Department of Public Health

Substance Abuse Prevention and Control

Prospective Drug Medi-Cal (DMC) Treatment Contractor Overview Training

This training is designed for agencies that intend to apply to the County for the provision of specialty substance use disorder (SUD) treatment services. It outlines what needs to be obtained from the State prior to County submission, highlights select service and operational requirements, and summarizes the local solicitation and selection process.

June 2026

REQUIREMENTS BEFORE COUNTY APPLICATION WITH DPH-SAPC

DPH-SAPC Prerequisites: Obtain Non-County Licenses and Certifications

ASAM 1.0 - Outpatient

AOD Certification with "Outpatient/Non-Residential"
DMC Certification with "Outpatient"

ASAM 2.1 – Intensive Outpatient

AOD Certification with "Outpatient/Non-Residential"
DMC Certification with "Intensive Outpatient"

ASAM 1-WM, 2-WM – Ambulatory Withdrawal Management

AOD Certification "Non-Residential with Detox Service Authorization"
DMC Certification "Outpatient with Detox Service Authorization" for 1-WM
DMC Certification "Intensive Outpatient with Detox Service Authorization" for 2-WM

ASAM Opioid/Narcotic Treatment Program or Mobile Van

Narcotic Treatment Program License
DMC Certification with "Narcotic Treatment Program"
DEA Registration & SAMHSA Certification
Map of all OTP/NTP in 5-mile radius (not applicable for mobile vans)

ASAM 3.1, 3.3, 3.5 - Residential

AOD License with "Residential" – Adult Facility Only
CDSS Group Home License – Youth Facility Only
DMC Certification with "Residential"
Incidental Medical Services (IMS) – local requirement
ASAM Designation with 3.1, 3.3, and/or 3.5

ASAM 3.2-WM, 3.7-WM, 4-WM – Residential/Inpatient WM

AOD Certification with "Residential with Detox Service Authorization"
DMC Certification with "Residential"
Incidental Medical Services (IMS) (3.2-WM only) – local requirement
CDPH Chemical Dependency Recovery Hospital (CDRH) or CDPH Acute Psychiatric Hospital License (3.7-WM, 4-WM only)

***NOTE FOR ALL LEVELS OF CARE**:*
**California requires compliance with Clinical Laboratory Improvement Amendments (CLIA) if sites offer alcohol/drug testing. Obtain a CLIA-waiver if staff conduct and interpret the results of point of care toxicology tests, or document an arrangement with a third-party lab that conducts and interprets toxicology testing using their own CLIA certification.*
**Requirements may change when the DHCS implements ASAM 4th Edition on or after July 2027.*

SAPC restricts new contracts to non-profit organizations. For-profits who can fill a SAPC identified DMC network adequacy issue (excludes Recovery Bridge Housing and Recovery Housing) can prepare a proposal and submit to SAPC for consideration.

EXPECTATIONS AND REQUIREMENTS FOR NEW DPH-SAPC DMC/SUD CONTRACTORS

Los Angeles County's Behavioral Health System

Substance Abuse Prevention & Control (SAPC) Department of Public Health (DPH)

The specialty **substance use disorder (SUD)** managed care plan for Medi-Cal beneficiaries and other income-eligible residents.

Responsible for individuals with a **primary SUD** condition only and individuals with a primary SUD and **co-occurring MH conditions**.

Department of Mental Health (DMH)

The specialty **mental health (MH)** managed care plan for Medi-Cal beneficiaries and other income-eligible residents.

Responsible for individuals with a **primary MH** condition only and individuals with a primary MH and **co-occurring SUD condition**.

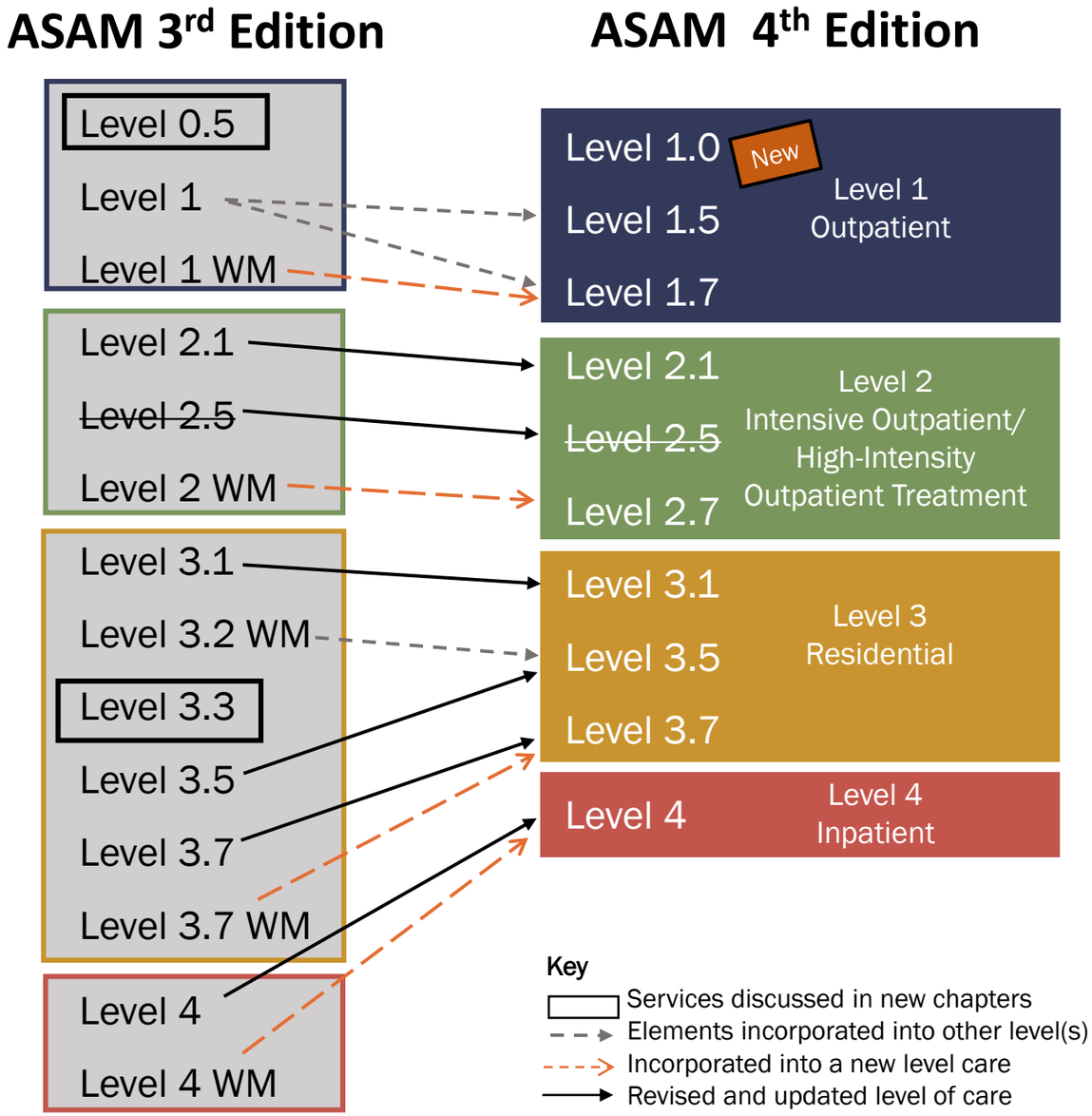
DPH-SAPC Service Continuum	Primary Prevention Services	Addiction Medications also known as Medications for Addiction Treatment (MAT)						
		Harm Reduction Services / Field-Based Services	Early Intervention Services	Outpatient Services and Opioid/Narcotic Treatment Program (OTP/NTP)	Intensive Outpatient Services	Residential Treatment Services	Inpatient Services Withdrawal Management	Housing Intervention Services
DMH Service Continuum	Primary Prevention Services	Early Intervention Services	Outpatient Services	Intensive Outpatient Services	Crisis Receiving & Stabilization Up to 24 hours (licensed: except sobering center)	Acute Inpatient/ Subacute Hospital level care (licensed)	Crisis Residential/ Extended Residential (onsite clinical/ treatment services - licensed)	Housing Intervention Services

New Contractor Requirements

DHCS will transition from the ASAM 3rd Edition to 4th Edition on or after July 1, 2027. Therefore, all prospective SAPC contractors are required to meet expectations noted below across all levels of care immediately upon contracting.

In preparation, this at minimum includes:

- Understand how ASAM 4th Edition will impact expectations for proposed levels of care.
- Serve clients with mild to moderate mental health (MH) conditions and ensure access to related MH services.
- Serve clients prescribed Addiction Medications (MAT) and ensure access to MAT prescriptions and services.
- Deliver withdrawal management services in residential levels of care (3.5 and 3.7).
- Deliver Recovery Support Services.
- Ensure access to harm reduction services based on individualized need.



REACHING THE 95% - Low Barrier Entry to Services

Ensure the specialty SUD system is designed not just for the ~5% of people with SUDs who are already interested in treatment, but also the ~95% of people with SUDs who are not.

To lower barriers to care in the hearts and minds of the SUD community and public by disconnecting readiness for treatment from abstinence.

To communicate – through words, policies, and actions – that people with SUD are worthy of our time, attention, and compassion, no matter where they are in their readiness for change or recovery journey.

REQUIRED NEW CONTRACTOR POLICIES

R95 Admission Policy (.docx/.pdf)
Lowers the bar for admissions to expand the spectrum of readiness for people admitted into SUD treatment

R95 Discharge Policy (.docx/.pdf)
Raises the bar for discharge so there are more nuanced considerations before someone leaves treatment because of relapse, which is a symptom of addiction

R95 Toxicology Policy (.docx/.pdf)
Clarifies that toxicology testing is one therapeutic tool to support clients in SUD treatment and results do not automatically define ability to enter/remain in care

REQUIRED CLIENT-FACING MATERIALS

R95 Admission Agreement (.docx/.pdf)
Informs client of their rights and explains supportive, low-barrier treatment approach as a foundation for therapeutic relationship

R95 Toxicology Agreement (.docx/.pdf)
Informs clients about the toxicology testing process, the benefits of engaging in testing, client expectations, and client rights.

Care Coordination: Optimizing Care and Revenue

OPTIMIZING CARE

All SUD treatment levels of care are required to:

- Admit clients who are eligible for Medi-Cal but not yet enrolled
- Admit clients whose Medi-Cal is assigned to another California county and transfer Medi-Cal to Los Angeles County if they are moving here
- Admit clients with Medi-Cal and Medicare
- Admit clients who are income-eligible but not Medi-Cal eligible
- Support eligible clients with maintaining Medi-Cal
- Maintain staff who consistently coordinate client access to health, mental health, housing, and social services.

OPTIMIZING REVENUE

Helping clients get and stay enrolled in Medi-Cal also helps support agency fiscal viability:

- Turning clients away for lack of benefits adversely impacts the agency's bottom line
- Time spent helping clients enroll / maintain benefits is a sustainable revenue source
- Knowing when new Medicaid requirements do not impact clients (e.g., work requirements) is mutually beneficial
- Being known as an agency that maximally enrolls eligible clients supports sustainability and growth – and Reaching the 95%

Medications for Addiction Treatment (MAT)

STATE DHCS REQUIREMENTS

All SUD treatment levels of care must comply with BHIN 23-054 and SAPC IN 24-01, including but not limited to:

- Assess clients within 24 hours of admission for MAT.
- Provide MAT directly at the treatment site **OR** ensure clients connect with another provider that includes transportation to appointments (referral is insufficient).
- Implement and maintain a DHCS approved MAT policy.

COUNTY DPH-SAPC REQUIREMENTS

All new contractors need to demonstrate the capability to **offer MAT**. SAPC's Rates and Standards Matrix includes practitioner-level rates for a set of procedure codes to incentivize expanded medication services and addiction medication access across the SUD treatment continuum to reduce barriers if required to go to another agency or prescriber.

Additional OTP/NTP Specific Expectations

- Only OTPs/NTPS can administer methadone to treat opioid use disorder.
- Ensure equal client access to and education on all DMC reimbursable addiction medication options (**including naloxone, naltrexone, buprenorphine**), not just methadone.
- Maintain a 5-mile radius from other OTPs/NTPs (exemptions under limited circumstances only).

SAPC Contracting Limitations

SAPC does not contract with individual practitioners or practitioner groups for the delivery of SUD treatment

MAT, or addition medications, are only reimbursed within contracted levels of care (outpatient, residential, WM, OTP), not as standalone services.

SAPC does not specifically contract for Office-Based Opioid Treatment (OBOT).

PROSPECTIVE CONTRACTORS NEED TO ARTICULATE PLANS TO ADDRESS THESE VALUE-BASED CARE COMPONENTS

A foundational component of DPH-SAPC's treatment system is operationalizing value-based care through its reimbursement model. This means that even though services are reimbursed on a fee-for-service (FFS) basis, the expectation is that when there is a gap between the amounts paid and the provider agency's actual service delivery costs, investments are made in the program to optimize clinical care and operations. Minimum expectations include:

- Registered or Certified Counselor base wage of $23.00 per hour
- Minimum employer contribution benefits package of medical, dental, vision coverage, paid time off
- Bilingual services in at least one threshold language of service area

PROSPECTIVE CONTRACTORS NEED TO COMPLY WITH STANDARDS THAT MAXIMIZE TIMELY ACCESS TO CARE

SAPC maintains open contracting for all levels of care <u>because of</u> its priority to maximize on-demand access to treatment whenever prospective clients are ready and in a manner that meets varied preferences. Minimum expectations include:

- Provide in-person <u>and</u> telehealth services (not telehealth only) to maximize client choice and access
- Conduct intakes and services at least two evenings and one weekend day per week
- Implement Reaching the 95% policies procedures and client-facing materials

Financial Viability and Verification

Pre-Contracting Requirements for SAPC Fiscal Viability Checks *Excerpt from SAPC IN 26-05 (or current)*		Non-Profit Agencies	For-Profit Agencies*
Income Statements	Financial statement that details provider agency's revenue, expenses (both direct and indirect), gains, and losses.	☑	☑
Cost Allocation Plan	Document that outlines how contractors fairly and equitably divide shared costs among programs within the provider agency.	☑	☑
Chart of Accounts	A comprehensive list of all accounts a provider agency uses in its general ledger.	☑	☑
General Ledger Detail Reports	Reports that include all revenue, expenditure, asset, and liability accounts for each program, including non-SAPC data.	☑	☑
Audited Financials	Last 2 full years of balance sheets, income/profit & loss, and cashflow statements reviewed by an independent auditing firm and audit conducted by a certified public accountant (CPA) to ensure accuracy and reliability.	☑	☑
Single Audit Report	Comprehensive compliance audit by an independent auditor of nonfederal entities that expends $1 million or more in federal funding during a fiscal year.	☑	☑
60-Day Operating Reserves	Comprehensive compliance audit by an independent auditor of nonfederal entities that expends $1 million or more in federal funding during a fiscal year	☑	☑
Program Investment Fund	Plan that outlines how any revenue that exceeds fee-for-service rates is reinvested in delivery of quality care.	☑	☑

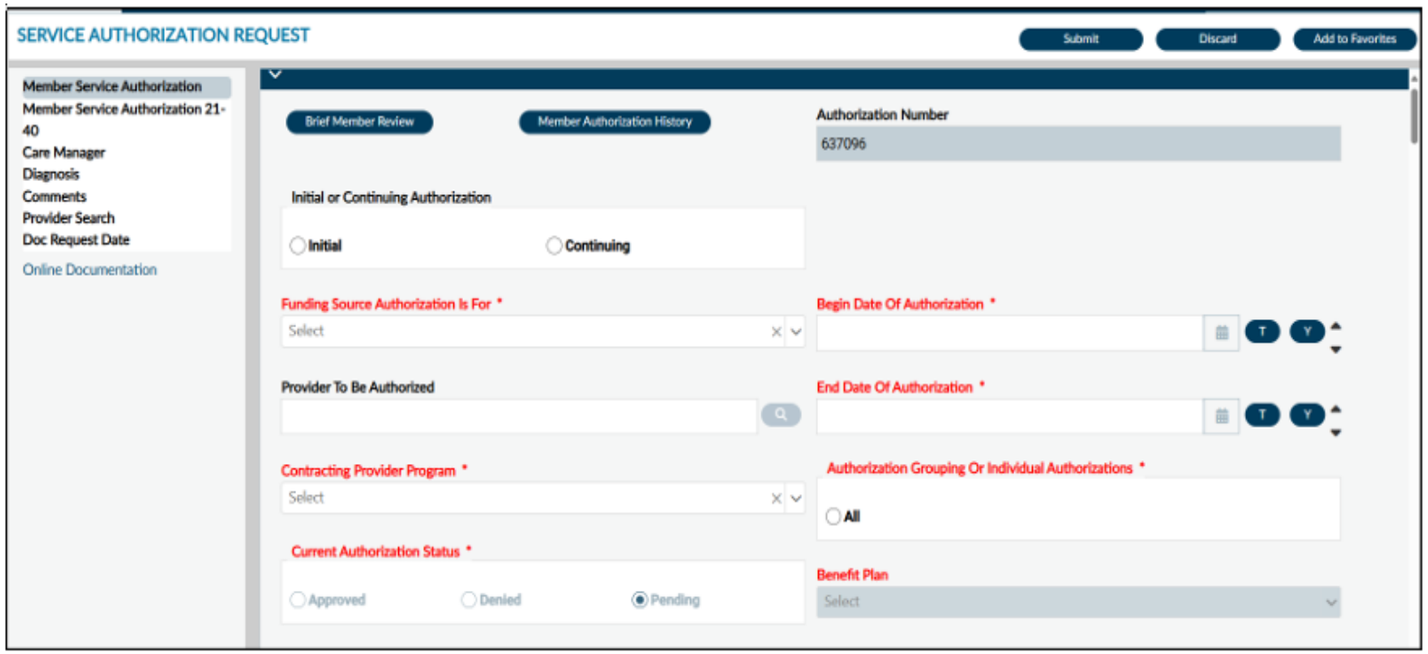
Ensuring Financial Integrity

Fiscal Compliance	Fiscal Reporting
SAPC IN 26-05 and Attachments	**SAPC IN 26-06 and Attachments**

Participate in annual monitoring conducted by the Office of Auditor-Controller for Fiscal Compliance.
 	
Adhere to governing regulations, guidelines and standards such as:
• SAPC Service Agreement(s) and/or Contract(s)
• Office of Management and Budget (OMB) Circular
• Los Angeles County Auditor-Controller Contract Accounting and Administration Handbook
• County of Los Angeles County Fiscal Manual
• Federal Register
 	
Resolve any non-compliance citations within specified timeline or risk placement on CARD or other contract action, up to and including termination.
	Submit an annual Fiscal Report detailing how contract funds were spent.
	
	Create Cost Centers by service level / ASAM levels of care.
	
	Prepare Fiscal Report Narrative that describes:
	• Overall spending strategies of the contract funds:
	  ○ *How were salaries determined?*
	  ○ *How are you investing in your workforce?*
	  ○ *How were specific program expenditures deemed needed and appropriate?*
	  ○ *Are savings/funds being accumulated for any future goals and/or investments?*
	  ○ *How are you allocating your reserves toward future goals?*
	• How excess revenue was expended.
	• How investments were identified and determined to support the program.

Assessments, Documentation, Authorizations

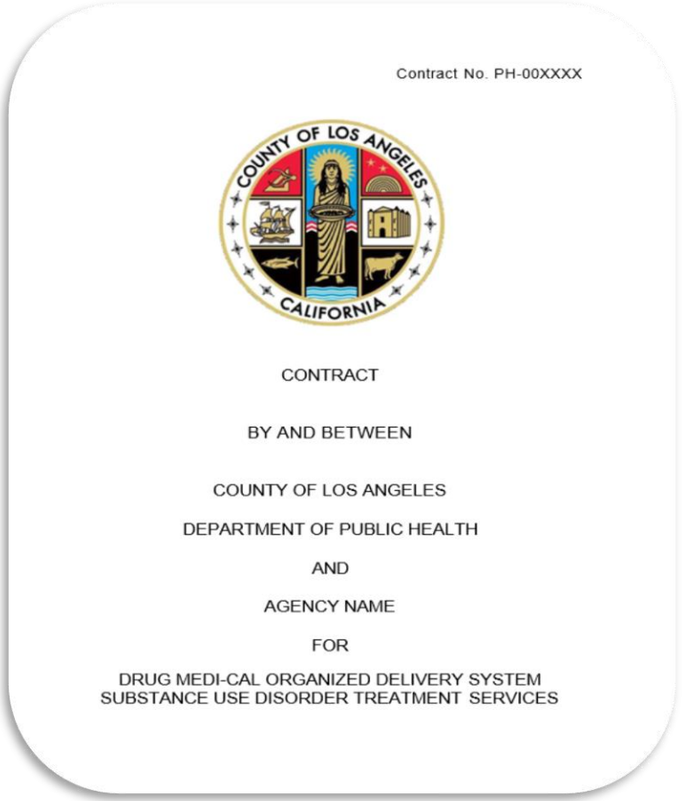
SAPC treatment agencies **must use the electronic standardized assessment built into our EHR "Sage"** SUD information system **for adults**, or the SAPC **specified assessment tool for youth**, to document the required ASAM Criteria assessment. Staff must complete Sage credentialing and onboarding and required ASAM Criteria trainings. Documentation must be in alignment with DHCS' requirements for clinical assessments, progress notes, and problem lists.



Contractors are required to obtain service authorizations prior to submitting claims via Sage. Authorization requests require:

- Completed client's **financial eligibility** (such as Medi-Cal enrollment).
- Completed **ASAM assessments** signed by a licensed/license-eligible clinician.
- Completed **problem lists** to extend the duration of an authorization.

SAPC CONTRACT REQUIREMENTS



Contract No. PH-00XXXX

CONTRACT

BY AND BETWEEN

COUNTY OF LOS ANGELES

DEPARTMENT OF PUBLIC HEALTH

AND

AGENCY NAME

FOR

DRUG MEDI-CAL ORGANIZED DELIVERY SYSTEM
SUBSTANCE USE DISORDER TREATMENT SERVICES

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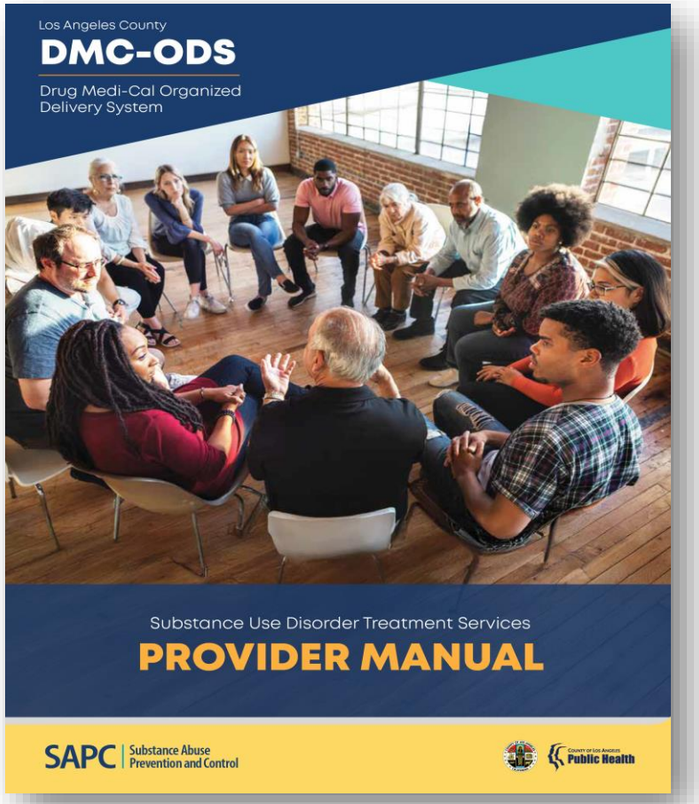

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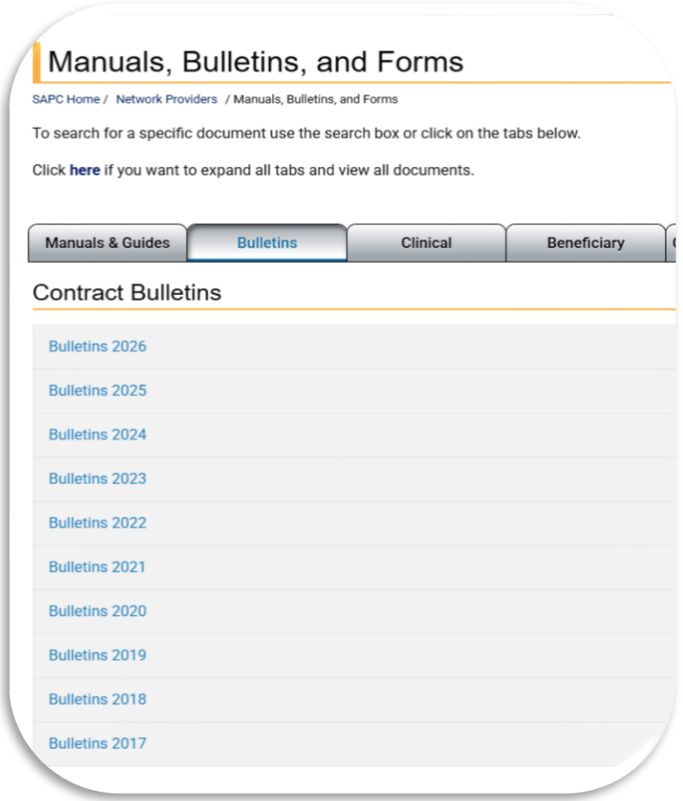


The Contract, Provider Manual and Bulletins/Information Notices collectively define contractual requirements for treatment services.

COUNTY PROCESS STEPS FOR DPH-SAPC CONTRACTING

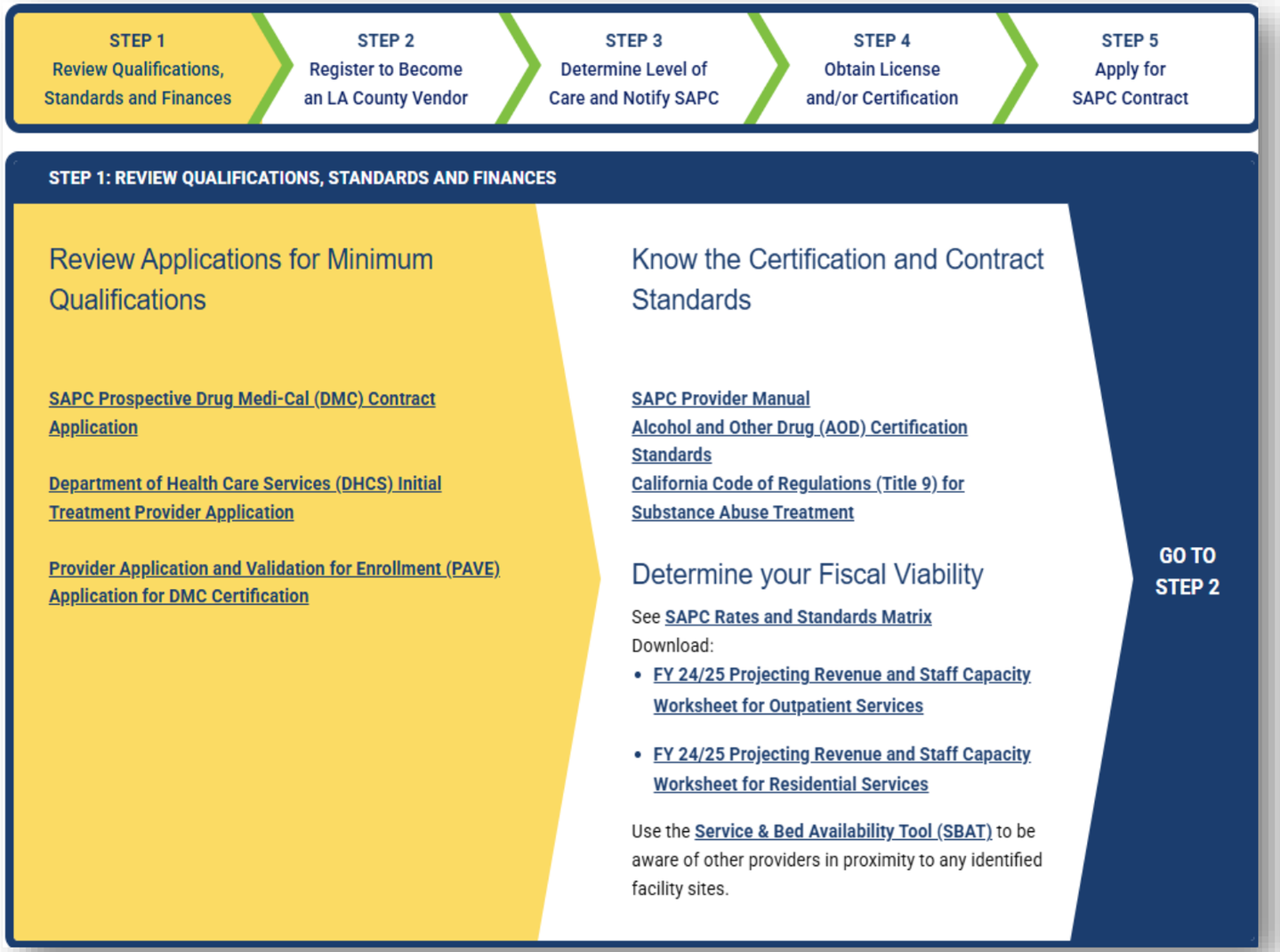
Step 1:

Review Qualifications, Standards, and Finances

DPH-SAPC is dedicated to developing and maintaining a SUD treatment network that ensures that all income-eligible individuals with a SUD receive high-quality and outcome-based care that reflects a modern healthcare system.

All agencies seeking to join this network, whether non-profit or for-profit, need to share this commitment and willingness to invest time and funding to its development.

Carefully review County service and operational requirements before completing the application and be ready to commit to these standards and expectations.

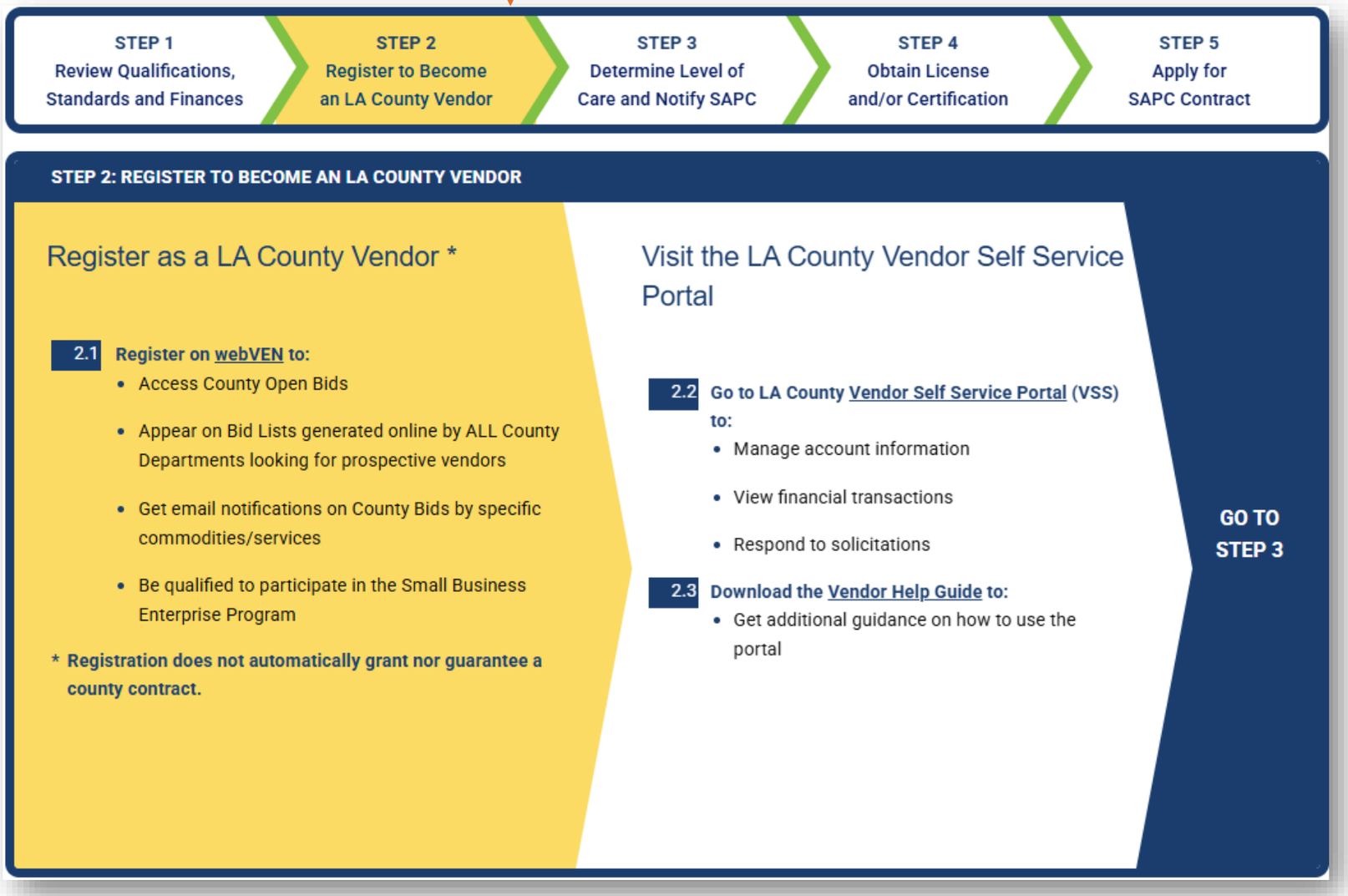


Step 2:

Review Qualifications, Standards, and Finances

To contract with Los Angeles County, each agency needs to become a "LA County Vendor".

Agencies should only need to do this one time. Registration is applicable for all County Departments. It does not guarantee a contract.

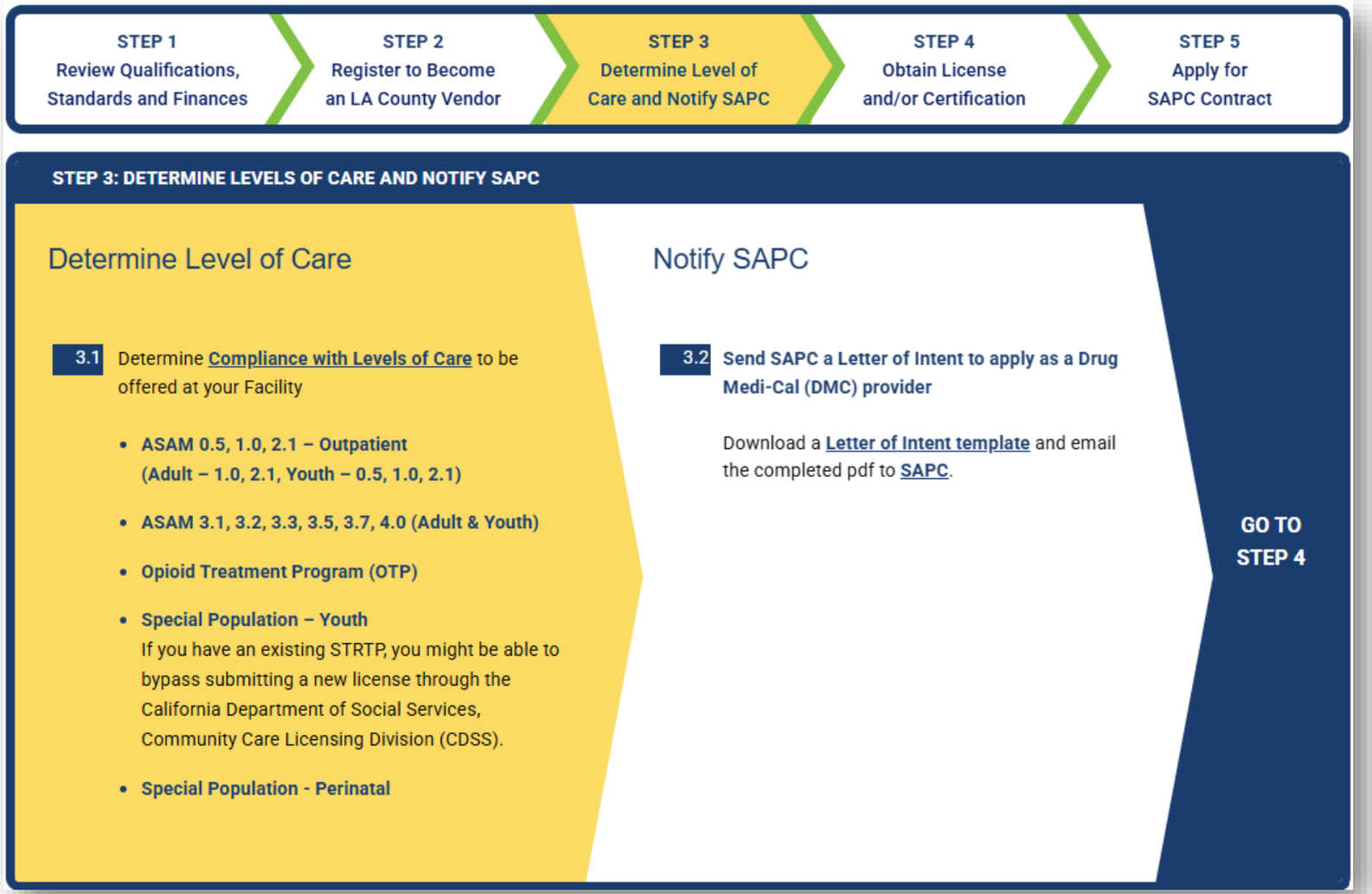


Step 3:

Review Qualifications, Standards, and Finances

Confirm which levels of care the agency is qualified to offer and review DPH-SAPC specific standards and expectations outlined in the Provider Manual, Bulletins, and Information Notices.

When the provider agency has determined readiness to apply for a DMC contract, and is committed to all DPH-SAPC requirements, submit a letter of intent to initiate discussions.



Step 4:

Review Qualifications, Standards, and Finances

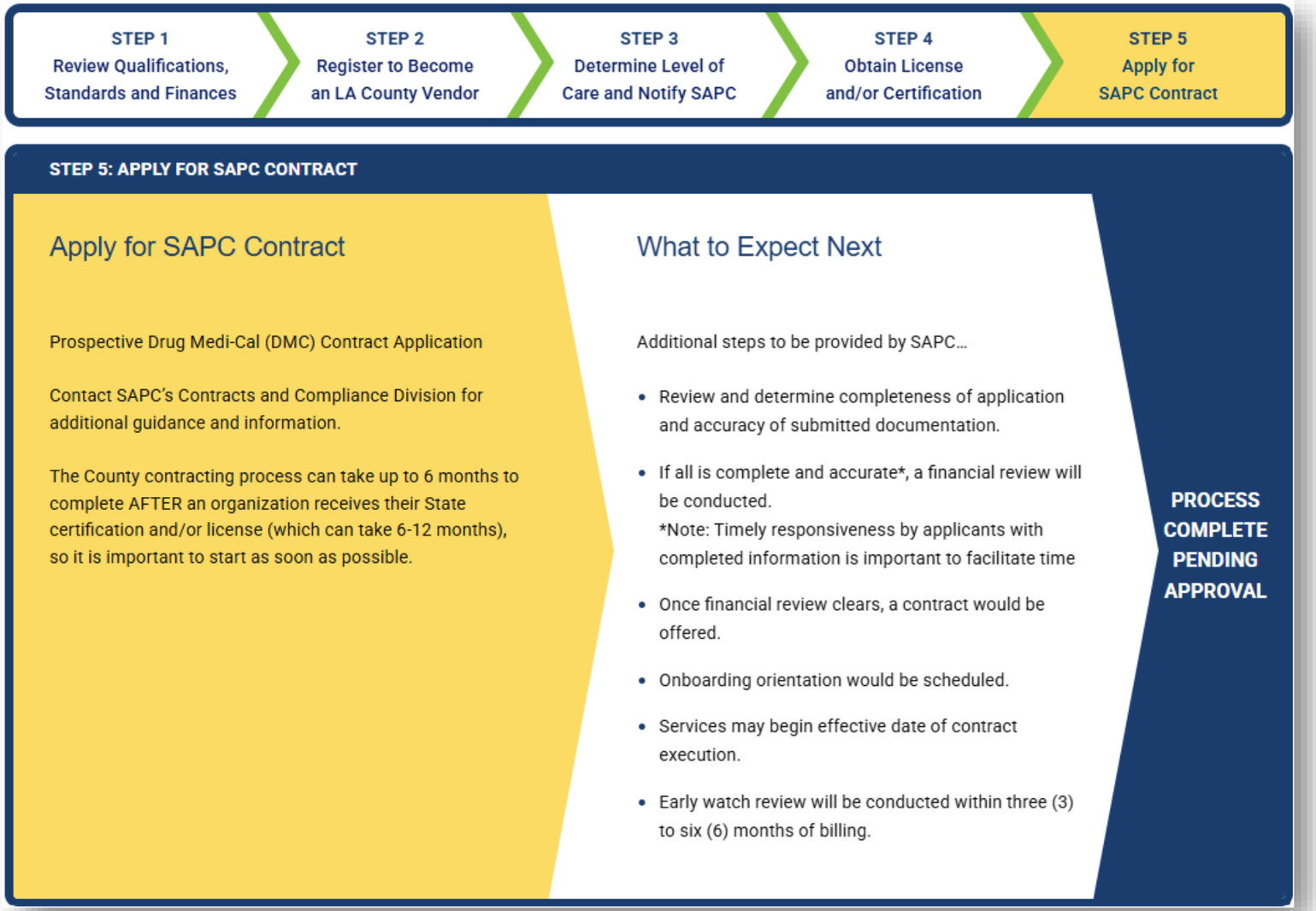
Before submitting a DMC application, confirm that all federal and State certifications and licenses have been issued (e.g., AOD Certification/License, DMC Certification) AND include any local requirements (e.g., IMS) which may be optional according to other government entities. See Slide 3.

Step 5:

Review Qualifications, Standards, and Finances

Submit your DMC application as outlined in the Prospective DMC Contract Application document (see Step 1) and ensure compliance with requirements and expectations outlined in relevant DPH-SAPC documents and this presentation.

Be prepared to develop a presentation and meet with DPH-SAPC representatives to discuss your program design, how services will comply with expectations, and the organizational structure and practices that support delivery of effective and outcome-based care.

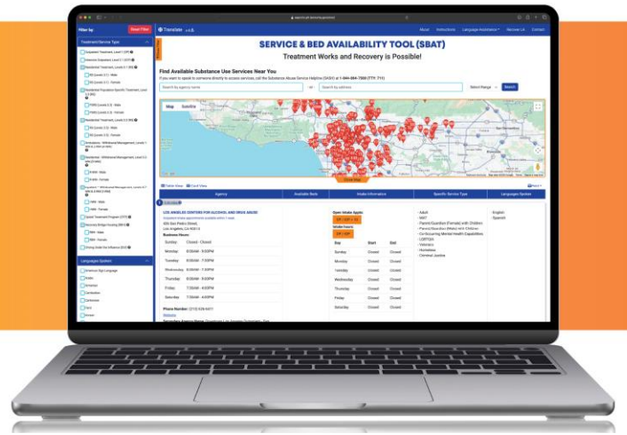


For more information on DPH-SAPC's treatment contracting process, requirements and resources visit these links:

- Contracting process for DMC treatment: link
- Contracting process for non-DMC services: link
- Contract requirements issued via Bulletins/Information Notices: link
- Contract requirements issued via current version of Provider Manual: link
- Contract requirements on use of EHR-Sage and related notices: link
- Expanding access to care and Reaching the 95% Initiative: link
- Current provider directory known as the Service and Bed Availability Tool (SBAT): link
- Recover LA tool for community members with SUD info and services: link
- FY 2025-2026 Rates: link
- Other information included on Providers webpage: link

Service & Bed Availability Tool (SBAT)

The SBAT website **(SUDHelpLA.org)** allows anyone with an internet connection to find SUD treatment services and site contact information.



FILTER BY:

- Distance
- Treatment/Service Type
- Languages Spoken
- Clients Served (e.g. youth, perinatal, disabled, LGBTQIA, homeless, re-entry, etc.)
- Night/Weekend Availability

07APR2026

Recover LA Mobile App

- Free mobile app
- Provides education and resources for those seeking substance use services for themselves or others
- Available in 13 languages
- RecoverLA.org

QR code can be used to access the app as well

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Questions?