



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



**ARNOLD SCHWARZENEGGER**  
Governor

June 7, 2007

Medi-Cal Eligibility Branch Information Letter No.: I 07-03

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIAISONS  
ALL PUBLIC HEALTH OFFICERS

SUBJECT: REORGANIZATION OF THE DEPARTMENT OF HEALTH SERVICES

The purpose of this letter is to advise counties of the reorganization of the Department of Health Services (DHS) and the Medical Care Services program.

Senate Bill 162 (Chapter 241, Statutes of 2006) establishes a California Department of Public Health (CDPH) within the existing Health and Human Services Agency and transfers designated programs to the new department, effective July 1, 2007. At the same time, DHS is renamed as the Department of Health Care Services (DHCS). This reorganization of DHS into CDPH and DHCS has a number of benefits:

1. Provide more focused leadership in public health and health care financing at the state level;
2. Streamline management of complex program components along functional lines;
3. Create a more effective public health infrastructure in California resulting in decreased illness, injury and death rates;
4. Provide greater protection to California residents in the event of an act of bioterrorism or other major public health emergency;
5. Increase accountability, responsiveness, effectiveness and transparency for the public health and health care purchasing functions of state government;
6. Provide visibility on important health care issues to providers, local health departments, federal government, Legislature, advocates, press and general public; and
7. Recruit and retain top quality staff for the new departments.

This reorganization also affects the Medi-Cal Program. Today, Medical Care Services (MCS) is responsible for the Medi-Cal Program within DHS. MCS is currently divided into four complex divisions and one office under the direction of the MCS Deputy Director, who acts as the State's Medicaid Director. The Divisions/ Offices are as follows:

1. Medi-Cal Policy Division (MCPD)
2. Medi-Cal Payment Systems Division (PSD)
3. Medi-Cal Operations Division (MCPD)
4. Medi-Cal Managed Care Division (MMCD)
5. Office of Medi-Cal Procurement (OMCP)

As part of the establishment of DHCS, there is also a reorganization of MCS into Health Care Programs. This reorganization reflects the complexity of Medi-Cal and will facilitate better administration of the Medi-Cal program and the financing and administration of individual health care delivery systems. The new DHCS Health Care Programs will have two deputy directors, one for Policy and one for Operations, under the direction of the Chief Deputy Director for Health Care Programs. Below are the divisions under the responsibility of each of the Deputy Directors:

Deputy Director, **Policy**:

1. Medi-Cal Eligibility Division
2. Medi-Cal Benefits, Waiver Analysis and Rates Division
3. Safety Net Financing Division
  - a. Medi-Cal Administrative Activities and Local Education Agency
  - b. Primary Care and Rural Health Systems
  - c. Disproportionate Share Hospital
4. Pharmacy Benefits Division
5. Long Term Care Division
  - a. Office of Long Term Care
  - b. Home and Community Based Waivers

Deputy Director, **Operations:**

1. Medi-Cal Managed Care Division
2. Systems of Care Division
  - a. Children's Medical Services programs
  - b. Coordinated Care management
  - c. Child Health and Disability Prevention
  - d. Disease Management
  - e. Genetically Handicapped Persons Program
  - f. Newborn Hearing Screening
  - g. Medical Case Management
3. Provider Enrollment Division
4. Fiscal Intermediary and Contracts Oversight Division
5. Third Party Liability and Recovery Division
6. Utilization Management Division
  - a. TAR processing

The Information Technology Service Division and the Fiscal Forecasting and Data Management Branch report to Chief Deputy Director for Program and Policy Support.

Effective with the establishment of DHCS and the reorganization of MCS into Health Care Programs on July 1, 2007, the Medi-Cal Eligibility Branch will become the Medi-Cal Eligibility Division (MCED). The chief of the Division will be a Career Executive Assignment appointment. The internal structure of MCED will remain the same for now, with three Policy Sections and the Program Review Section. The mailing address for MCED will remain the same, except that it will be Department of Health Care Services instead of Department of Health Services. Email addressing will change, but it will still be possible to contact MCED staff using the existing email addresses for an undetermined period of time.

As part of becoming a new department, it will be necessary to change the forms that refer to DHS to show DHCS. This could also mean a change in the form numbers for those forms with DHS xxxx so they become DHCS xxxx. As the over 500 forms are reviewed and changed, there will be a new issue date reflecting the month and year in which the form was changed. It is the intent to exhaust the existing stock of forms and replenish them with new, revised forms. We will only order a minimal number of the old forms, as necessary, to last until July 1, 2007.

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If you have any questions about the change to DHCS or the reorganization into the Health Care Programs, please contact Mr. Richard Brantingham at [rbrantin@dhs.ca.gov](mailto:rbrantin@dhs.ca.gov) or at (916) 552-9441.

ORIGINAL SIGNED BY

Maria Enriquez, Chief  
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