

## **DEPARTMENT OF ALCOHOL AND DRUG PROGRAMS**

### **DRUG MEDI-CAL COST ESTIMATE PROCESS**

#### **PURPOSE**

- **To budget the appropriate funding level for the Drug Medi-Cal (DMC) Program for Regular and Perinatal services**
- **To maintain a credible cost estimate process for one of ADP's largest fund sources for county allocations (approximately \$200 million)**
- **To ensure the timely payments of county claims for DMC services**
- **To avoid the need to submit deficiency requests to the Legislature if it is later determined that actual claims exceed the Department's budget authority**
- **To ensure maximizing the receipt of federal Medi-Cal reimbursements**
- **To avoid Victim's Compensation Claims which would require 100% payment from the General Fund**

#### **COST ESTIMATE METHODOLOGY**

**Cost Estimates are developed for the following DMC Modalities:**

- **Narcotic Treatment Program (Regular, Minor Consent, and Perinatal)**
- **Day Care Rehabilitative (EPSDT and Perinatal)**
- **Outpatient Drug Free (Regular, Minor Consent and Perinatal)**
- **Perinatal Residential Services**

**There are three major components to the Cost Estimate Methodology:**

- 1. Caseload – To estimate the number of DMC eligible clients by modality based on CalOMS data as submitted by the counties**
- 2. Units of Service (UOS) – To estimate the average units of services (i.e., dosing, group counseling, individual counseling) by modality based on approved county claims data for the last complete fiscal year (i.e., FY 2009-10 Cost Estimate Process used FY 2007-08 cost report data)**
- 3. Rates – As determined through the Department's annual statutorily-required DMC Rate Setting Process**

**Methodology Formula – *Projected caseload x Average UOS x Rate***