

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS  
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## ADP BULLETIN

Title <b>ACCESSING THE STATE GENERAL FUND CONTINGENCY RESERVE FOR DRUG MEDI-CAL SERVICES</b>		Issue Date: 11-13-98  Expiration Date: Until Notified	Issue No. <b>98-58</b>
Deputy Director Approval  Original signed by: GLORIA J. MERK, II Program Operations Division	Function <input type="checkbox"/> Information Management <input type="checkbox"/> Quality Assurance <input type="checkbox"/> Service Delivery <input checked="" type="checkbox"/> Fiscal <input type="checkbox"/> Administration	Supersedes Bulletin/ADP Letter No.	

**PURPOSE**

This is to inform counties of the conditions under which they may access the State General Fund (SGF) contingency reserve for Drug Medi-Cal (DMC) services.

**DISCUSSION**

The Department continues to maintain a SGF contingency reserve to meet costs that exceed the amount budgeted for alcohol and other drugs (AOD) treatment services for Medi-Cal eligible persons.

A county may access the reserve fund if either:

- all allocated SGF dollars have been expended for DMC services and there is a further need for DMC services during the current fiscal year; or,
- the additional demand for services is due to unanticipated growth in the utilization of DMC services because one or more providers established a DMC-certified AOD treatment program in the county after the county had submitted its most recent budget to the Department.

Unanticipated growth does not include current providers' service expansions, rate increases, or other known factors that should be included in a county's budget. If the county did not include anticipated growth in its budget, the county must amend its contract to transfer non-DMC SGF funds to DMC services.

The Department may access the contingency reserve fund on behalf of a county if the interim cost report settlement indicates costs in excess of the amount identified for DMC services and all other SGF dollars allocated to the county have been expended.

**REFERENCES**

ADP Letter # 94-24, dated August 15, 1994  
 ADP Letter # 94-36, dated November 7, 1994  
 ADP Letter # 95-11, dated March 24, 1995  
 ADP Letter # 95-16, dated March 31, 1995

Fiscal Year 1998-99 County Contract for DMC Substance Abuse Treatment Services,  
Part II, Article IV (Fiscal Provisions)

### **HISTORY**

In 1994, the Sobky vs. Smoley lawsuit resulted in the federal court ordering the Department of Alcohol and Drug Programs and the counties to discontinue limiting Medi-Cal clients' access to DMC treatment services due to fiscal constraints. This action led the Department to revise its DMC accessibility and statewide policies in the following manner:

- consistent with Legislative intent, the first priority for expenditure of SGF dollars became services to Medi-Cal eligible persons, including minor consent youth, and
- any DMC-certified provider can offer DMC services and receive reimbursement for those services.

Fiscal Year 1994-95 was the transition year for the implementation of the Sobky decision. To ensure that counties had adequate SGF dollars to meet the demand for DMC services, the Department maintained a contingency reserve as part of the allocation methodology to cover DMC costs should they exceed the amounts projected by counties.

### **QUESTIONS/MAINTENANCE**

Please direct questions regarding the SGF contingency reserve fund for DMC services and potential amendments to your DMC contract to the Contracts Management Branch analyst assigned to your county by calling (916) 323-1872.

### **EXHIBITS**

N/A

### **DISTRIBUTION**

County Alcohol and Drug Program Administrators  
Wagerman Associates, Inc.  
Director's Advisory Council