



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



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DIRECTOR

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GOVERNOR

DATE: February 10, 2023

Behavioral Health Information Notice No: 23-004

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 Quarterly Claiming for Reimbursement of County
Administrative Expenses and Quality Assurance and Utilization Review
Changes

REFERENCE: [IN 14-033](#), [IN 17-011](#)

PURPOSE: This Behavioral Health Information Notice (BHIN) informs Drug Medi-Cal-Organized Delivery System (DMC-ODS) and DMC State Plan Counties of updates to requirements and claiming forms for Administrative (Admin) costs and Quality Assurance/Utilization Review (QA/UR).

BACKGROUND:

Administrative Costs

DHCS currently provides reimbursement for administrative costs incurred by DMC-ODS Counties and DMC State Plan Counties up to 15 percent of the actual costs for direct client services. The claim form update, effective July 1, 2022, includes the breakout of Medicaid Children's Health Insurance Program (MCHIP) costs, which have a lower allowable maximum percentage for Administrative claims, and the inclusion of Proposition 30 expenses for both Admin and QA/UR claim forms. Approved by the voters in 2012, Proposition 30 requires the state to share part of the costs associated with future state and federal law changes. Legislation enacted after September 30,

2012, which has an overall effect of increasing the costs already sustained by local agencies for programs or levels of service mandated by 2011 Realignment shall apply to local agencies only to the extent that the state provides annual funding for the cost increase.

Proposition 30 Costs- State Requirement: Prop. 30 requires the state to reimburse counties 100% of the non-federal share for increased costs to implement realigned programs that result from new requirements the state imposed after September 30, 2012. Effective July 1, 2022, Contingency Management Administration is claimable for approved DMC-ODS participating counties.

Proposition 30 Costs- Federal Requirements: Prop. 30 requires the state to reimburse counties 50% of the non-federal share of increased costs to implement realigned programs that result from new requirements the federal government imposed after September 30, 2012. Effective July 1, 2022, Final Rule (Parity Rule) expenses are claimable for State Plan Counties only.

QAUR Costs for DMC ODS Counties

Social Security Act (SSA), Title XI, Section 1154(a)(1), authorizes the reimbursement of QAUR activities for physicians, health care practitioners, and providers of health care services. Title 42, Code of Federal Regulations (CFR) Sections 432.50(b)1, 433.15(b)(5), and 432.50(b)(7) lists the eligible activities and allowable reimbursement amounts for these activities.

Currently, DMC ODS counties submit claims to DHCS for reimbursement of QA/UR activities through a quarterly invoicing process outside of the Short Doyle Medi-Cal claiming system.

POLICY:

Administrative Costs

Welfare and Institutions Code, Section 14711(c) limits administrative costs eligible for reimbursement to 15% of direct service costs for Other Administrative expenses. Title 43, Code of Federal Regulations, Section 457.618(c) limits reimbursement of MCHIP administrative costs to 10% of direct service costs.

DHCS revised the Admin claim form MC 5312 to require DMC-ODS and DMC State Plan counties to claim separately for administrative costs associated with MCHIP services and other DMC services. DHCS also added separate lines for counties to claim Proposition 30 expenses.

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Counties should reference [IN 14-033](#) to define direct service expenses and indirect service expenses.

QAUR Cost Settlements for DMC ODS Counties

DMC ODS Counties that have incurred QAUR expenses from FY 2017-18 to FY 2019-20 must submit an annual QAUR claim using DHCS 5311. Counties will submit the annual QAUR claim to the DHCS Cost Settlement unit. Counties must report total QAUR costs and actual time used by county staff for QAUR activities. Beginning with FY 2020-21, the DMC QAUR annual claim form and instructions will be incorporated into the annual cost report instructions and submission.

Revised Claim Forms

Starting July 1, 2022, each County should claim for County Administrative Expenses and QAUR costs using the revised forms. While DMC State Plan Counties are not eligible to claim QAUR expenses, these counties can claim Prop 30 State and Prop 30 Federal expenses for Final Rule using the DMC QAUR claim form DHCS 5311.

Revised DMC administrative claim form with instructions (MC 5312) and DMC (QA/UR) form (DHCS 5311) are listed at [Drug Medi-Cal Treatment Program Forms](#).

For questions please e-mail BHFSEops@dhcs.ca.gov.

Sincerely,

Original signed by

Brian Fitzgerald, Chief
Local Governmental Financing Division

Enclosures