



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



EDMUND G. BROWN JR.
GOVERNOR

DATE: April 14, 2017

MHSUDS INFORMATION NOTICE NO.: 17-011

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

SUBJECT: REIMBURSEMENT FOR DRUG MEDI-CAL ORGANIZED DELIVERY SYSTEM QUALITY ASSURANCE AND UTILIZATION REVIEW EXPENSES

PURPOSE

This information notice provides the new process for federal reimbursement Drug Medi-Cal Organized Delivery System (DMC ODS) quality assurance (QA) and utilization review (UR) activities. Counties opting in to the DMC ODS waiver may submit claims for reimbursement of QA/UR activities through a quarterly invoicing process outside of the Short Doyle Medi-Cal claiming system.

DISCUSSION

In accordance with the Social Security Act (SSA), Title XI, Section 1154(a)(1), QA/UR activities are reviews of physicians, health care practitioners and providers of health care services in the provision of health care services and items for which payment may be made to determine whether:

- Such services are/or were reasonable and medically necessary for the diagnosis or treatment of illness.
- The quality of such services meets professionally recognized standards of health care.

If a county chooses to perform such reviews with respect to a type of health care practitioner other than physicians, the county must establish procedures for the involvement of health care practitioners of that type in such reviews.

Beginning February 2, 2017, DMC ODS opt in counties who have a state approved contract to provide DMC ODS services may perform DMC ODS QA/UR activities. Counties may claim the federal financial participation (FFP) reimbursement share of QA/UR review expenses through a quarterly invoice sent to the Department of Health Care Services (DHCS).

The DMC ODS Waiver Special Terms and Conditions in conjunction with California Welfare and Institutions Code (WIC) 14124.24 provide DHCS with the authority to reimburse for QA/UR services provided in opt in counties, in accordance with California WIC 14711.

FFP REIMBURSEMENT QA/UR STAFFING

Title 42, Code of Federal Regulations (CFR), Sections 432.50(b)(1) and 433.15(b)(5) specify that 75 percent FFP reimbursement is available for skilled professional medical personnel (SPMP) and direct supporting staff. The 75 percent FFP reimbursement is available for the following criteria:

- SPMP means physicians, nurses, and other specialized personnel who have professional education and training in the field of medical care or appropriate medical practice. This is demonstrated by possession of a medical license, certificate, or other document issued by a recognized national or State medical licensure or certifying organization or a degree in medical field issued by a college or university certified by a professional medical organization (see 42 CFR 432.50(d)). In California, licensure organizations include the Board of Behavioral Sciences, Board of Registered Nursing, Medical Board of California, Board of Pharmacy, and the Board of Psychology.
- SPMP must be in positions that have duties and responsibilities that require the application of their professional medical knowledge and skills.
- The direct supporting staff are secretarial, copying personnel, file clerks, and records clerks who provide clerical services that are directly necessary for the completion of the responsibilities of the SPMP. The SPMP must directly supervise the supporting staff and the performance of the supporting staff's work.
- Costs incurred must be attributable to the performance of medical QA/UR review by a quality improvement organization as defined in Title XI, Section 1152 of the SSA.

Review by, and under the direction of, the SPMP ensures the quality of care of services provided by licensed medical and mental health providers are reviewed by licensed professional county staff.

Title 42, Sections 432.50(b)(6) and 433.15(b)(7) specify that 50 percent FFP reimbursement is available when persons other than SPMP perform QA/UR activities. Counties choosing to perform QA/UR activities must establish a county Quality Improvement (QI) Committee. This committee serves as the utilization and quality control peer review body, and must have substantial involvement from a licensed physician or other licensed practitioner of the healing arts (LPHA), within the scope of their practice.

QA program standards, established by DHCS in consultation with the California Behavioral Health Directors Association, are based on federal Medicaid requirements. This is similar to how standards are developed for specialty mental health services as required by WIC Section 14725. The QA program standards, also known as QI Program standards, are designed to meet federal Medicaid requirements and will be reviewed by DHCS annually, or when a county amends its QI program plan.

Specific county obligations for performing QA/UR activities are contained in the state approved contract. Providers must ensure that DMC ODS services are delivered by licensed physicians or other LPHA's, within the scope of their practice.

REIMBURSABLE COSTS AND CLAIMING

A list of reimbursable QA/UR tasks and activities is attached as Enclosure 1. This list excludes any administrative support costs as these are reimbursed separately (see MHSUDS Information Notice 14-033). The maximum reimbursable expenses for county quality assurance activities and utilization review are:

- Total salaries and wages (maximum of 75 percent FFP);
- Staff benefits (maximum of 75 percent FFP);
- Training (maximum of 75 percent FFP);
- Travel (maximum of 75 percent FFP);
- General expense for staff other than SPMP (maximum of 50 percent FFP);
- Communication expense for staff other than SPMP (maximum of 50 percent FFP); and
- Facility operation expense for staff other than SPMP (maximum of 50 percent FFP).

The 50 percent FFP reimbursement rate is available for salaries and related costs of non-SPMP staff and staff who are not under the direct supervision of the SPMP staff, and who are involved in the administration of DMC ODS QA/UR activities.

QUARTERLY CLAIM FORM

Counties must use the attached form in Enclosure 2, and related instructions to bill for the actual time used by county staff on DMC ODS QA/UR activities, and to summarize all staff expenditures and staff costs.

Participating counties must submit QA and UR claims on a quarterly basis. When submitting claims, mark the appropriate box on the claim form to indicate the quarter involved. Submit the completed form to:

Department of Health Care Services
Fiscal Policy Unit Attention: QA/UR
SUD-Program, Policy and Fiscal Division, MS 2628
P.O. Box 997413
Sacramento, CA 95899-7413

Under the Federal Office of Management and Budgets Circular A-87 (OMB A-87), Attachment B, item 8(h), a payroll system tracking all work time is normally required when seeking federal reimbursement. However, a time survey provides a substitute system for allocating salaries and wages in place of daily activity reports. As stated in the form instructions, if a county is not using a time survey process to allocate salaries and wages to programs, then the employee name, job classification, and position number of the employees performing the DMC ODS QA/UR activities must be placed on the claim form. If a county is using a time-survey process to allocate salaries and wages to programs, then the employee identification information is not required on the claim form. In the latter case, DHCS auditors may examine the county time-survey data and allocation process and procedures during DMC ODS audits.

STATE COUNTY CONTRACT PROVISIONS

The state approved contract Exhibit A, Attachment I, item (C)(5) contains county obligations for performing QA/UR activities. It includes an obligation that if a county's SPMP and directly supporting staff meet the criteria set forth in 42 CFR 432.50(d)(1), then the county must submit a written request to DHCS that specifically demonstrates how the skilled professional medical personnel and directly supporting staff meet all applicable criteria, and outlines the duties they will perform to assist DHCS, or the DHCS's skilled professional

medical personnel, in activities that are directly related to the administration of the DMC ODS Program. DHCS must then respond to the county's written request within 20 calendar days approving the request or explaining why DHCS could not approve the request.

AUDIT PROVISIONS

Counties who claim for QA/UR must keep all supporting documentation that demonstrates the amount of funds and costs paid for these activities as well as the documents that support the work completed and claimed. For claims submitted at the SPMP levels, counties must demonstrate that these individuals meet the SPMP criteria.

REFERENCES

DMC-ODS Waiver Special Terms and Conditions
California Welfare & Institutions Code 14124.24
California Welfare & Institutions Code 14711
Social Security Act (SSA), Title XI, Section 1154(a)(1)
Code of Federal Regulations, Title 42, Sections 432.2, 432.50, and 433.15

QUESTIONS / MAINTENANCE

Direct questions concerning this notice and its exhibits to the following:

German Valencia, Analyst
Substance Use Disorders – Program, Policy and Fiscal Division
Department of Health Care Services, MS 2628
P.O. Box 997413
Sacramento, CA 95899-7413
(916) 327-2740
German.Valencia@dhcs.ca.gov

Sincerely,

Original signed by

Karen Baylor, Ph.D., LMFT, Deputy Director
Mental Health & Substance Use Disorder Services

Enclosures