



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



GAVIN NEWSOM
GOVERNOR

DATE: November 13, 2020

Behavioral Health Information Notice No: 20-056

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 Agencies
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: Peer Support Services

PURPOSE: The Department of Health Care Services (DHCS) is issuing this Behavioral Health Information Notice (BHIN) to clarify available funding sources and permissible expenditures for peer support services.

REFERENCES: [Centers for Medicare and Medicaid Services State Medicaid Directors Letter #07-011](#)
[DHCS Information Notice 18-056](#)
[DHCS Information Notice 17-040](#)

ENCLOSURES: Specialty Mental Health Services (Enclosure 1)
Drug Medi-Cal Organized Delivery System (Enclosure 2)
Community Mental Health Services Block Grant (Enclosure 3)
Mental Health Services Act (Enclosure 4)
Substance Abuse Prevention and Treatment Block Grant (Enclosure 5)

BACKGROUND:

Peer Support Services

DHCS acknowledges the role that peer support specialists (hereafter referred to as “peers”) can play in California’s behavioral health systems and recognizes that peers have long acted as a part of the prevention, early intervention, treatment, and recovery process for individuals living with Mental Health (MH) conditions and Substance Use Disorders (SUD). As individuals with lived experience, and an evidence-based model of care,¹ peers personally understand the experience of the individuals they serve and can help clarify the most effective set of services for each individual’s needs. California counties can implement peer programs and county-run peer programs have already been established across the state.

While the Centers for Medicare and Medicaid Services (CMS) issued guidance in 2007 for states interested in providing peer support services under the Medicaid program, California will be implementing peer support services according to this guidance in 2021, resulting from the chaptering of 2020’s Senate Bill 803.

As a component of the SB 803 implementation, DHCS will seek a federal waiver to allow counties to have the option to bill for peer services within the Medi-Cal program. Until the specifics of the new legislative requirements have been determined, communicated, and implemented, this BHIN offers funding guidance for counties to initiate or expand their peer programs using existing funding streams.

A variety of funding streams are available to support training and peer services for all population types within county-run peer programs, regardless of a peer support specialists’ certification status. This information notice includes a brief summary of various programs and funding streams, immediately below, with a more detailed account for each funding stream in attached enclosures. The detailed accounts include reporting requirements and funding oversight according to relevant federal and state requirements.

The following outlines how peers can currently be used within various behavioral health funding sources;

California’s Medicaid Program

As the single state Medicaid agency, DHCS administers California’s Medicaid program (Medi-Cal). The Medi-Cal program is governed and funded, in part, by federal Medicaid provisions and California’s Medicaid State Plan. Existing law provides for a schedule of benefits under the Medi-Cal program and provides for various services, including Drug

¹ [CMS State Medicaid Directors Letter #07-011](#)

Medi-Cal (DMC), Drug Medi-Cal Organized Delivery System (DMC-ODS), and Specialty Mental Health Services (SMHS) programs.

Specialty Mental Health Services (Enclosure 1)

The SMHS program is a county-based mental health managed care system overseen by DHCS. It operates under the authority of section 1915(b) of the Social Security Act, as approved by CMS. Currently within the county mental health plans (MHPs), peers may provide SMHS under the “other qualified provider” category of California’s Medicaid State Plan.

Drug Medi-Cal Organized Delivery System (Enclosure 2)

The DMC-ODS is a county-based SUD managed care system overseen by DHCS. It was initially authorized by CMS as a part of the California Bridge to Reform 1115 waiver, approved in 2015. Counties choose to opt into this program to provide an expanded range of services. Peers are allowed to provide components of recovery services within DMC-ODS.² Counties must comply with the peer requirements as detailed in the DMC-ODS Information Notice.

Drug Medi-Cal

The DMC program is “carved-out” from the broader Medi-Cal program for eligible Medi-Cal beneficiaries needing SUD services for counties not opting into DMC-ODS. Currently, peer services are not eligible for reimbursement under DMC.

The Community Mental Health Services Block Grant (Enclosure 3)

The Community Mental Health Services Block Grant (MHBG) is issued from the Center for Mental Health Services (CMHS). CMHS is one of three centers within the Substance Abuse and Mental Health Services Administration, and is an agency of the U.S. Department of Health and Human Services. DHCS administers the block grant and allocates the available funding annually to 57 local counties.

The MHBG may be used to fund peer training and peer services through qualified community programs which may include community mental health centers, child mental health programs, psychosocial rehabilitation programs, mental health peer-support programs, prevention, and mental health primary consumer-directed programs.³

² California Bridge to Reform 1115 Waiver, Special Terms and Conditions (STCs) Section 142

³ 42 U.S.C. § 300x-2.

Mental Health Services Act (*Enclosure 4*)

The Mental Health Services Act (MHSA) is an initiative measure enacted by California voters as Proposition 63 that established the continuously appropriated Mental Health Services Fund to financially support various county mental health programs. MHSA funding is distributed to California counties to support county mental health programs to reduce the long-term adverse impact on individuals, families and state and local budgets resulting from untreated serious mental illness, among other goals. The MHSA requires that all funds are expended in the most cost effective manner and services are provided in accordance with recommended best practices subject to local and state oversight.⁴ The MHSA addresses a broad continuum of prevention, early intervention, and service needs along with the necessary infrastructure, technology, and training elements to support this system. County allocations of MHSA funding may be used to provide and support peer services as discussed further in *Enclosure 4*.

Office of Statewide Health Planning and Development

The Office of Statewide Health Planning and Development (OSHPD) is currently the primary administrator for the MHSA Workforce Education and Training (WET) state-level program. MHSA Administrative funds support WET state-level programs to promote the expansion of postsecondary education and training to meet mental health occupational shortage needs. Specifically, OSHPD contracts with Peer Personal Training Programs to support individuals with lived experience as a mental/behavioral health services consumer, family member, or caregiver placed in designated peer positions within the county mental health system. Contracts are established with OSHPD through an annual granting program. For information on the OSHPD WET grant, please visit the [OSHPD WET grant website](#).

Substance Abuse Prevention and Treatment Block Grant (*Enclosure 5*)

The Substance Abuse Prevention and Treatment Block Grant (SABG) is administered by DHCS. This grant is issued through various contractors and subrecipients (primarily counties) to provide SUD prevention and, where other funding sources are not available, treatment and recovery services. Counties receive an annual State Fiscal Year (SFY) allocation, primarily based on adjusted county population. Beginning in SFY 2020-21, the provision of funding is tied to annual SABG county applications.

⁴ 2004 Cal. Legis. Serv. Prop. 63, § 3

Peer training and services are an allowable use of SABG funds, and, as subrecipients, counties are responsible for developing SUD prevention, treatment, and recovery programs and services to address their particular regional and patient population needs. Counties are given this discretion because SABG is intended to cover funding for underinsured and uninsured patients, or address shortfalls in county SUD program budgets.

Please contact MHSA@dhcs.ca.gov for questions.

Sincerely,

Original signed by

Marlies Perez, Chief
Community Services Division

Enclosure 1: Specialty Mental Health Services

Policy

According to California’s Medicaid State Plan, individuals identifying as peers meet the definition of “other qualified provider.” The definition of “other qualified provider” is “an individual at least 18 years of age with a high school diploma or equivalent degree determined to be qualified to provide the service.”⁵ MHPs have the authority to determine, in accord with any applicable state and federal requirements, whether a provider is qualified to provide Mental Health Services, Day Rehabilitation Services, Day Treatment Intensive Services, Crisis Intervention, Targeted Case Management, and Adult Residential Treatment Services.⁶ Therefore, if the county MHP has found the peer to be qualified, the peer may provide certain SMHS, as long as all other federal and state requirements are met. See table below for a list of services an “other qualified provider” may be qualified to provide.

Table: California’s Medicaid State Plan Services That Can/Cannot Be Provided by Peers

SMHS Other Qualified Providers Can Provide	SMHS Other Qualified Providers CANNOT Provide
Targeted Case Management	Services requiring a professional license as set forth in the Business and Professions Code , Division 1, Chapter 1.
Mental Health Services	Medication Support Services
Day Rehabilitative Services	
Day Treatment Intensive Services	
Crisis Intervention	
Crisis Stabilization	
Adult Residential Treatment Services	
Crisis Residential Treatment Services	
Intensive Care Coordination	
Intensive Home-Based Services	

⁵ California State Plan, Supp. 3, Att. 3.1-A, p. 2p; Supp. 2, Att. 3.1-B, p. 17.

⁶ Cal. Code Regs., title 9, § 1840.344.

Psychiatric Health Facility Services	
Therapeutic Foster Care (TFC) Services Must be a resource parent and complete TFC training	
Therapeutic Behavioral Services	

Services by Telehealth, including Telephone

SMHS by an other qualified provider (including a peer provider) may be done through telehealth or telephone. Existing state and federal laws regarding privacy, confidentiality, record keeping, and telehealth services apply. Additionally, MHPs should ensure that peers follow any relevant local rules.

Application/Planning Process and Approval

DHCS currently does not require applications or approval of a planning process for MHPs to continue or begin providing SMHS through peers as other qualified providers. As long as all SMHS requirements are met, MHPs may receive Medi-Cal reimbursement for SMHS provided by peers.

Reporting Requirements and Funding Oversight

The usual reporting requirements and funding oversight for SMHS apply. For more information, please see the county's MHP contract.

Enclosure 2: Drug Medi-Cal Organized Delivery System

Policy

The DMC-ODS [Special Terms and Conditions](#) (STCs) allow peers to provide components of recovery services.⁷ Counties using SUD peer services must comply with all federal Medicaid regulations and policy guidance. Counties are responsible to develop a SUD Peer Support Training Plan and shall provide a county SUD designation for SUD peer staff consistent with the requirements outlined in the STCs and in [state guidance](#). Currently, peer services are reimbursable only within the Recovery Services level of care.

Services by Telehealth, including Telephone

DMC-ODS services (including by a peer provider) may be done through telehealth or telephone. Existing state and federal laws regarding privacy, confidentiality, record keeping, and telehealth services apply. Additionally, DMC-ODS plans should ensure that peers follow any relevant local rules.

Application/Planning Process and Approval

If the county chooses to offer SUD peer support services through the DMC-ODS, the county must submit a training plan to DHCS for approval prior to providing billable SUD peer support services. Training plans should be submitted to MCBHDMonitoring@dhcs.ca.gov. The county's training plan must describe the following:⁸

1. Client Plan Development, Documentation, Supervision, and Oversight: SUD peer support services must be provided within the context of a comprehensive, individualized client plan that includes specific goals. The amount, duration, and scope of the services must be specified in the client's plan. This may include the plan for ongoing recovery and relapse prevention that was developed during discharge planning when treatment was completed. Counties should implement a person-centered treatment planning process to promote beneficiary participation in the development and implementation of the client plan. Peer support staff should actively engage and empower the beneficiary, and/or individuals selected by the beneficiary, in leading and directing the design of the client plan, ensuring that the plan reflects the needs and preferences of the beneficiary in achieving specific, individualized goals that have measurable results. Counties must describe the supervision provided to SUD peer support staff.

⁷ California Bridge to Reform 1115 Waiver, STCs Section 142

⁸ [DHCS Information Notice 17-008](#)

2. Training and Designation: Counties must ensure that SUD peer support staff complete training and receive a county designation as specified in the DHCS-approved county SUD peer support training plan. The SUD peer support-training plan must outline a methodology that assures that SUD peer support staff obtain a basic set of competencies necessary to perform and document the peer support function. The training plan must have a method to evaluate the peer's ability to support the recovery of beneficiaries from SUDs.

Counties shall also ensure that only services covered by Medi-Cal services are billed under the DMC-ODS.

Once a county's training plan is approved, that county must then establish reimbursement rates through DHCS' Local Government Financing Division and amend the Interagency Agreement (IA) to reflect the approved service.

Reporting Requirements and Funding Oversight

All reporting and funding oversight requirements are processed as specified in each county's DMC-ODS IA.

As part of a DMC-ODS county's fiscal plan, peer support rates are proposed and submitted to the Department. Only counties that have been approved for peer support services can submit claims into Short-Doyle. The Short-Doyle system will automatically deny claims that are not allowable.

Enclosure 3: The Community Mental Health Services Block Grant

Policy

According to county guidance⁹ MHBG funding may be used to fund peer support services, including training and peer salaries. Services must be provided through appropriate qualified community programs which may include community mental health centers, child mental health programs, psychosocial rehabilitation programs, mental health peer-support programs, and mental health primary consumer-directed programs.¹⁰

Allowable MHBG Services Provided by Peers

Peer services may be reimbursed through MHBG funds if (1) the services are done in appropriate, qualified community programs and are consistent with the state's approved plan, as specified in 42 U.S.C. section 300x-2, and (2) reimbursements for the peer provided services do not conflict with any of the restrictions on use of payments¹¹ listed below:

1. To provide inpatient services;
2. To make cash payments to intended recipients of health services;
3. To purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment;
4. To satisfy any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds; or
5. To provide financial assistance to any entity other than a public or nonprofit private entity.

Services by Telehealth, including Telephone

Services (including by a peer provider) through telehealth or telephone may be covered by MHBG funds as long the MHBG requirements set forth in [42 USC 300x](#) et. seq. are met. Existing state and federal laws regarding privacy, confidentiality, record keeping, and telehealth services apply. Additionally, counties should ensure that peers follow any relevant local rules.

Application/Planning Process and Approval

Applications identifying county allocations are released in the early spring of each year. Annually, applications are due for submission on/around July 31.

⁹ MHBG County Guidance Section 1913(b)(1)

¹⁰ 42 U.S.C. § 300x-2(b)(1)

¹¹ 42 U.S.C. §§ 300x(b)(1), 300x-5

Applications are reviewed for complete and appropriate narratives confirming services are within the scope of the MHBG requirements (state, federal, and grant rules, statutes, and regulations), figures are verified to be correctly totaled, and all signatures are reviewed.

Upon application review/approval, the application is considered to be incorporated by reference into the County's Performance Contract.

Reporting Requirements and Funding Oversight

The usual reporting requirements and funding oversight for the MHBG apply. For more information, please see the county's Performance Contract and the MHBG application¹².

¹² Performance Contract (Ex. A, Paragraph 8, p. 13-14 of 16.)

Enclosure 4: Mental Health Services Act

Policy

MHSA funding is available to counties to support peer services so long as the community planning process identifies these services as a local priority. MHSA funds are distributed to counties by the State Controller's Office on a monthly basis. In order to use MHSA funding for peer services, these services must be included in the county's Three-Year Program and Expenditure Plan and annual update.¹³ Counties are required to partner with constituents and stakeholders throughout the planning and development process for their Three-Year Program and Expenditure Plan.¹⁴

Counties spend the funds on five components that make up the MHSA: Community Services and Supports (CSS), Prevention and Early Intervention (PEI), Innovation (INN), Capital Facilities and Technological Needs (CF/TN), and Workforce, Education, and Training (WET).¹⁵

CSS

Counties use CSS component funds to provide direct services to individuals with a severe mental illness.¹⁶ These services are aimed towards recovery and resilience while providing clients and families an integrated service experience.¹⁷ CSS funding is an appropriate funding source for peer services.¹⁸

PEI

PEI programs emphasize strategies to reduce negative outcomes that may result from untreated mental illness. PEI funding may be used for peer-led or peer-supported programs that reduce stigmatization, support early intervention, and prevent suicide.¹⁹

INN

INN funding may be used to implement an innovation affecting virtually any aspect of mental health practices or assessing a new or changed application of a promising approach to solving persistent mental health challenges.²⁰ An INN project must be proposed to, and approved by, the Mental Health Services

¹³ Welfare and Institutions Code section 5847(a) and (b) and 5892(g)

¹⁴ Welfare and Institutions Code section 5848(a)

¹⁵ Pursuant to W&I Code 5892, counties are required to allocate funds to CSS, PEI, and INN, however, counties may, but are not required to allocate funds to CFTN and WET.

¹⁶ Welfare and Institutions Code section 5813.5 and 5878.2

¹⁷ Title 9 CCR sections 3620 and 3630.

¹⁸ *Id.*

¹⁹ *Id.*

²⁰ Title 9 CCR section 3910(a)

Oversight and Accountability Commission.^{21 22} Through INN funding, a county can explore various options to establish their peer services program.

CF/TN

CF/TN projects are for the construction and renovation of buildings for the provision of MHSA services and supports.²³ CF/TN funding may be used to develop community-based settings that support peer-run activities, such as peer wellness centers or peer senior centers.

WET

WET programs and services address workforce shortages and deficits, and funding from this component may be used for education and training dedicated to recruitment and retention efforts for employment in the public mental health system.²⁴ A county may use MHSA WET funding for training peer support specialists.²⁵

Counties no longer receive a direct allocation for WET and CF/TN funding, however they can transfer CSS allocated funding to the WET and CF/TN components for these purposes consistent with the conditions specified in Welfare and Institutions Code section 5982, subdivision (b).²⁶

Allowable MHSA Funding for Peer Services

Peer support services are an essential component of many county MHSA programs. Peers may engage in a variety of activities, including advocacy, linkage to resources, sharing of experience, community and relationship building, group facilitation, skill building, mentoring, goal setting, training, educating the public and policy makers, supervision of programs, and much more. While a peer cannot make a diagnosis of a mental health disorder, prescribe medication, or perform other clinical services, the roles and responsibilities of peers continue to expand and improve the mental health services provided in each county.

County peer support programs and services funded through the MHSA may include:

- Peer outreach to underrepresented and underserved populations, including racial/ethnic groups.
- Peer support for underserved demographic groups, such as foster youth, non-English speakers, and transgender individuals.

²¹ Title 9 CCR section 3905

²² Welf. & Inst. Code § 5830, subd. (e).

²³ Title 9 CCR section 3200.022

²⁴ Welfare and Institutions Code section 5820

²⁵ See Welfare and Institutions Code section 5822(a), (g), and (h); Cal. Code Regs., tit 9, section 3810(c)(2), (3).

²⁶ Welfare and Institutions Code section 5892(b)(1).

- Peer linkage for individuals exiting locations such as jails and inpatient hospitals.
- Peer-run warm lines to listen, share, and make appropriate referrals, as needed.
- Peer response teams providing services before, during and after a mental health crisis.
- Peer navigator services assisting individuals in navigating the county health system by coordinating care with mental health, primary care, substance use treatment and specialty health care services.
- Peer early intervention programs supporting symptoms remission, active recovery, and full engagement with family, peers, and coworkers.
- Peer sharing programs reducing stigma by the power of sharing personal experiences with the public, law enforcement agencies, educational institutions, etc.
- Peer senior recovery centers focusing on reaching hard-to-engage participants or isolated older adults.
- Peer training and certificate programs providing various levels and intensity of trainings for consumers.
- Peer employment services helping individuals acquire job skills and maintain employment.

Services by Telehealth, including Telephone

Services (including by a peer provider) through telehealth or telephone may be covered by MHSA funding. Existing state and federal laws regarding privacy, confidentiality, record keeping, and telehealth services apply. Additionally, MHSA programs should ensure that peers follow any relevant local rules.

Reporting Requirements and Funding Oversight

Counties prepare a three-year program and expenditure plan and annual updates, adopted by the County's Board of Supervisors. This plan is submitted to the Mental Health Services Oversight and Accountability Commission and DHCS within 30 calendar days after adoption.²⁷ Counties must submit an MHSA Annual Revenue and Expenditure Report that includes all program expenditures.

²⁷ Welfare and Institutions Code Section 5847(a)

Enclosure 5: Substance Abuse Prevention and Treatment Block Grant

Policy

Beginning with SFY 2020-21, counties are required to identify their planned expenditures within their designated allocations for the following categories: Discretionary, Prevention, Friday Night Live, Perinatal, and Adolescent/Youth.

Peer-to-peer services are a permissible expenditure under SABG and can fall under any of the SABG designated categories, as appropriate. For example, peer support activities can be uniquely focused on Perinatal Services to fall under that specific Set-Aside. Alternatively, peer support may be allocated to the Discretionary Set-Aside for more broadly applied peer support activities.

Allowable SABG Services Provided by Peers

Peer services are generally allowable insofar as reimbursements for the peer provided services do not conflict with any of the restrictions on use of payments²⁸, listed below:

1. To provide inpatient hospital services;
2. To make cash payments to intended recipients of health services;
3. To purchase or improve land, purchase, construct, or permanently improve (other than minor remodeling) any building or other facility, or purchase major medical equipment;
4. To satisfy any requirement for the expenditure of non-federal funds as a condition for the receipt of federal funds;
5. To provide financial assistance to any entity other than a public or nonprofit private entity;
6. To provide individuals with hypodermic needles or syringes so that such individuals may use illegal drugs, unless the Surgeon General of the Public Health Service determines that a demonstration needle exchange program would be effective in reducing drug abuse and the risk that the public will become infected with the etiologic agent for Acquired Immunodeficiency Syndrome (AIDS); or
7. To purchase treatment services in penal or correctional institutions.

Examples of allowable peer provided services include, but are not limited to, peer recovery support activities, peer mentoring or coaching, peer recovery resource connecting, facilitating and leading recovery groups, and community building.

²⁸ 42 U.S.C. §300x-31

Services by Telehealth, including Telephone

Services (including by a peer provider) through telehealth or telephone are allowable under SABG as long the nature of the services provided and the provider of the services meet SABG funding requirements as defined above. Existing local, state, and federal regulations regarding privacy, confidentiality, record keeping, and telehealth services apply, as outlined in the SABG County Applications.

Application/Planning Process and Approval

DHCS issues two Information Notices regarding SABG allocations, including a preliminary allocation based on available population data prior to the start of the SFY, as well as a final allocation based on newly received population data and other necessary revisions.

Counties receive this application prior to the beginning of each SFY and submit an executed application package for DHCS to review, including enclosures detailing state, federal, and grant-specific rules, statutes, and regulations, proposed itemized budgets, and budget narratives. Counties are reimbursed for actual expenditures incurred on a quarterly basis throughout the SFY. According to the new 2020 process, counties submit their applications identifying their budget within their designated allocations by the end of the summer.

Applications are reviewed for compliance with SABG requirements. DHCS will work with counties to resolve any issues for approval. Approved applications will then be incorporated by reference into the County Performance Contract.

Reporting Requirements and Funding Oversight

Counties that administer peer support programs with SABG funds are responsible for ensuring compliance with state, federal, and grant-specific rules, statutes, and regulations. DHCS performs SABG compliance monitoring through each SFY against the county's approved application and issues Corrective Action Plans for cited deficiencies in areas of noncompliance.