



## Substance Use Disorders in Medi-Cal: An Overview

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### Introduction

Access to substance use disorders (SUD) services continues to be a major issue for individuals in California, particularly among low-income, Medi-Cal beneficiaries. In 2016, 2.7 million Californians had an SUD, representing over 8% of the state's population.<sup>1</sup> Of these, 2.1 million had an alcohol use disorder, 1.1 million had an SUD related to one or more illicit drugs, and more than 200,000 had an opioid use disorder related to medications for pain treatment.<sup>2</sup> While California's overdose death rate due to certain types of opioids, such as heroin, has recently shown signs of slowing down, warning signs also point to an increase in overdose deaths associated to new synthetic opioids like Fentanyl, a synthetic drug used for treating severe, typically cancer-related, pain.<sup>3</sup>

Despite the heavy burden of SUDs on California's population, only 10% of all individuals with SUD in the state are actively receiving medication-assisted treatment (MAT) for their chronic condition.<sup>4</sup> MAT, which is the gold standard of SUD treatment and has been proven effective in decreasing the risk of overdose, consists of treatment with one of the three medications approved by the FDA for SUD treatment: buprenorphine, methadone, and naltrexone.<sup>5</sup> MAT is often provided in conjunction with behavioral therapy, but research shows that its effectiveness

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<sup>1</sup> California Health Care Foundation, Substance Use in California: A Look at Addiction and Treatment, October 2018, <https://www.chcf.org/wp-content/uploads/2018/09/SubstanceUseDisorderAlmanac2018.pdf>.

<sup>2</sup> *Id.*

<sup>3</sup> California Opioid Overdose Surveillance Dashboard, <https://discovery.cdph.ca.gov/CDIC/ODdash/>.

<sup>4</sup> California Health Care Foundation, Medi-Cal Moves Addiction Treatment into the Mainstream, August 2018, <https://www.chcf.org/publication/medi-cal-addiction-treatment-mainstream/>.

<sup>5</sup> For more information on the effectiveness of MAT, see Davis, C, Lieberman, A., Suba, C., Medication-Assisted Treatment for Opioid Use Disorder: The Gold Standard, National Health Law Program, May 16, 2018, <https://healthlaw.org/resource/medication-assisted-treatment-for-opioid-use-disorder-the-gold-standard/>.

is not tied to these additional interventions.<sup>6</sup> Nonetheless, other services, such as counseling, care management, and coordination between SUD services and physical health, mental health, and social services are key for treating this condition.

Substance and opioid use disorders disproportionately affect low-income individuals. Thus, Medi-Cal, plays an essential role in reducing the burden associated with this condition. Nationally, the Medicaid program represents the single largest source of coverage for SUD services and accounts for 27% of all SUD treatment spending in the U.S..<sup>7</sup> In California, a total of 1.2 million beneficiaries had an SUD in 2015, which means that almost half of all Californians with SUD are covered by the program.<sup>8</sup> This fact sheet provides a summary of the SUD services that are available for Medi-Cal beneficiaries with SUD, including benefits covered through the Drug Medi-Cal program and benefits available through the Drug Medi-Cal Organized Delivery System (DMC-ODS).

## DRUG MEDI-CAL

### Services

California delineates the specific services that are available through the Drug Medi-Cal (DMC) program, which are services that have been approved by CMS through either California's Medicaid state plan or state plan amendments (SPA).<sup>9</sup> These services are available to all Medi-Cal beneficiaries regardless of their county of residence and must always be furnished by DHCS-certified SUD providers. These services have been carved out of Medi-Cal managed care plan (MCP) contracts. Instead, County Alcohol & Other Drug Programs are responsible for contracting with Department of Health Care Services (DHCS)-certified providers to arrange, provide, or subcontract for provision of DMC services, using funding provided by the state through the Behavioral Health Subaccount (BHS) allocation.<sup>10</sup> If a county fails to contract with

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<sup>6</sup> See, for example, Catherine A. Fullerton et al., Medication-assisted treatment with methadone: assessing the evidence, 65 *Psychiatric Serv.* 146 (2014); Wayne Hall et al., Effectiveness of MMT on Heroin Use and Crime. Harwood Academic Publishers. 1998; Bennett W. Fletcher & Robert J. Battjes, Introduction to the Special Issue: Treatment Process in DATOS, 57 *Drug and Alcohol Dependence* 81 (1999).

<sup>7</sup> California Health Care Foundation, *supra* note 1.

<sup>8</sup> California Behavioral Health Director's Association, Expanding California's Capacity To Treat Individuals With Substance Use Disorders, CBHDA Governing Board Policy Brief, 2015, [http://www.cbhda.org/wp-content/uploads/2014/12/2\\_SUD-PolicyBrief1.pdf](http://www.cbhda.org/wp-content/uploads/2014/12/2_SUD-PolicyBrief1.pdf).

<sup>9</sup> CAL. CODE REGS. tit. 22, § 51341.1(d)(1–6).

<sup>10</sup> Department of Health Care Services, MHSUDS Information Notice No.: 18-009, Diversion of County Behavioral Health Subaccount (BHS) Allocations for Drug Medi-Cal Services, February 2018, [https://www.dhcs.ca.gov/formsandpubs/Documents/MHSUDS%20Information%20Notices/MHSUDS\\_I\\_N\\_18-009.pdf](https://www.dhcs.ca.gov/formsandpubs/Documents/MHSUDS%20Information%20Notices/MHSUDS_I_N_18-009.pdf).

SUD providers, DHCS will directly contract with SUD providers in that county.<sup>11</sup> In all cases, DHCS remains ultimately responsible for ensuring access to DMC services for all Medi-Cal beneficiaries irrespective of their county of residence.

There are currently five services available under the DMC program:

- methadone maintenance treatment at Narcotic Treatment Program (NTPs);<sup>12</sup>
- intensive outpatient treatment (IOT);
- outpatient drug free treatment;
- perinatal residential SUD services; and
- naltrexone treatment services.

Each of these benefits includes services such as intake, admission physical examination, body specimen screens, laboratory tests, treatment planning (and discharge planning in the case of perinatal residential services), physician and nursing services and medical direction, and individual and/or group counseling, which consists of groups of two to twelve individuals, only one of which must be a Medi-Cal beneficiary for reimbursement.<sup>13</sup> In the case of IOT, perinatal drug free treatment, and naltrexone treatment services, at least two counseling sessions must be provided on a monthly basis. In addition, provision of methadone medication is available as a service under the NTP benefit; crisis intervention and collateral services are available for beneficiaries receiving IOT, outpatient drug free treatment, perinatal residential, and naltrexone treatment services; and services related to parenting education are available under the perinatal residential benefit.<sup>14</sup>

The rules also provide specific requirements for beneficiaries to access each of these services. For example, access to NTPs, the only facilities that are authorized under federal law to prescribe and administer methadone for SUD treatment, is restricted to individuals who are at least 18 years old, have a confirmed documented history of at least two years of OUD, and have a confirmed history of two or more unsuccessful attempts in withdrawal treatment with subsequent relapse.<sup>15</sup> Similarly, perinatal residential SUD services, are only available for

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<sup>11</sup> *Id.*

<sup>12</sup> Under federal law, methadone for MAT may only be dispensed from a specially licensed clinic. 42 C.F.R. § 8.12 (2018).

<sup>13</sup> *Id.* tit. 22, § 51341.1(d).

<sup>14</sup> *Id.*

<sup>15</sup> These regulatory provisions are not specific to Medi-Cal. Instead, NTPs must abide by these admissions criteria requirements in order to receive state approval to operate as NTPs. See CAL. CODE REGS. tit. 9, § 10270. These requirements act as barriers for individuals to access methadone treatment at NTPs, especially given that in many rural counties, individuals must travel long distances to access and NTP. For such reason, DHCS has proposed amending some of the admission requirements through Notice of Proposed Rulemaking 14-026. For more information, see DHCS, DHCS-14-026 -

pregnant and postpartum women enrolled in Medi-Cal.<sup>16</sup> Finally, naltrexone treatment services are available for beneficiaries who are at least 18 years old, have a confirmed, documented history of OUD, have undergone detoxification, that is, they are opiate free, and are not pregnant.<sup>17</sup>

While the DMC services listed apply to beneficiaries over 18, DHCS has clarified that the Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) services obligation applies to DMC services.<sup>18</sup> This means that County Alcohol & Other Drug Programs must ensure the availability of all DMC services for beneficiaries under 21 as long as the services are needed to correct and ameliorate health conditions and documentation of medical necessity is recorded by the provider. DHCS has further stated that, with the exception of residential SUD services, prior authorization is not required when services are rendered to beneficiaries under 21 under EPSDT.

### ***Prescription Drug Services***

As stated above, MAT, particularly buprenorphine- and methadone-assisted treatment, is essential for successful SUD treatment. When these medications are administered in a provider's office or in a clinic setting, as is usually the case, Medi-Cal pays for the medications on a fee-for-service basis under the medical provider benefit.<sup>19</sup> However, in certain circumstances, providers may prescribe MAT and/or the overdose-reversal medication, naloxone, for use outside of the provider's office. In these cases, Medi-Cal pays for the medications on a fee-for-service basis under the prescription drug coverage benefit.<sup>20</sup> Coverage for all SUD treatment medications, including naloxone, has been carved out of MCP contracts. This means that pharmacies bill DHCS directly even if the prescription has been made by an MCP provider. Importantly, of the four medications mentioned, only buprenorphine, naltrexone, and naloxone may be prescribed for use outside of a medical office

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Narcotic Treatment Programs (NTP), <https://www.dhcs.ca.gov/formsandpubs/laws/regs/Pages/14-026.aspx>.

<sup>16</sup> CAL. CODE REGS. tit. 22, § 51341.1(c).

<sup>17</sup> *Id.* tit. 22, § 51341.1(d)(5).

<sup>18</sup> DHCS, MHSUDS Information Notice No.: 16-063, Substance Use Disorder (SUD) Treatment for Youth in California, December 2016, [https://www.dhcs.ca.gov/formsandpubs/Documents/Info%20Notice%202015/MHSUDS\\_IN\\_16-063.pdf](https://www.dhcs.ca.gov/formsandpubs/Documents/Info%20Notice%202015/MHSUDS_IN_16-063.pdf).

<sup>19</sup> See DHCS, Medication Assisted Treatment for Substance Use Disorders and the Drug Medi-Cal Organized Delivery System Frequently Asked Questions, June 2018, [https://www.dhcs.ca.gov/provgovpart/Documents/DMC-ODS\\_Waiver/DMC\\_ODS\\_MAT\\_FAQ\\_June\\_2018.pdf](https://www.dhcs.ca.gov/provgovpart/Documents/DMC-ODS_Waiver/DMC_ODS_MAT_FAQ_June_2018.pdf).

<sup>20</sup> *Id.*

or clinic setting; methadone is only available through NTPs and Medi-Cal pays for it under the DMC NTP benefit described above.

### ***Responsibilities of Managed Care Plans***

While most SUD services, including prescription drug coverage, has been carved out of MCP contract, plans must still provide several services that are important for beneficiaries with SUD. In first place, MCPs remain responsible for screening and referring beneficiaries to appropriate SUD services delivered through County Alcohol & Other Drug Programs.<sup>21</sup> Moreover, while the voluntary inpatient detoxification (VID) benefit is delivered on a fee-for-service basis, MCPs retain the responsibility for referring beneficiaries to receive this benefit as medically appropriate.<sup>22</sup> Medi-Cal plans are also responsible for coordinating between any carved out SUD services and treatment delivered through the plan, and for providing coverage for non-medical transportation services (NMT) to and from SUD providers.<sup>23</sup>

MCPs are also required to administer initial assessments to all beneficiaries within 120 days of enrollment in the plan and periodically thereafter and are required to cover an expanded alcohol screening for enrollees 18 and older who answer “yes” to an alcohol screening question or who are identified by their PCP as having a potential alcohol misuse problem.<sup>24</sup> The plans must then cover appropriate brief interventions for their enrollees who screen positively for risky alcohol use.<sup>25</sup> In addition, MCPs always have the responsibility to deliver SUD services that fall within a PCP’s scope of practice, or within the scope of practice of their contracted providers, including reimbursing providers for office visits associated with SUD

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<sup>21</sup> Boilerplate Contract, Ex. A Attach. 11 § 8.

<sup>22</sup> DHCS, All Plan Letter 18-001, Voluntary Inpatient Detoxification, January 2018, <https://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2018/APL18-001.pdf>.

<sup>23</sup> DHCS, All Plan Letter 13-003, Coordination of Benefits, February 2013, <https://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2013/APL13-003.pdf>; DHCS, MHSUDS Information Notice No.: 17-062, Medi-Cal Managed Care Plan, Non-Medical Transportation Policy, December 2017, <https://www.dhcs.ca.gov/formsandpubs/Documents/MHSUDS%20Information%20Notices/MHSUDS%2017-062.pdf>.

<sup>24</sup> DHCS, All Plan Letter 14-004, Screening, Brief Intervention, and Referral to Treatment for Misuse of Alcohol, February 2014, <https://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2014/APL14-004.pdf>

<sup>25</sup> *Id.*

treatment services when provided by a network provider acting within the provider's scope of practice of EPSDT covered services.<sup>26</sup>

## DRUG MEDI-CAL ORGANIZED DELIVERY SYSTEM (DMC-ODS)

In 2015, California became the first state to obtain federal approval through a section 1115 waiver to increase and improve access to SUD services. The demonstration project, called Drug Medi-Cal Organized Delivery System (DMC-ODS) is part of Medi-Cal 2020, California's broader 1115 demonstration, and seeks to increase integration and coordination of SUD services with physical services.<sup>27</sup> The demonstration also seeks to adopt the American Society of Addiction Medicine (ASAM) continuum of care, recognizing that different interventions are necessary for individuals with SUD with different levels of necessity.<sup>28</sup> Individuals that have yet to develop an SUD but are at risk of developing one may need early intervention whereas individuals with serious SUDs and at high risk of overdose may need intensive inpatient or residential treatment.

To provide the whole continuum of care, the DMC-ODS waiver makes available several SUD services in addition to the services already available under the DMC program.<sup>29</sup> The new services include:

- additional medication services at NTPs (restricted to methadone under DMC);
- residential services for all eligible beneficiaries (restricted to perinatal services under DMC);
- at least one ASAM level of withdrawal management;
- recovery services;
- case management;
- physician consultation;
- partial hospitalization (optional for counties); and
- additional MAT services (ordering, prescribing, administering, monitoring) (optional for counties)

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<sup>26</sup> DHCS All Plan Letter 15-008, Professional Fees For Office Visits Associated With Alcohol And Substance Use Disorder Treatment Services, April 2015, <https://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2015/APL15-008.pdf>

<sup>27</sup> Centers for Medicare and Medicaid Services, California Bridge to Reform Demonstration, August 13, 2015, <https://www.medicare.gov/Medicare-CHIP-Program-Information/By-Topics/Waivers/1115/downloads/ca/Bridge-to-Health-Reform/ca-bridge-to-health-reform-2015-cms-amend-appvl-08132015.pdf>; See also DHCS, Drug Medi-Cal Organized Delivery System, <https://www.dhcs.ca.gov/provgovpart/pages/drug-medi-cal-organized-delivery-system.aspx>.

<sup>28</sup> For more information on the ASAM criteria, see American Society of Addiction Medicine, What is the ASAM Criteria?, <https://www.asam.org/resources/the-asam-criteria/about>.

<sup>29</sup> DHCS, Fact Sheet: Drug Medi-Cal Organized Delivery System Waiver, <https://www.dhcs.ca.gov/provgovpart/Documents/DMC%20ODS%20FACT%20SHEET.pdf>.

These new benefits are only available for eligible Medi-Cal beneficiaries residing in counties that opt into the DMC-ODS program. As of January 2019, 40 counties have received approval from DHCS to participate in the demonstration, representing 97% of California's entire population.<sup>30</sup> Beneficiaries residing in other counties remain eligible for DMC services. Besides the requirement to reside in pilot counties, eligibility for DMC-ODS services is restricted to Medi-Cal beneficiaries who meet the ASAM medical necessity criteria.<sup>31</sup> This criterion is different for adults and for children. Adults must have one DSM diagnosis for a substance-related and addictive disorder and must meet the ASAM criteria definition of medical necessity. Children, on the other hand, are eligible for DMC-ODS services if they are assessed to be at risk of developing a SUD and if they meet the ASAM adolescent placement criteria.

DMC-ODS counties are considered prepaid inpatient health plans and, as such, must comply with federal managed care requirements.<sup>32</sup> Among these requirements are network adequacy and provider directory requirements. DMC-ODS counties must provide access to services within ten business day from request for an appointment for all services except NTP services.<sup>33</sup> For NTPs, counties must provide access to services within three days from the time of the request for an appointment.<sup>34</sup> Similarly, DMC-ODS counties must abide by the state time and distance requirements, which vary between NTP and other SUD services and by size of county.<sup>35</sup> Finally, the federal managed care rule requires DMC-ODS counties to make available, in electronic and paper form, information pertaining to provider availability, including the provider's name and group affiliation, address, telephone number, services/modalities provided, the provider's cultural and linguistic capabilities, whether the provider's office has accommodation for people with disabilities, among other information.<sup>36</sup>

## CONCLUSION

Medi-Cal is an essential tool to address problems associated with substance and opioid use disorders among California's low-income population. The program provides a vast array of SUD services through the DMC program and access to the ASAM continuum of care in

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<sup>30</sup> California Health Care Foundation, *supra* note 4.

<sup>31</sup> DHCS, *supra* note 28.

<sup>32</sup> Boilerplate Contract, Ex. A Attach. 1 § I(E).

<sup>33</sup> DHCS, MHSUDS Information Notice No.: 18-011, Federal Network Adequacy Standards for Mental Health Plans (MHPs) and Drug Medi-Cal Organized Delivery System (DMC-ODS) Pilot Counties, February 2018, [https://www.dhcs.ca.gov/services/MH/Documents/Information%20Notices/IN%2018-%20Network%20Adequacy/MHSUDS\\_IN\\_18-011\\_Network\\_Adequacy.pdf](https://www.dhcs.ca.gov/services/MH/Documents/Information%20Notices/IN%2018-%20Network%20Adequacy/MHSUDS_IN_18-011_Network_Adequacy.pdf).

<sup>34</sup> *Id.*

<sup>35</sup> *Id.* See also CAL. WELF. & INST. CODE § 14197.

<sup>36</sup> DHCS, MHSUDS Information Notice No.: 18-020, Federal provider Directory Requirements for Mental Health Plans (MHPs) and Drug Medi-Cal Organized Delivery System (DMC-ODS) Pilot Counties, April 2018, <https://www.countyofsb.org/behavioral-wellness/Asset.c/4329>.  
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counties participating of the DMC-ODS program. These services, which include MAT with the medications buprenorphine and methadone and access to naloxone, provide a lifeline for people at risk of overdose or serious complications related to drug use. Advocates should know the different entities that are involved in covering and delivering these important SUD services and should understand the different services to which low-income Medi-Cal clients with SUD are entitled. The National Health Law Program is available for consultation and further assistance with regards to access to SUD services in the Medi-Cal program.



**APPENDIX A: SUMMARY OF HOW MEDI-CAL DELIVERS BEHAVIORAL HEALTH SERVICES**

Covered by County Alcohol & Other Drug Program	Covered by County Mental Health Plan	Covered by Managed Care Plan*	Covered on FFS Basis
		All behavioral health services within PCPs scope of practice	
Outpatient drug free treatment (group therapy and limited individual therapy) & counseling incident to treatment with naltrexone, methadone or buprenorphine	Mental health services including assessments, plan development, therapy, rehabilitation and collateral services, intensive home based services, therapeutic behavioral services, and therapeutic foster care	Individual and group mental health evaluation and treatment (psychotherapy) & psychiatric consultation	
Physician Consultation***	Mental health assessment	Psychological testing, when clinically indicated to evaluate a mental health condition & alcohol misuse screening and brief Intervention for adults	

Monitoring of treatment with naltrexone, methadone or buprenorphine  Additional MAT Services***	Medication support services	Outpatient services for the purposes of monitoring drug therapy	
Naltrexone, methadone & buprenorphine		Outpatient laboratory, drugs, supplies and supplements (excluding carved out psychotropic medications used for the treatment of alcohol and SUDs)	Psychotropic medications & medications used for the treatment of alcohol and SUDs**
Intensive outpatient treatment	Day treatment intensive & day rehabilitation services		
Withdrawal Management***	Crisis intervention & crisis stabilization		
Perinatal Residential SUD Services  Other Residential Services***	Adult residential treatment services & crisis residential treatment services		
	Psychiatric health facility services	Any physical health components of facility services	
Partial Hospitalization***	Acute psychiatric inpatient hospital services & psychiatric inpatient hospital	Any physical health components of hospital services +	Voluntary inpatient detox in a

	professional services	inpatient services in out-of-network hospitals	general acute care hospital
Case Management***	Targeted case management services & Intensive Care Coordination	Care coordination	
Recovery Services***			

\* For beneficiaries enrolled in a Medi-Cal plan. For beneficiaries in Medi-Cal fee-for-service, these services are covered on a fee-for-service basis.

\*\* Carved out medications for the medications used for the treatment of alcohol and SUD include: Naltrexone/oral form for alcohol dependence (This is pharmacy benefit), Naltrexone/injectable extended release (Vivitrol®) for treatment of alcohol and opioid addiction (This is a medical benefit), Buprenorphine (Subutex® or Suboxone®) for treatment of opioid addiction (This is pharmacy benefit), Disulfiram (Antabuse®) for alcohol dependence (This is pharmacy benefit), Acamprosate Calcium (Campral®) for alcohol dependence (This is pharmacy benefit).

\*\*\* Only available in DMC-ODS pilot counties, except for services for children under 21 under the EPSDT mandate.