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MEMORANDUM

May 26, 2017

TO: Commissioner Cecilia Chung, Chair
Members of the Health Commission Finance and Planning Committee

THROUGH: Greg Wagner, CFO, Department of Public Health *GW*

FROM: Michelle Ruggels

**RE: Information for Review of ODS Opiate/Narcotic Treatment Contracts on June, 2017
Health Commission Contracts Report**

This information sheet is to provide back-up information for the following five Behavioral Health Services new (but ongoing services) contracts on the June Health Commission Contracts Report:

- Addiction Research and Treatment
- Bayview Hunter's Point Foundation for Community Improvement
- Regents of UCSF, Dept. of Psychiatry, Division of Substance Abuse and Addiction Medicine (DSAAM)
- Fort Help
- Westside Community Mental Health Center

These five vendors were selected under RFP 26-2016- Substance Use Disorder Treatment Services and Support, which was issued to prepare for the implementation of San Francisco's Drug Medi-Cal (DMC)/ Organized Delivery System (ODS). While the RFP results are still under review, with contracts expected to begin October 1, 2017, the services in the category: *Organized Delivery System (ODS) Opiate/Narcotic Treatment* are an exception. The services in this category, often referred to as "Methadone Treatment", are ongoing DMC services, with the rates negotiated by the State. As such, these contracts will be effective July 1, 2017 to coincide with the effective date of the Drug Medi-Cal /Organized Delivery System. To provide more context for the upcoming changes within this service category, the following additional information has been provided.

History of Drug Medi-Cal (DMC) /Organized Delivery System (ODS)

Following the enactment of the Affordable Care Act (ACA), the State submitted an amendment to its existing Section 1115 Bridge to Reform Demonstration Waiver, called the *Drug Medi-Cal (DMC) /Organized Delivery System (ODS) Demonstration Waiver*. The purpose of this waiver was to demonstrate through a pilot how an organized delivery system would increase successful outcomes for Drug Medi-Cal beneficiaries. Now part of the 2020 Demonstration Waiver, the DMC ODS is a sweeping organizational change in the delivery of addiction treatment to Medi-Cal beneficiaries. Each county becomes a health plan with regard to its substance use disorder

services, and the new and expanded services are funded by D/MC revenue generated by the expansion of both eligible DMC reimbursable services, and individual DMC eligibility. The effective date for the DMC /ODS is July 1, 2017 (meaning Federal D/MC reimbursement will be available for the expanded range of eligible services). However, DPH will implement its expansion in phases, based on the readiness of its contractors to meet the requirements for delivering Drug Medi-Cal reimbursable services.

Organized Delivery System/ Opiate and Narcotic Treatment Programs

Methadone maintenance became a Drug Medi-Cal benefit in 1996, with rates negotiated at the state level by the California Organization of Methadone Providers (COMP) each year. With the advent of the Affordable Care Act Medicaid Expansion in 2014, many San Francisco patients who had been on city-funded methadone maintenance slots became Medi-Cal beneficiaries, bringing in Federal dollars to support their methadone treatment. Further changes in services offered within Opioid Treatment Programs (OTPs) – otherwise known as methadone clinics – will occur starting in July of 2017, with the implementation of the Drug Medi-Cal/Organized Delivery System in San Francisco.

Changes for OTP under DMC/ODS include the continuation of methadone maintenance as well as the addition of buprenorphine as an opioid treatment medication covered by DMC. This means OTPs can treat persons with opioid use disorder with either methadone or buprenorphine. New rates for buprenorphine doses were negotiated at the state level by COMP. Other medications required in OTPs under the DMC/ODS include disulfiram for alcohol use disorder (Antabuse), and naloxone for overdose rescue (Narcan).

In setting preliminary budgets for new contracts, BHS is in uncharted waters regarding the new services, so has kept the current funding levels, adjusting for past year units of service delivered. Future contract modifications may occur to reflect performance under the DMC/ODS.

Staff will be available at the Finance and Planning Committee meeting if you have additional questions.