



**CONDITIONS IN WHICH COSTS OF SERVING D/MC CLIENTS MAY  
BE CHARGED TO OTHER FUND SOURCES**

| <b>CONDITIONS</b>  | <b>ALLOWABLE FUND SOURCE*</b>  |
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| 1) D/MC Costs Exceed Rate Cap  | Unrestricted Funds**   |
| 2) Services required for Perinatal funding but not covered by D/MC   | Perinatal SGF<br>SAPT Perinatal Set-Aside<br>Unrestricted Funds*   |
| 3) ODF Individual Counseling not covered by D/MC   | Perinatal SGF<br>Regular non-D/MC SGF<br>SAPT Perinatal Set Aside<br>SAPT Discretionary<br>Unrestricted Funds* |
| 4) Denied & Disallowed Units of Service  | Perinatal SGF<br>Regular non-D/MC SGF<br>SAPT Perinatal Set Aside<br>SAPT Discretionary<br>Unrestricted Funds* |
| 5) ODF Group Counseling where group size is less than 4 or more than 10 ( <i>for FY 1996-97 and following</i> ). | Perinatal SGF<br>Regular non-D/MC SGF<br>SAPT Perinatal Set Aside<br>SAPT Discretionary<br>Unrestricted Funds* |

\* All requirements and limitations as contained in federal or state law apply for use of each potential fund source, for example perinatal funds may only be used for perinatal services.

\*\* Unrestricted funds may include county overmatch, but not State, federal, or county match funds.

**Condition 1) D/MC Costs Exceed Rate Cap:**

Per ADP Letter # 96-07, Title 42 of the Code of Federal Regulations, Section 447.15, states that “providers must accept the Medicaid payment as payment in full for providing the service.” Title 22 of the California Code of Regulations, Section 51516.1, states that “providers will be paid the **lower** of customary charges, allowable costs, or the maximum rate for each Drug/Medi-Cal service.” [Emphasis added] This section sets the maximum limit for reimbursement. All costs associated with providing the service must be recovered within the all-inclusive rate and may not exceed this amount. Costs in excess of the rate cap must be charged to unrestricted funds.

**Condition 2) Services Required for Perinatal funding but not covered by D/MC:**

Regardless of the fund source, all perinatal services network programs must comply with the *Perinatal Services Network Guidelines, Fall 1995*. Within those guidelines, certain activities, such as case management and off-site day care, are not included in the D/MC Utilization Control Plan for perinatal services and are not reimbursable by D/MC funds. If a provider has been certified to provide, and be reimbursed for, perinatal D/MC services, those services not covered by D/MC may be charged where appropriate, to Perinatal State General Funds, non D/MC State General Fund (SGF), Federal Perinatal Set-Aside funds, and unrestricted funds.

**Condition 3) Outpatient Drug Free (ODF) Individual Counseling Not Covered by D/MC:**

Per ADP Letter # 95-48, D/MC funding is allowable for individual counseling sessions for intake (including evaluation, assessment and diagnosis), crisis intervention, collateral services, and treatment and discharge planning only. Individual ODF counseling sessions may be charged to perinatal and regular SGF and Substance Abuse Prevention and Treatment (SAPT) Block Grant perinatal and non-D/MC funds, and unrestricted funds.

**Condition 4) Denied and Disallowed Units of Service:**

Services that have been actually provided but denied by the Department of Health Services or disallowed by the Utilization Review Committee for technical reasons may be charged to unrestricted funds and appropriate perinatal and regular discretionary SGF or SAPT perinatal and discretionary funds. Where services have been provided in good faith, the Department wishes to ensure that providers receive appropriate reimbursement through other fund sources. See ADP Letter # 95-45, page 7.

**Condition 5) ODF Group Counseling Where the Group Size is Less Than 4 or More Than 10 (For FY 1996-97 and following).**

Per ADP Letter # 96-37, "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." Instances in which the group size is less than 4 and more than 10 may be charged where appropriate, to perinatal and regular SGF and Substance Abuse Prevention and Treatment (SAPT) Block Grant perinatal and non-D/MC funds, and unrestricted funds.