. DHCS will settle each DMC-ODS county to the lower of cost or customary charge for each service that has an interim rate.

Except as specified below, services available in the DMC-ODS continuum of care are reimbursed with rates established by each county's DMC-ODS plan and approved by DHCS. These rates are considered interim pending cost settlement and will be settled to the actual cost for each service.

Reimbursement for State Plan narcotic replacement therapy dosing (methadone) and ancillary services provided by NTPs are set in accordance with the process identified in Welfare and Institutions Code (W&I) Section 14021.51. Rates for additional medication assisted treatment available at NTPs participating in the DMC-ODS pilot program are set forth in [MHSUDS Information Notice No. 16-048](#). These additional medications include buprenorphine, disulfiram, and naloxone.

**POLICY:**

In order to establish the cost for each DMC-ODS service that has an approved interim rate, every DMC-ODS county must submit cost report data that will allow the calculation of the actual cost for each service. As a result, every provider that receives reimbursement for a service that has an interim rate must submit an annual cost report, including NTPs.

**DISCUSSION:**

If a NTP participating in the DMC-ODS pilot program would like to be exempt from submitting an annual cost report pursuant to W&I Section 14124.24(h), the NTP will only be reimbursed for the services that have a State Plan rate set by DHCS as described in the Background section above (W&I Section 14021.51). Should a NTP elect to provide additional DMC-ODS services with interim rates, the NTP must submit a complete cost report for the entire program for each fiscal year. The additional DMC-ODS services that have an interim rate available in a NTP facility include case management, physician consultation, and recovery services.

If you have any further questions, please contact Elsa Murphy, Acting Section Chief, SUD Program, Policy and Fiscal Division at (916) 650-6563.

Sincerely,

Original signed by

Brenda Grealish, Acting Deputy Director  
Mental Health and Substance Use Disorder Services