



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



GAVIN NEWSOM
GOVERNOR

DATE: August 20, 2021

Behavioral Health Information Notice No: 21-052

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: Reimbursement of Specialty Mental Health and Drug Medi-Cal
Administrative Costs Effective July 1, 2021

REFERENCE: [Executive Order N-55-20](#); [BHIN 20-033](#); [Executive Order N-08-21](#)

PURPOSE: To inform Mental Health Plans (MHPs), Drug Medi-Cal-Organized
Delivery System (DMC-ODS) Counties, and DMC State Plan Counties
of a change in the limit applied to administrative costs for the Medi-Cal
Specialty Mental Health Services (SMHS) Program, the DMC-ODS
program, and the DMC State Plan program.

BACKGROUND:

On April 22, 2020, Governor Newsom issued Executive Order N-55-20. Paragraph 9 of the Executive Order stated, "Notwithstanding Welfare and Institutions Code section 14711(c), DHCS may reimburse county behavioral health departments for administrative costs related to Short-Doyle Medi-Cal Claims up to 30 percent of the total actual cost of direct client services." Governor Newsom issued Executive Order N-08-21 on June 11, 2021, which ends this accommodation effective July 1, 2021. As a result,

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DHCS will reimburse county behavioral health departments for administrative costs incurred after June 30, 2021 up to 15% of their total actual cost of direct client services.

POLICY:

Effective with costs incurred after July 1, 2021, DHCS will limit administrative costs incurred by counties to administer the Medi-Cal SMHS program, DMC-ODS program, and DMC State Plan Program at 15 percent of the actual cost for direct client services in each program. DHCS has posted updated claim forms for each program that will allow counties to separate administrative costs incurred after June 30, 2021, from those incurred before July 1, 2021. Please use the appropriate claim form based on the service period for the claim. Revised administrative claim forms for MHPs can be downloaded from [DHCS Mental Health Forms](#), and DMC administrative claim forms are listed at [Drug Medi-Cal Treatment Program Forms](#).

DHCS will also update cost report forms to allow counties to separately report administrative costs subject to the 30 percent limit from administrative costs subject to the 15 percent limit.

DHCS is not making any changes to the reimbursement flexibilities addressed in [BHIN 20-031](#), which were approved by CMS and will remain in effect until the end of the federal public health emergency.

For questions regarding administrative claiming changes outlined in this notice, please e-mail BHFSEops@dhcs.ca.gov.

Sincerely,

Lindy Harrington
Deputy Director
Health Care Financing