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December 7, 2015

Dear SAPC Network Providers and Other Interested Parties:

The approval of the California Department of Health Care Services' (DHCS) Drug Medi-Cal Organized Delivery System (DMC-ODS) Waiver by the Federal Centers for Medicare and Medicaid Services paves the way for Los Angeles County (LAC) to increase access to substance use disorder (SUD) treatment services for adolescents and adults who are eligible for Medi-Cal. This Waiver has robust expectations for the quality of service delivery and outcomes, which represent both a challenge and an opportunity. To achieve these aims will require nothing less than a transformation of the current SUD system of care, to provide the right services, at the right time, in the right setting, and for the right duration. It allows the County to establish a single benefit package for those eligible for publicly funded SUD services regardless of referral source or health coverage, and to more fully integrate physical and mental health service needs with SUD services. All of these changes reflect the Federal Government and healthcare industry's increasing recognition of the need to treat SUDs as a chronic health condition, managed like any other, with long-term follow-up and care management, rather than as an acute condition for which services are available based only on an immediate or life threatening need.

While this represents the greatest opportunity in recent years to improve access to and the delivery of quality- and outcome-focused SUD treatment services, it will also fundamentally change how services are delivered in LAC. It will in many cases require that Substance Abuse Prevention and Control (SAPC) and the SUD network providers redesign program services and standards, build clinical and business capacity, and invest in new technology/infrastructure. Given the enormity of this transition, some changes will occur upon approval of LAC's DMC-ODS Implementation Plan, while others will be phased in over the next several years. Key changes include:

1. Medi-Cal-eligible individuals must receive DMC reimbursable services exclusively at DMC certified providers, including new benefits such as residential and withdrawal management (formerly detoxification);
2. Agencies must obtain DMC certification from DHCS for all contracted levels of care (formerly modalities) by July 2017 to maintain contracts;
3. All clinical/counselor staff must be capable of effectively implementing and consistently using Motivational Interviewing and Cognitive Behavioral Therapy;
4. The American Society of Addiction Medicine (ASAM) Criteria and medical necessity will determine initial and ongoing patient (formerly client) placement;
5. Medication-assisted treatment needs to be explored as a treatment option for patients with alcohol, opioid, and/or methamphetamine addictions;



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6. Care coordination and case-management will include ensuring necessary collaboration and connections (e.g., attended appointments) with physical and mental health services;
7. New fee-for-service DMC rates will be negotiated with DHCS for an anticipated two-year period, and then a transition to an alternate reimbursement structure (e.g., performance-based, capitation);
8. Quality assurance and utilization management will be a central component to ensuring effective care, including appropriate patient placement and transitions between levels of care; and
9. Focus on improving access to services, health outcomes and quality of life, as well as achieving cost savings across the health care delivery system.

Overall, these and other changes will help LAC's SUD treatment network demonstrate that innovations, coupled with comprehensive and effective services, can improve care and outcomes while decreasing overall healthcare costs.

The success of this transformation, and ultimately the success of our patients, will depend on our collective ability to design, build and implement this new SUD system of care. Therefore, I encourage each agency to send up to two key representatives (space permitting) to the DMC-ODS Stakeholder Process Results Meeting on December 17, 2015 to learn more about SAPC's DMC-ODS Implementation Plan and modifications based on stakeholder feedback, how the new system will be financed, how the new system will be developed and operationalized, and ways your agency can become involved. A webinar option will also be available for those unable to attend in person, and to enable other key managers and staff to learn more about these changes.

### **DMC-ODS STAKEHOLDER PROCESS RESULTS MEETING**

Thursday, December 17, 2015

9:30 a.m. – 12:00 p.m.

#### **Attend In-Person**

##### **RSVP Requested Due to Space Limits:**

<https://sapccis.ph.lacounty.gov/Registration/Registration.aspx?ID=22>

1000 South Fremont Avenue  
Auditorium, Building A7, Lower Level  
Alhambra, California 91803 (Parking \$3)

#### **Attend via Webinar**

##### **Register:**

<https://attendee.gotowebinar.com/register/8192295483270724609>

Load software and test system in advance.  
This will be a listen-only session.

We look forward to collaborating with your agency throughout this transformation, and as we continue to build a more robust, effective, and comprehensive system of care for youth and adults in need of SUD treatment services.

Sincerely,



Wayne K. Sugita, M.P.A, Interim Director  
Substance Abuse Prevention and Control

WKS:mg

Attachment

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**TRANSFORMING THE SUBSTANCE USE DISORDER (SUD) SYSTEM OF CARE IN LOS ANGELES COUNTY**  
**Participation in the Drug Medi-Cal Organized Delivery System (DMC-ODS) Waiver**  
**Stakeholder Process: Results Meeting**

- 9:30 – 9:45      **Los Angeles County Health Agency and the Public Health Bureaus**  
Wesley L. Ford, M.A., M.P.H.  
Deputy Director, Bureau of Health Promotion
- 9:45 – 10:15    **Updates on California’s DMC-ODS and Participating Counties**  
Victor Kogler  
Vice President, California Institute for Behavioral Health Solutions
- 10:15 – 10:45   **Summary Findings from the Stakeholder Process and Priorities for the System Transformation**  
Wayne K. Sugita, M.P.A.  
Interim Director, SAPC
- 10:45 – 11:15   **Financing the DMC-ODS and Reimbursement**  
Patrick Gauthier  
Director, Advocates for Human Potential (AHP) Healthcare Solutions
- 11:15 – 11:25   **DMC Estimated Utilization and Capacity by Level of Care**  
Gary Tsai, M.D.  
Medical Director and Science Officer, SAPC
- 11:25 – 11:45   **Managing the SUD System Transformation and the Stakeholder Process**  
John M. Connolly, Ph.D.  
Deputy Director, Policy, Strategic Planning, and Communications Branch, SAPC
- 11:45 – 12:00   **Discussion and Questions**  
*Facilitator:*      Victor Kogler  
*Participants:*    Wayne K. Sugita  
                         Gary Tsai  
                         John M. Connolly  
                         Raymond Low