

Assembly Bill No. 2071

CHAPTER 1027

An act to add Sections 11758.41, 11758.42, 11758.44, 11758.46, and 11758.47 to the Health and Safety Code, relating to drug programs.

[Approved by Governor September 27, 1996. Filed
with Secretary of State September 29, 1996.]

LEGISLATIVE COUNSEL'S DIGEST

AB 2071, Miller. Medi-Cal: drug abuse services.

Existing law establishes the method of reimbursing providers for drug abuse services and alcohol program services under the Medi-Cal program.

Existing law permits the State Department of Alcohol and Drug Programs to enter into a Medi-Cal Drug Treatment Program contract with each county to fund alcohol and drug abuse program services in accordance with prescribed procedures.

This bill would define the services reimbursable under this program, and establish contracting, billing, and reimbursement procedures governing this program.

The bill would permit the department to adopt regulations, including emergency regulations, for implementation of the bill.

The people of the State of California do enact as follows:

SECTION 1. Section 11758.41 is added to the Health and Safety Code, to read:

11758.41. (a) It is the intent of the Legislature that the department, in consultation with narcotic treatment program providers, county alcohol and drug program administrators, and organizations advocating on behalf of Medi-Cal beneficiaries, no later than March 1, 1997, complete a review of existing state regulations for consistency and necessity to eliminate unnecessary costs for administration of narcotic treatment programs.

(b) Based on the review, described pursuant to subdivision (a), the department and the State Department of Health Services shall commence rulemaking proceedings, in order to adopt, amend, or repeal regulations, as needed.

SEC. 2. Section 11758.42 is added to the Health and Safety Code, to read:

11758.42. (a) For purposes of this chapter, "LAAM" means levoalphacetylmethadol.

(b) (1) The department shall establish a narcotic replacement therapy dosing fee for methadone and LAAM.



(2) In addition to the narcotic replacement therapy dosing fee provided for pursuant to paragraph (1), narcotic treatment programs shall be reimbursed for the ingredient costs of methadone or LAAM dispensed to Medi-Cal beneficiaries. These costs may be determined on an average daily dose of methadone or LAAM, as set forth by the department, in consultation with the State Department of Health Services.

(c) Reimbursement for narcotic replacement therapy dosing and ancillary services provided by narcotic treatment programs shall be based on a per capita uniform statewide monthly reimbursement rate for each individual patient, as established by the department, in consultation with the State Department of Health Services. The uniform statewide monthly reimbursement rate for ancillary services shall be based upon, where available and appropriate, and shall not exceed, for individual services or in the aggregate, the outpatient rates for the same or similar services under the fee-for-service Medi-Cal program. In establishing the uniform statewide monthly rate, the department shall also utilize the rate studies completed pursuant to Section 54 of Assembly Bill 3483 of the 1995–96 Regular Session of the Legislature. The uniform statewide monthly reimbursement rate shall be established after consultation with narcotic treatment program providers and county alcohol and drug program administrators.

(d) Reimbursement for narcotic treatment program services shall be limited to those services specified in state law and state and federal regulations governing the licensing and administration of narcotic treatment programs. These services shall include, but are not limited to, all of the following:

- (1) Admission, physical evaluation, and diagnosis.
- (2) Drug screening.
- (3) Pregnancy tests.
- (4) Narcotic replacement therapy dosing.
- (5) Intake assessment, treatment planning, and counseling services. Frequency of counseling or medical psychotherapy, outcomes, and rates shall be addressed through regulations adopted by the department. For purposes of this paragraph, these services include, but are not limited to, substance abuse services to pregnant and postpartum Medi-Cal beneficiaries.

(e) Reimbursement under this section shall be limited to claims for narcotic treatment program services at the uniform statewide monthly reimbursement rate for these services. These rates shall be exempt from the requirements of Section 14021.6 of the Welfare and Institutions Code.

(f) Reimbursement to narcotic treatment program providers shall be limited to the lower of either the uniform statewide monthly reimbursement rate, pursuant to subdivision (c), or the provider's



usual and customary charge to the general public for the same or similar service.

(g) Reimbursement for narcotic treatment program services provided by narcotic treatment program providers shall, if the patient receives less than a full month of services, be prorated to the daily cost per patient, based on the annual cost per patient and a 365-day year. No program shall be reimbursed for services not rendered to or received by a patient of a narcotic treatment program.

(h) Reimbursement for narcotic treatment program services provided to substance abusers shall be administered by the department and counties electing to participate in the program. Utilization and payment for these services shall be subject to federal medicaid and state utilization and audit requirements.

SEC. 3. Section 11758.44 is added to the Health and Safety Code, to read:

11758.44. (a) In addition to narcotic treatment program services, a narcotic treatment program provider who is also enrolled as a Medi-Cal provider, may provide medically necessary medical treatment of concurrent diseases, within the scope of the provider's practice, to Medi-Cal beneficiaries who are not enrolled in managed care plans. Medi-Cal beneficiaries enrolled in managed care plans shall be referred to those plans for receipt of medically necessary medical treatment of concurrent diseases.

(b) Diagnosis and treatment of concurrent diseases of Medi-Cal beneficiaries not enrolled in managed care plans by a narcotic treatment program provider may be provided within the Medi-Cal coverage limits. When the services are not part of the substance abuse treatment reimbursed pursuant to Section 11758.42, services shall be reimbursed at Medi-Cal program outpatient rates. Services reimbursable under this section shall include, but are not limited to, all of the following:

- (1) Medical treatment visits.
- (2) Diagnostic blood, urine, and X-rays.
- (3) Psychological and psychiatric tests and services.
- (4) Quantitative blood and urine toxicology assays.
- (5) Medical supplies.

(c) A narcotics treatment program provider, who is enrolled as a Medi-Cal fee-for-service provider, shall not seek reimbursement from a beneficiary for substance abuse treatment services, if services for treatment of concurrent diseases are billed to the Medi-Cal fee-for-service program.

SEC. 4. Section 11758.46 is added to the Health and Safety Code, to read:

11758.46. (a) For purposes of this section, "drug-Medi-Cal services" means all of the following services, administered by the department, and to the extent consistent with state and federal law:



(1) Narcotic treatment program services, as set forth in Section 11758.42.

(2) Day care habilitative services.

(3) Perinatal residential services for pregnant women and women in the postpartum period.

(4) Naltrexone services.

(5) Outpatient drug-free services.

(b) (1) By July 1, 1997, and annually thereafter, the department shall publish procedures for contracting for drug-Medi-Cal services with certified providers and for claiming payments, including procedures and specifications for electronic data submission for services rendered.

(2) By July 1, 1997, the department, county alcohol and drug program administrators, and alcohol and drug service providers shall automate the claiming process and the process for the submission of specific data required in connection with reimbursement for drug-Medi-Cal services, except that this requirement shall be applicable only if funding is available from sources other than those made available for treatment or other services.

(c) A county or a contractor for the provision of drug-Medi-Cal services shall notify the department, within 30 days of the receipt of the county allocation, of its intent to contract, as a component of the single state-county contract, for and provide certified services pursuant to Section 11758.42 for the proposed budget year. Included in this notification shall be an accurate and complete proposal budget, the structure of which shall be mutually agreed to by county alcohol and drug program administrators and the department, in the format provided by the department, for specific services, for a specific time period, estimated units of service, estimated rate per unit consistent with law and regulations, and total estimated cost for appropriate services.

(d) (1) Within 30 days of receipt of the proposal described in subdivision (c), the department shall provide to counties and contractors proposing to provide drug-Medi-Cal services in the proposed budget year, a proposed multiple-year contract, as a component of the single state-county contract, for these services, a current utilization control plan, and appropriate administrative procedures.

(2) A county contracting for alcohol and drug services shall receive a single state-county contract for net negotiated amount and drug-Medi-Cal services.

(3) Contractors contracting for drug-Medi-Cal services shall receive a drug-Medi-Cal contract.

(e) (1) Upon receipt of a contract proposal pursuant to subdivision (c), a county and a contractor seeking to provide reimbursable drug-Medi-Cal services and the department, may begin negotiations and the process for contract approval.



(2) If a county does not approve a contract by July 1, of the appropriate fiscal year, in accordance with subdivisions (b) to (d), inclusive, the county shall have 30 additional days in which to approve a contract. If the county has not approved the contract by the end of that 30-day period, the department shall contract directly for services within 30 days.

(3) Counties shall negotiate contracts only with providers certified to provide reimbursable drug-Medi-Cal services and who elect to participate in this program. Upon contract approval by the department, a county shall establish approved contracts with certified providers within 30 days following enactment of the annual Budget Act. A county may establish contract provisions to ensure interim funding pending the execution of final contracts, multiple-year contracts pending final annual approval by the department, and, to the extent allowable under the annual Budget Act, other procedures to ensure timely payment for services.

(f) (1) For counties and contractors providing drug-Medi-Cal services, pursuant to approved contracts, and that have accurate and complete claims, reimbursement for services from state General Fund moneys shall commence no later than 45 days following the enactment of the annual Budget Act for the appropriate state fiscal year.

(2) For counties and contractors providing drug-Medi-Cal services, pursuant to approved contracts, and that have accurate and complete claims, reimbursement for services from federal medicaid funds shall commence no later than 45 days following the enactment of the annual Budget Act for the appropriate state fiscal year.

(3) By July 1, 1997, the State Department of Health Services and the department shall develop methods to ensure timely payment of drug-Medi-Cal claims.

(4) The State Department of Health Services, in cooperation with the department, shall take steps necessary to streamline the billing system for reimbursable drug-Medi-Cal services, to assist the department in meeting the billing provisions set forth in this subdivision.

(g) The department shall submit a proposed interagency agreement to the State Department of Health Services by May 1 for the following fiscal year. Review and interim approval of all contractual and programmatic requirements, except final fiscal estimates, shall be completed by the State Department of Health Services by July 1. The interagency agreement shall not take effect until the annual Budget Act is enacted and fiscal estimates are approved by the State Department of Health Services. Final approval shall be completed within 45 days of enactment of the Budget Act.

(h) (1) A county or a provider certified to provide reimbursable drug-Medi-Cal services, who is contracting with the department,



shall estimate the cost of those services by April 1 of the fiscal year covered by the contract, and shall amend current contracts, as necessary, by the following July 1.

(2) A county or a provider, except for a provider to whom subdivision (i) applies, shall submit accurate and complete cost reports for the previous state fiscal year by November 1, following the end of the state fiscal year. The department may settle cost for drug-Medi-Cal services, based on the cost report as the final amendment to the approved single state-county contract.

(i) Certified narcotic treatment program providers, who are exclusively billing the state or the county for services under Section 11758.42, shall submit accurate and complete performance reports for the previous state fiscal year, by November 1, following the end of that state fiscal year. A provider to whom this subdivision applies shall estimate its budgets using the uniform state monthly reimbursement rate. The format and content of the performance reports shall be mutually agreed to by the department, the County Alcohol and Drug Program Administrators Association of California, and representatives of the narcotic treatment providers.

SEC. 5. Section 11758.47 is added to the Health and Safety Code, to read:

11758.47. Service providers may assist Medi-Cal beneficiaries, upon request, to file a fair hearing request in accordance with Chapter 7 (commencing with Section 10950) of Part 2 of Division 9 of the Welfare and Institutions Code, or may inform Medi-Cal beneficiaries about the Department of Corporations' toll-free telephone number for health care service plan members or the State Department of Health Services' ombudsman for Medi-Cal beneficiaries enrolled in Medi-Cal managed care plans.

SEC. 6. The State Department of Alcohol and Drug Programs may adopt regulations to implement this act in accordance with the Administrative Procedure Act, provided for pursuant to Chapter 3.5 (commencing with Section 11340) of Part 1 of Division 3 of Title 2 of the Government Code. The initial adoption of any emergency regulations implementing this act shall be deemed to be an emergency and necessary for the immediate preservation of the public peace, health and safety, or general welfare. Emergency regulations adopted pursuant to this section shall remain in effect for no more than 180 days.

