



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



GAVIN NEWSOM
GOVERNOR

DATE: May 14, 2021

Behavioral Health Information Notice No: 21-021
Supersedes: MHSUDS Information Notice No.: [16-042](#)

TO: California Alliance of Child and Family Services
California Association for Alcohol/Drug Educators
California Association of Alcohol & Drug Program Executives, Inc.
California Association of DUI Treatment Programs
California Association of Social Rehabilitation Programs
California Consortium of Addiction Programs and Professionals
California Council of Community Behavioral Health Agencies
California Hospital Association
California Opioid Maintenance Providers
California State Association of Counties
Coalition of Alcohol and Drug Associations
County Behavioral Health Directors
County Behavioral Health Directors Association of California
County Drug & Alcohol Administrators

SUBJECT: Drug Medi-Cal Organized Delivery System – Updated Policy on Residential Treatment Limitations

PURPOSE: To provide clarification on residential treatment limitations as part of California's Advancing and Innovating Medi-Cal (CalAIM)

BACKGROUND:

The Department of Health Care Services (DHCS) received approval on August 13, 2015, from the Centers for Medicare & Medicaid Services (CMS) to implement the Drug Medi-Cal Organized Delivery System (DMC-ODS) Waiver. Authority for the DMC-ODS waiver was reauthorized as part of the state's Medi-Cal 2020 1115 waiver for a five-year term from January 2016 to December 2020. Prior to the expiration date, DHCS received a one-year waiver extension, on December 29, 2020, that extends DMC-ODS through December 31, 2021.

CMS approved several policy changes/clarifications in key areas, effective retroactively to January 1, 2021 and continuing through the duration of the extension period. These changes and clarifications are specified in amendments to the special terms and

conditions of the waiver program. DHCS is currently preparing a new waiver request that, if approved by CMS, would authorize the DMC-ODS through December 2026.

This information notice clarifies the policy related to limitations on residential treatment services.

POLICY:

Under the DMC-ODS program terms and conditions, Medi-Cal reimbursement to county DMC-ODS plans for residential services was limited to a maximum of two non-continuous residential stays during a one-year period. In accordance with CMS' approval, obtained on March 17, 2021, the annual reimbursement limitation on the number of residential stays has been removed.

A client's length of stay for residential treatment services shall be determined by a Licensed Practitioner of the Healing Arts (LPHA) based on medical necessity. In accordance with [CMS State Medicaid Director Letter #17-0003](#), the statewide goal for the average length of stay for residential treatment services provided by participating counties is 30 days or less. In furtherance of that goal, counties shall adhere to the length of stay monitoring requirements set forth by DHCS.

In accordance with CMS approval, these changes are effective as of January 1, 2021.

If you have questions, please contact countysupport@dhcs.ca.gov.

Sincerely,

Original signed by

Shaina Zurlin, PsyD, LCSW, Chief
Medi-Cal Behavioral Health Division