



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



GAVIN NEWSOM
GOVERNOR

DATE: December 3, 2021

Behavioral Health Information Notice No: 21-069

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: Drug Medi-Cal (DMC) Cost Settlements for Fiscal Years (FY) 2014-15 and 2015-16

PURPOSE: This Information Notice (IN) notifies counties of a delay in processing DMC invoices for FY 2015-16 cost settlements, and anticipated amendments to FY 2014-15 administrative settlements.

REFERENCE: MHSUDS Information Notice 14-033; Welfare & Institutions Code (WIC) §14124.24(g) (1) and §14711; 42 Code of Federal Regulations (CFR) 433.15(b)(7)

BACKGROUND:

The Department of Health Care Services (DHCS) is responsible for conducting interim cost settlements with counties for Drug Medi-Cal services provided each fiscal year. Cost settlements include a review of a county's administrative expenses to ensure that claims for the fiscal year conform with federal and state requirements.

Administrative claims are limited to the percentage of a county's actual administrative costs, and are not to exceed 15% of direct service costs (WIC §14711.) For the

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allowable administrative costs claimed, counties are eligible for 50% FFP reimbursement (42 CFR 433.15(b)(7)).

State General Fund (SGF) reimbursement for administrative costs is referenced in [MHSUDS IN 14-033](#). Counties are eligible for SGF for administrative expenses associated with Intensive Outpatient Treatment services provided to select beneficiaries. SGF funding for administrative claims is available through the end of calendar year 2020.

DHCS determined that it had incorrectly calculated administrative cost settlements for both Federal Financial Participation (FFP) and State General Fund (SGF) payments and recoupments in Fiscal Year 2014-15 and 2015-16. DHCS will revise the cost settlement calculations for those two Fiscal Years

POLICY:

FY 2015-16 Cost Settlements

DMC cost settlement letters for FY 2015-16 were originally mailed in 2020, however, DHCS did not process payments and/or recoupments identified in those letters. DHCS will begin processing the medical services portion of the FY 2015-16 cost settlements within the next 90-120 days. The administrative portion of the cost settlements will be recalculated as soon as possible and a revised settlement letter will be issued. Invoicing for the administrative portion of the settlement will begin soon after the revised calculations are completed and should be completed by the end of the calendar year.

FY 2014-15 Cost Settlements

For FY 2014-15, the administrative portions of the cost settlements will also be recalculated. An adjusted settlement letter and adjustment invoices will be issued after FY 2015-16 settlements are completed.

Please email questions regarding this IN to BHFSSOps@dhcs.ca.gov.

Sincerely,

Brian Fitzgerald, Chief
Local Governmental Financing Division
Department of Health Care Services