



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.: 17-012

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
DIRECT PROVIDERS

SUBJECT: State General Fund Allocation Estimates for Drug Medi-Cal

BACKGROUND

On January 10, 2017, the Department of Health Care Services (DHCS) released the November 2016 estimate for the Drug Medi-Cal (DMC) program. This shows the total amount of State General Fund (SGF) estimated for DMC services. DHCS is required to develop an allocation method to estimate each counties share of the total SGF.

METHODOLOGY

The SGF budget authority is a point-in-time estimate determined twice per year in the Medi-Cal Estimates. The SGF budget authority from the November 2016 Medi-Cal Estimates is:

- DMC ODS Waiver
 - State Funds FY 2016-17 \$3,115,610
 - State Funds FY 2017-18 \$141,605,130
- DMC Regular
 - State Funds FY 2016-17 \$3,028,770
 - State Funds FY 2017-18 \$5,701,810

In order to determine each county's share of the SGF estimate, DHCS used FY 2013-14 DMC historical claims data from the Behavioral Health Sub account to define the annual cost of running services. The first step was to add the cost for all counties to come up with a state total. The second step was to divide the county's costs by the state total calculated; this gives the percent each county uses to run services. This percentage is then time-adjusted.

To elaborate, FY 16-17 ends on June 2017 and a county scheduled to go live on March 2017 will have 4 months, or 33% ($4/12 = 33\%$) of FY 16-17, to use their annual allocation, which can result in unused funds. Example, assume a county historic use of funds is 0.51% of the state total, time adjustment would result in 0.17% ($0.51\% * 33\%$).

Next, take the calculated percentage and apply the same methodology in steps one and two to get a newly calculated percentage only for the counties who will be in the Organized Delivery System (ODS) Waiver. Similar to step 2, multiply the new calculated percentage for each of the total DMC ODS Waiver counties by the amount of funds available for FY 16-17.

This adjustment is applied to relevant counties to adjust for their time leaving the regular DMC contract and going into the DMC ODS Waiver.

Funding for the existing treatment modalities: Narcotic Treatment Program (NTP), Intensive Outpatient Treatment (IOT), Outpatient Drug Free (ODF), and Perinatal Residential Treatment Services (RTS) will remain the same. New services under the waiver, except for nonperinatal IOT and RTS expanded services will be funded with Federal Financial Participation (FFP) and County Fund (CF) funds. Consistent with prior estimates, expanded IOT and RTS services will be funded with FFP and SGF. Enclosure 1 of this information notice shows the county breakdown of the total SGF amounts.

QUESTIONS / MAINTENANCE

Questions concerning this notice and its exhibits should be directed to:

German Valencia, Associate Governmental Program Analyst
Substance Use Disorders – Program, Policy and Fiscal Division
Department of Health Care Services, MS 2629
P.O. Box 997413
Sacramento, CA 95899-7413
(916) 327-2740
German.Valencia@dhcs.ca.gov

MHSUD INFORMATION NOTICE NO.: 17-012
April 14, 2017
Page 3

Sincerely,

Original Signed by

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