



AUG 13 2015

Mari Cantwell
Chief Deputy Director
Department of Health Care Services
Director's Office, MS 0000
P.O. Box 997413
Sacramento, CA 95899-7413

Dear Ms. Cantwell:

This letter is to inform you that the Centers for Medicare & Medicaid Services (CMS) has approved your request to amend California's section 1115 demonstration project, entitled California Bridge to Reform Demonstration (Project Number 11-W-00193/9). This amendment authorizes the state to test a new paradigm for the organized delivery of health care services for Medicaid eligible individuals with a substance use disorder (SUD). The Drug Medi-Cal Organized Delivery System (DMC-ODS) will be offered as a Medi-Cal benefit and delivery system in counties that choose to opt into and implement the pilot program, consistent with the CMS guidance issued in the July 27, 2015 State Medicaid Directors letter on new service delivery opportunities for individuals with a substance use disorder (see SMD # 15-003). These changes are effective as of the date of the approval letter.

This amendment to California's current section 1115 demonstration project authorizes California to implement a new SUD benefit and delivery system. California is the first 1115 project approved under CMS' recent guidance on opportunities for states to design service delivery systems for individuals with SUD, through 1115 demonstration projects that provide a continuum of care for individuals with SUD. California's program, called the Drug Medi-Cal Organized Delivery System (DMC-ODS), meets the standards set forth in the letter, including an evidence-based benefit design covering the full continuum of care, requiring providers to meet industry standards of care, a strategy to coordinate and integrate across systems of care, reporting specific quality measures, ensuring there are the necessary program integrity safeguards and a benefit management strategy, in addition to the other programmatic expectations described in the letter. The DMC-ODS will allow counties to selectively contract with providers in a managed care environment to deliver a full array of services consistent with the American Society of Addiction Medicine (ASAM) Treatment Criteria, including recovery supports and services. Importantly, the state will assess short-term residential treatment providers as delivering care consistent with ASAM criteria prior to their participating in the program. We support California's efforts to improve the care and outcomes for individuals with SUD, and we look forward to working with more states committed to broad and deep SUD reforms through this new 1115 SUD initiative.

CMS approval of this section 1115 demonstration amendment is subject to the limitations specified in the approved waiver authorities and compliance with the enclosed Special Terms and Conditions (STCs) defining the nature, character, and extent of Federal involvement in this project. The state may deviate from the Medicaid state plan requirements only to the extent those requirements have been waived or specifically listed as not applicable to the expenditure authorities. The approval is subject to CMS receiving your written acknowledgement of the award and acceptance of these STCs within 30 days of the date of this letter. A copy of the revised STCs, waivers, and expenditure authorities are enclosed.

Your project officer for this demonstration is Ms. Mehreen Hossain. She is available to answer any questions concerning your section 1115 demonstration and this amendment. Ms. Hossain's contact information is:

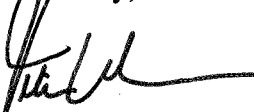
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Official communications regarding this demonstration should be sent simultaneously to Ms. Hossain and Ms. Hye Sun Lee, Acting Associate Regional Administrator for the Division of Medicaid and Children's Health in our San Francisco Regional Office. Ms. Lee's contact information is as follows:

Ms. Henrietta Sam-Louie
Acting Associate Regional Administrator
Division of Medicaid and Children's Health Operations
90 Seventh Street, Suite 5-300 (5W)
San Francisco, CA 94103-6706

If you have any questions regarding this approval, please contact Mr. Eliot Fishman, Director, State Demonstrations Group, Centers for Medicaid & CHIP Services at (410) 786-5647.

Sincerely,



Vikki Wachino
Director

cc: Henrietta Sam-Louie, Acting ARA Region IX