

<b>Effective Date:</b> July 1, 2023	<b>Policy Title:</b> County Behavioral Health Intergovernmental Transfers (IGT)
<b>Original Date of Issue:</b> July 14, 2023	
<b>Last Revision Date:</b> N/A	
<input checked="" type="checkbox"/> MHP <input checked="" type="checkbox"/> DMC-ODS <input checked="" type="checkbox"/> DMC State Plan	<b>Reference to BHIN No.:</b> 23-026

## **PURPOSE**

The purpose of this policy and procedure is to provide guidance related to the Department of Health Care Services’ policies and associated processes related to Behavioral Health Intergovernmental Transfers (IGT).

## **BACKGROUND**

As a component of CalAIM’s Behavioral Health Payment Reform, DHCS is designing and implementing an Intergovernmental Transfer (IGT)-based payment methodology to replace the existing certified public expenditure-based reimbursement methodology for Medi-Cal Specialty Mental Health Services (SMHS), Substance Use Disorder Treatment Services, Expanded Substance Use Disorder Treatment Services, and for costs incurred by counties to administer those benefits.<sup>1</sup> An IGT is a transfer of funds from a public agency to the Medicaid Single State Agency (SSA) that the SSA may expend as the nonfederal share in claiming Federal Financial Participation for Medicaid payments. In the context of CalAIM, Behavioral Health Payment Reform, an IGT is a transfer of funds from a county (the public agency) to DHCS (the Medicaid SSA) to be used as the county portion of the nonfederal share of payments to the county for Medi-Cal covered Behavioral Health Services (the “County Share”).

## **POLICY**

This policy and procedure outline the county’s compliance with Department of Health Care Services’ Behavioral Health Intergovernmental Transfers (IGT) guidance.

## **PROCEDURE**

### **I. Transferring Funds to DHCS**

This section of the policy and procedure outlines the amount of IGT to be transferred, and the process by which the county will transfer funds to DHCS.

#### **Source of Funds for the Intergovernmental Transfer**

COUNTY will ensure that the source of funds for the IGT comply with federal requirements at Subpart B of Title 42 CFR Part 433. Source of funds for the IGT includes, but is not limited to,

---

<sup>1</sup> Welfare and Institutions Code, Section 14184.403

California Mental Health Services Authority (CalMHSA)

County General Funds, funds allocated to counties from the Local Revenue Fund, Mental Health Services Fund, and Local Revenue Fund 2011.

Intergovernmental Transfer Amount

At the end of each month, starting with July 2023, COUNTY will transfer an amount to DHCS that is sufficient to cover the County Share of all approved service payments as those service claims are approved. Inclusive of the proposed State General Fund Contribution for FY 2023-24, this combined amount shall be sufficient to maintain the recommended 300% of the average monthly County Share of all approved payments from the prior State Fiscal Year. COUNTY will monitor the monthly County Fund Account (CFA) reports to ensure that the IGT fund balance remains within 150% and 500% of the County Share for the county’s average monthly approved payments during the prior fiscal year in order to ensure there are sufficient COUNTY funds in the CFA to allow DHCS to adjudicate and pay approved claims. If the IGT fund balance is insufficient to meet the COUNTY share of approved claims, DHCS will email the COUNTY contact identified in the IGT Agreement within 1 business day and COUNTY will identify an approved method for transferring funds to remediate the issue.

Intergovernmental Transfer Process

COUNTY may choose to either make routine transfers to DHCS through a manual check or Electronic Funds Transfer, or to authorize the State Controller’s Office (SCO) to withhold a fixed percentage of funding allocated to the COUNTY. COUNTY will transfer funds to DHCS through:

- A manual check
- Electronic Funds Transfer (EFT)
  - Wire transfer
  - Automated Clearing House (ACH) transfers
- Authorizing the State Controller’s Office (SCO) to withhold a fixed percentage of funding allocated to the county from one or more of the following three State funds: Local Revenue Fund, Local Revenue Fund 2011, and/or Mental Health Services Fund.

**II. Interest Earned on Funds Transferred**

Funds transferred to DHCS through routine transfers or SCO withholds will earn interest. Interest earned on funds transferred will accrue to DHCS on a quarterly basis, and DHCS will allocate interest to each COUNTY’S CFA.

**III. Tracking the Balance of Funds Transferred and Interest Earned**

The COUNTY will review the county CFA Report for the Specialty Mental Health delivery system and the county CFA Report for the DMC-ODS or DMC Program that will be posted to the county folder in the SD/MC Section of the DHCS Portal. If COUNTY does not agree with the beginning balance, itemized list of transfers received, itemized list of payments approved to be made or

that have been made to the county, the ending balance in the CFA Report, and/or any other transactions reflected on the CFA, it may file an appeal with DHCS. The appeal will be submitted within 120 days following the date the CFA Report is posted to the county folder in the SD/MC section of the DHCS Portal. The appeal will clearly identify the county submitting the appeal, a contact person for the appeal, the contact person's e-mail address and phone number, the CFA Report(s) being appealed, the date of the CFA Report(s) being appealed, and the reason for the appeal. The reason for the appeal will include evidence supporting the alleged error in the CFA Report(s).

#### **IV. IGT-Funded Payments to Counties**

COUNTY will continue to submit paper claims quarterly to DHCS to claim for UR/QA and plan or program administrative costs to administer the Specialty Mental Health Services Prepaid Inpatient Health Plan (PIHP), to administer the DMC-ODS PIHP, and to administer the DMC Program. These will be reimbursed based on COUNTY costs through certified public expenditures in accordance with federal approvals.

COUNTY will continue to submit electronic claims (i.e., 837 Transactions) to the Short-Doyle Medi-Cal (SD/MC) billing system to claim payment for Medi-Cal covered Specialty Mental Health Services, Substance Use Disorder Treatment Services, and Expanded Substance Use Disorder Treatment Services provided.<sup>2</sup>

#### **V. Accounting for County Share and Transfers**

To the extent that COUNTY transfers funds to DHCS that are restricted to purposes specified in State statute, COUNTY will ensure compliance with requirements attached to those restricted funds. Whether COUNTY makes routine transfers to DHCS or authorizes the SCO to withhold funds from one or more restricted State funds, COUNTY will ensure those funds, including interest earned on those funds, are used for the purposes set forth in State law. COUNTY will ensure that the use of restricted funds for allowable expenditures are appropriately documented, to demonstrate the appropriate use of restricted funding sources.

#### **Allocating Interest Earned**

COUNTY will appropriately track and report the interest earned and allocate that interest to each restricted funding source proportionally and record the interest earned in their accounting system. DHCS will calculate interest earned on funds in the CFA on a quarterly basis for the SMH and DMC CFAs and will post those amounts to the CFA report.

#### **DEFINITIONS**

---

<sup>2</sup> Please refer to the [CalAIM Billing Manuals](#) for detailed instructions on submitting electronic claims to the SD/MC billing system.

**Drug Medi-Cal (DMC):** Drug Medi-Cal is a treatment funding source for eligible Medi-Cal members. In order for Drug Medi-Cal to pay for covered services, eligible Medi-Cal members must receive substance use disorder (SUD) services at a Drug Medi-Cal certified program. SUD services funded by Drug Medi-Cal are listed in Title 22, California Code of Regulations (CCR), Section 51341.1. (d)(1-6). Title 9 and Title 22, CCR govern DMC treatment.

**Drug Medi-Cal Organized Delivery System (DMC-ODS):** The Drug Medi-Cal Organized Delivery System (DMC-ODS) provides a continuum of care modeled after the American Society of Addiction Medicine Criteria for substance use disorder treatment services, enables more local control and accountability, provides greater administrative oversight, creates utilization controls to improve care and efficient use of resources, implements evidenced based practices in substance abuse treatment, and coordinates with other systems of care. This approach provides the beneficiary with access to the care and system interaction needed in order to achieve sustainable recovery. DHCS initially received approval in August 2015 from the Centers for Medicare & Medicaid Services (CMS) to implement the DMC-ODS through the State's prior Section 1115 demonstration. DHCS received approval from CMS on December 29, 2021 to reauthorize the DMC-ODS in the CalAIM Section 1915(b) waiver through December 31, 2026, alongside the State's other Medi-Cal delivery systems: Medi-Cal managed care, dental managed care, and Specialty Mental Health Services (SMHS).

**Mental Health Plan (MHP):** MHP means an entity that enters into a contract with DHCS to provide directly or arrange and pay for specialty mental health services to beneficiaries in a county. An MHP may be a county, counties acting jointly, or another governmental or non-governmental entity.

**Specialty Mental Health Services (SMHS):** Specialty mental health services include but are not limited to: Assessment, Plan Development, Rehabilitation Services, Therapy Services, Collateral, Medication Support Services, Targeted Case Management, Crisis Intervention, Intensive Care Coordination (ICC), Intensive Home-Based Services (IHBS) and Therapeutic Behavioral Services (TBS). SMHS are provided to Medi-Cal beneficiaries through County Mental Health Plans (MHPs). All the MHPs are part of county mental health or behavioral health departments and the MHP can provide services through its own employees or through contract providers.

**FORMS/ATTACHMENTS**

[Enclosure 1: Intergovernmental Transfer Options CalAIM Payment Reform FY 2023-24](#)

[Enclosure 2: IGT Instructions for Counties Specialty Mental Health Services and Drug Medi-Cal](#)  
(Enclosure 2 revised: 7/23)

**REVISION HISTORY**

Date	Revision	Page Number(s)
N/A	N/A	N/A