

DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS

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July 29, 1997

ADP #96-37**TO:** COUNTY ALCOHOL AND DRUG PROGRAM ADMINISTRATORS**SUBJECT:** FISCAL YEAR (FY) 1996-97 BUDGET ACT AND TRAILER BILL

The budget process for FY 1996-97 has been completed. As a result of the enactment of the Budget Act and Trailer Bill (AB 3483), the optional Drug/Medi-Cal (D/MC) benefit has been retained. However, significant modifications have been made in the program. Below is a summary of these changes, effective July 1, 1996, unless otherwise indicated:

FISCAL PROVISIONS

- Reduces the "trigger" for total D/MC State General Fund (SGF) expenditures. As of May 15, 1997, should the cost of all FY 1996-97 D/MC outpatient drug abuse services be projected to exceed \$45 million in SGF, Outpatient Drug Free (ODF) services will be terminated as a D/MC benefit during FY 1997-98.
- Appropriates \$21,247,000 for local assistance to perinatal substance abuse treatment programs.
- Authorizes the transfer of funds as needed to perinatal programs to ensure a minimum funding of \$25 million for those programs during FY 1996-97.
- Allows for the reappropriation of funds from prior years to ensure the availability of a reserve of up to \$5 million for FY 1996-97 D/MC costs.

RATES

- Establishes maximum allowable rates of reimbursement as shown below:

D/MC RATES - EFFECTIVE JULY 1, 1996

Service Category	OMM	DCH	NAL	ODF Individual	ODF Group	Residential
Regular	\$12.16	\$61.91*	\$21.20	\$53.21**	\$20.00***	N/A
Perinatal	\$13.60	\$91.02	N/A	\$74.87**	\$28.14***	\$80.61

* EPSDT only.

** Individual counseling remains authorized for the same specific purposes as in FY 1995-96.

*** Per Person.

D/MC CLAIMS

- Claims submitted for services provided on or after July 1, 1996, must not exceed the new maximum rate outlined above. There will be no applicable "good cause" for the late submission of claims due to the notification of rate changes, since claims for July 1996 are not due to the Department until August 30, 1996. Other "good cause" codes as outlined in Section 51008 of Title 22 can still be used as appropriate.

PROGRAM REQUIREMENTS

- An ODF group shall consist of a minimum of four (4) and a maximum of ten (10) persons, at least one of which must be a Medi-Cal eligible beneficiary. *This change was effective July 15, 1996.*
- The Department may adopt regulations as necessary to implement the Budget Act and Trailer Bill language. Regulations become effective the date they are adopted by the Secretary of State's office. Notification to counties and providers of regulations adopted will commence immediately following confirmation by the Secretary of State.

CONTRACTS

- To facilitate the payment of D/MC claims, the Department is processing the FY 1996-97 D/MC contracts whose budgets include the FY 1995-96 rates. For the next contract amendment, ADP will provide a revised budget diskette so that counties can adjust their budgets to reflect the FY 1996-97 rates.

STUDIES/AUDITS/SURVEYS

- Requires the Bureau of State Audits to conduct an administrative audit of the Department's financial procedures for allocation of funds and reimbursement of treatment service costs.
- Mandates a study by an independent actuarial firm of the actual rates paid by the Department for alcohol and other drug (AOD) treatment and ancillary services.
- Delineates a comprehensive Department survey of providers' Department-funded AOD services, with survey data collected and analyzed by an actuarial firm and validated by the Bureau of State Audits.

COUNTY ALCOHOL AND DRUG
PROGRAM ADMINISTRATORS

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We hope that this provides a thorough overview of the provisions of the FY 1996-97 Budget Act and Trailer Bill. We look forward to working with you during the coming year in the provision of AOD-related services. If you have any questions with regard to this letter, please do not hesitate to contact your contract analyst/county liaison.

Sincerely,

GLORIA J. MERK, II
Deputy Director
Program Operations Division

cc: Wagerman Associates, Inc.