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July 31, 2015

TO: Each Supervisor

FROM: Cynthia A. Harding, M.P.H.
Interim Director

Cynthia A. Harding

SUBJECT: **DRUG MEDI-CAL ORGANIZED DELIVERY SYSTEM WAIVER AMENDMENT AND COUNTY IMPLEMENTATION PLAN**

This is to provide you with information on the Department of Public Health (DPH) Substance Abuse Prevention and Control (SAPC) program's plans to submit an application to participate in the California Department of Health Care Services' (DHCS) Drug Medi-Cal Organized Delivery System (DMC-ODS) Waiver Amendment.

The DMC-ODS program is intended to demonstrate how an organized substance use disorder (SUD) continuum of care can improve health outcomes for Medi-Cal eligible individuals while reducing overall health care costs. This initiative is the most extensive SUD system transformation since establishment of the Federal Substance Abuse Prevention and Treatment Block Grant in the 1980's, and is intended to develop a continuum of services modeled after the American Society of Addiction Medicine (ASAM) Criteria with a focus on quality assurance and utilization management. This system transformation has the potential to substantially improve the availability and comprehensiveness of SUD services in Los Angeles County (LAC).

On January 21, 2015, DPH informed your Board about SAPC's submittal to the State of the County's Expression of Interest in participating in the DMC-ODS. I have also discussed with you the implementation steps for participation in the DMC-ODS as part of DPH's quarterly Affordable Care Act updates to your Board.

SAPC has developed an implementation plan, provided in more detailed below, and will be conducting a comprehensive stakeholder process regarding the County's proposed DMC-ODS participation. DPH will be analyzing the fiscal viability of LAC's participation in order to recommend to your Board that SAPC submit an application to DHCS for our participation. With Board approval, DPH anticipates submitting the application to DHCS in the fall of 2015.

DHCS' Drug Medi-Cal Organized Delivery System Waiver Amendment

In November 2014, DHCS submitted to the Federal Centers for Medicare and Medicaid Services (CMS) an amendment to the 1115 Bridge to Reform demonstration waiver entitled the *California Bridge to Reform Drug Medi-Cal Organized Delivery System*. CMS required changes to DHCS' proposed Standard Terms and Conditions (STC) in April 2015, but final approval is still pending. In the interim, SAPC is developing its implementation plan based on the draft STC and will make any necessary modifications once DHCS distributes the final requirements.

For counties that choose to participate, the DMC-ODS requires that a full range of ASAM levels of care, as well as supplemental services for adults and adolescents be available through the County SUD system by the third year of the waiver. This includes: outpatient, intensive outpatient, short-term residential, withdrawal management, opioid/narcotic treatment programs, case management, physician consultation, and recovery services. Other required features to ensure access to quality, coordinated, and effective care include: a 24-hour toll-free access line to place individuals at the most appropriate SUD level of care, initial and step up/down placement based on medical necessity, care coordination with mental and physical health services, use of evidence-based treatment models, quality assurance and utilization management procedures, and telehealth to improve access in areas with limited treatment resources.

LAC Implementation Plan

LAC's SUD system currently includes the minimum ASAM levels of care required for the first year of implementation. However, the number and types of services must be significantly expanded, particularly for adolescents. It will also require significant collaboration with the SAPC provider network and other technical experts to develop the infrastructure and capacity to transition to an organized delivery system capable of achieving effective and coordinated care that meets the individual's level of need and medical necessity. If participation is approved by your Board, the following are target dates for completing key aspects of SAPC's implementation plan. These dates are subject to change based on the date CMS approves the waiver proposal.

Operational Planning – July 2015 to June 2016

August 2015	Conduct stakeholder input process on the draft DMC-ODS plan.
October 2015	Submit DMC-ODS plan to DHCS for concurrent review with CMS.
November 2015	Finalize needs assessment and gaps analysis to determine service needs.
November 2015	Launch capacity building training series for contractors.
November 2015	Complete SAPC reorganization plan for building necessary administrative and clinical capacity to fully address DMC-ODS functions.
December 2015	Finalize the draft request for statement of qualifications (RFSQ) and work order solicitation (WOS) documents and initiate bidding process.
February 2016	Begin to organize contractors in regional networks/health neighborhoods.
July 2016	Launch new electronic data collection and capacity tracking systems.

Implementation of High Feasibility Levels of Care – July 2016 to June 2017

July 2016	Implement initial levels of care based on the minimum State-required DMC ODS benefits: outpatient, high intensity residential, withdrawal management, narcotic/opioid treatment, medication-assisted treatment, case management, recovery services, physician consultation, and the toll-free access line.
July 2016	Launch State-required quality assurance and utilization management program.
December 2016	Complete RFSQ and WOS process to expand the overall number of network providers.
June 2017	Complete RFSQ and WOS process to expand the number of network providers, with emphasis on expanding services for adolescents and other underserved populations and filling geographic and other service gaps.

Implementation of Medium Feasibility Levels of Care – July 2017 to June 2018

July 2017	Implement phase two levels of care for adults and adolescents: intensive outpatient, low intensity residential, ambulatory withdrawal management (adult only), and telehealth.
June 2018	Complete RFSQ and WOS process to expand the number of network providers with emphasis on expanding services for underserved populations and geographic areas.

Implementation of Low Feasibility Levels of Care – July 2018 to June 2019

July 2018	Implement phase three levels of care: population specific high intensity residential.

Full Implementation of Redesigned DMC-ODS – July 2019

July 2019	Initiate new projects to more fully integrate SUD services within the health care system and more fully adopt payment and service structures similar to managed care models.

Stakeholder Input Process

Since the DMC-ODS Waiver will significantly transform the SUD system, there will need to be an extensive stakeholder input process to engage the SAPC provider network, consumers, and other County departments. SAPC expects to conduct a series of regional meetings located throughout Los Angeles County to provide an overview of the system changes and to obtain community, contractor, and consumer feedback on the application to be submitted to DHCS. SAPC will also conduct meetings with other County departments to discuss the impact of the system transformation on their respective programs, such as CalWORKs, General Relief, drug courts, and the juvenile justice/dependency system.

SAPC will post the draft application on its website for 30 days and provide electronic announcements to contractors, leadership of other County departments (Departments of Health Services, Mental Health, Public and Social Services, Probation, and Children and Family Services) and other key stakeholders (health plans, provider associations, and criminal justice) to solicit input, including through an online survey. Written comments will also be accepted. SAPC will revise the application based on this feedback and post the revised document for one week for final review and comment before preparing the final version for Board approval. SAPC will continue to meet regularly with contractors and other stakeholders throughout implementation to ensure the system transformation is progressing effectively and to make any needed improvements.

Additional Resource Needs

To ensure effective implementation of the DMC-ODS Waiver, SAPC is procuring consultative expertise particularly in the areas of understanding and implementing a managed care model and financing. DPH will also continue to request additional and more appropriate staffing items particularly within the System of Care Branch and the Office of the Medical Director and Science Officer, as described in SAPC's proposed reorganization. SAPC's new functions and roles emphasize program development and quality assurance and utilization management, which are functions that are not sufficiently staffed in terms of the appropriate types or numbers of positions. SAPC's proposed reorganization must be approved and new items allocated by Fiscal Year (FY) 2016-17 to ensure adequate capacity to achieve these new responsibilities and accomplish expected system outcomes. SAPC is submitting a proposed final reorganization chart including necessary staff items for internal Departmental review and approval in time for FY 2016-17 budget discussions.

SAPC also has a critical need for resources to assist its provider network to successfully make the system transformation. These critical needs include the following:

- Extensive training and technical assistance on the ASAM placement criteria, determination of medical necessity, and continuity of care;
- Provider network technology infrastructure development to support an integrated system-wide electronic health record system; and
- Bridge funding for small- and medium-sized community-based residential treatment providers who may be at risk of closure during the next two years while the State Drug Medi-Cal certification and licensing processes are established for residential services.

The funding to address these needs may exceed SAPC's current resources. SAPC is presently analyzing how to support these needs and may request your Board to consider contract actions and additional County funding in the near future.

Please let me know if you have any questions or need additional information.

CAH:mg
PH:1506:010

c: Interim Chief Executive Officer
Interim County Counsel
Acting Executive Officer, Board of Supervisors
Auditor Controller
Health Services
Mental Health