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State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

DATE: 1/7/2020

Behavioral Health Information Notice No.: 20-002

TO: County Behavioral Health Directors
County Drug & Alcohol Administrators
County Behavioral Health Directors Association of California
California Council of Community Behavioral Health Agencies
Coalition of Alcohol and Drug Associations
California Association of Alcohol & Drug Program Executives, Inc.
California Alliance of Child and Family Services
California Opioid Maintenance Providers
California State Association of Counties
California Consortium of Addiction Programs and Professionals

SUBJECT: Mental Health Plan Claiming for Specialty Mental Health Services
Provided in Medi-Cal-Certified Children's Crisis Residential Programs

REFERENCE:

MHSUDS Information Notice 19-010
MHSUDS Information Notice 19-004
MHSUDS Information Notice 18-049
MHSUDS Information Notice 17-016
MHSUDS Information Notice 12-06

Pursuant to requirements established by Assembly Bill 501 (Chapter 704, Statutes of 2017) and Mental Health and Substance Use Disorder Services Information Notice (MHSUDS IN) 19-004, this Behavioral Health Information Notice (BHIN) provides guidance to Mental Health Plans (MHPs) regarding claiming for and reimbursement of specialty mental health services (SMHS) provided in a Medi-Cal-certified Children's Crisis Residential Program (CCRP).

Background

A CCRP is a facility licensed by the California Department of Social Services as a Short-Term Residential Therapeutic Program and approved by the Department of Health Care Services (DHCS) (or a county MHP to which DHCS has delegated approval authority) to operate a CCRP.¹ CCRPs provide an alternative to psychiatric hospitalization by offering short-term residential crisis services for children and youth experiencing mental health crises. CCRPs are community care facilities that have the ability to provide mental health treatment services 24 hours a day, seven days a week, make prompt admission determinations, and involve the child's family and natural support systems.

Medi-Cal Reimbursement for Specialty Mental Health Services

CCRP that have appropriate Medi-Cal certification must offer three distinct Medi-Cal SMHS onsite to Medi-Cal beneficiaries who meet medical necessity criteria: crisis residential treatment services, medication support services and targeted case management.²

DHCS will reimburse MHPs the federal share for each of these three SMHS. MHPs will be reimbursed a daily rate for crisis residential treatment services for each day a child who meets medical necessity criteria is admitted to a CCRP, excluding the day of discharge.³ DHCS will reimburse MHPs by the minute for medication support services and targeted case management provided to a Medi-Cal beneficiary admitted to a CCRP who meets medical necessity criteria and requires these services.⁴

The following is an overview of the reimbursement process,⁵ which is the same whether the services are provided in a CCRP or in another setting:

- MHPs will submit interim claims for crisis residential treatment services, medication support services, and targeted case management services through the Short-Doyle Medi-Cal Phase II (SD/MC II) claiming system.

¹ Health and Safety Code sections 1502 and 1562.02.

² Children's Crisis Residential Treatment Program Interim Standards, section 13(b), (c), (d), and (e); see also California Code of Regulations, title 9, sections 1810.345 and 1810.405.

³ Title 9, California Code of Regulations, section 1840.320.

⁴ Rules governing the claiming for these services are set forth in title 9, California Code of Regulations, section 1840.316.

⁵ For additional details please see the [Specialty Mental Health Services Certified Public Expenditure Protocol](#), [MHSUD Information Notice 12-06](#), the [County Interim Rate Table](#) and [State Plan Amendment 09-004](#), Attachment 4.19-B, pages 24-25.3 for more detailed information regarding interim payments, county interim rates, and cost settlement for specialty mental health services.

⁵ [State Plan Amendment 09-004](#), Attachment 4.19-B, page 25

- The amount of an interim claim depends on whether the CCRP providing the service(s) is a contractor of the MHP or is owned and operated by the county.
 - For contracted providers, the interim claim must be in the amount the MHP paid the provider.⁶
 - For providers owned and operated by the county, the interim claim must be a reasonable approximation of the MHP's cost to provide the service.⁷
- When SD/MC II approves a claim, DHCS will make an interim payment to the MHP of the federal share of the approved amount.
 - For contracted providers, the interim payment is based on the amount the county billed DHCS.
 - For providers owned and operated by the county, the interim payment is based on the lower of the amount the county billed DHCS, less any third party revenue or the county interim rate for the service.

DHCS sets the county interim rate and updates it annually based on the MHP's most recently filed cost report. MHPs submit annual cost reports to DHCS. The cost reports indicate the cost of the services provided by providers owned and operated by the county and by contract providers. DHCS adjusts the interim payments for providers owned and operated by the county – which are in the amount of the approximate cost to provide the services – based on the actual cost. DHCS adjusts the interim payments for contracted providers to the lower of the reasonable and allowable cost to provide the service or the provider's usual and customary charges.⁸

Eligible Costs

MHPs and MHP contract providers must adhere to State and Federal requirements when determining costs eligible for federal reimbursement. Allowable costs for medication support services and targeted case management include both direct and indirect costs. Direct costs are limited to costs related to direct practitioners, medical equipment, medical supplies and other costs that can be directly charged to medication support services and targeted case management. MHPs may determine indirect costs by applying their cognizant agency specific approved indirect cost rate to their net direct costs, allocating indirect costs based upon the allocation process in their approved cost allocation plan, or allocating indirect costs based upon direct program costs.⁹

⁶ Less any funding sources that are not available for federal reimbursement.

⁷ An example of a reasonable approximation is the cost based on the MHP's prior year's certified cost report.

⁸ Please see the [Specialty Mental Health Services Certified Public Expenditure Protocol, MHSD Information Notice 12-06](#) and the [County Interim Rate Table](#) for more detailed information regarding interim payments, county interim rates, and cost settlement for specialty mental health services.

⁹ [State Plan Amendment 09-004](#), Attachment 4.19-B, page 25.

Allowable costs for crisis residential treatment services include both direct and indirect costs. Direct costs are limited to costs related to direct practitioners, medical equipment and medical supplies. MHPs may determine indirect costs by applying the provider’s cognizant agency-specific approved indirect cost rate to its net direct costs, or allocating indirect costs based on the professional component of crisis residential treatment services using a Centers for Medicare and Medicaid Services-approved allocation methodology. Allowable costs for crisis residential treatment services must not include overhead costs not directly attributable to the provision of crisis residential treatment services if those costs would be incurred at the same level if crisis residential treatment services were not provided.¹⁰ As described in MHSUDS IN 19-010, costs incurred to provide room and board in a CCRP are not eligible for federal reimbursement.

Claiming Requirements for Crisis Residential Treatment Services, Medication Support Services, and Targeted Case Management Provided in a CCRP

The requirements for claiming Federal Financial Participation (FFP) for medication support services and targeted case management provided in a CCRP are the same as if the services were provided in any other setting, except for a hospital. The requirements for claiming FFP for crisis residential treatment services are as follows:

- Must use the X12N 837 Health Care Claim: Professional (837P) transaction set;
- Must use the procedure code “H0018” crisis residential and procedure modifier 1 “HE” and procedure modifier 2 “HA”; and
- Must be claimed in the equivalent of 1 day units.

For cost report and provider certification purposes, SMHS activities for crisis residential treatment services provided to children or youth in a CCRP are identified using the following Mode of Service and Service Function Codes below.

Service	Mode of Service	Service Code	Procedure Code	Procedure Modifier 1	Procedure Modifier 2
Crisis Residential Treatment Services	05	40	H0018	HE	HA

As with all SMHS, MHPs are responsible for performing authorization, utilization management and utilization review activities. MHPs are also required to maintain adequate clinical records consistent with Federal and State requirements including, but not limited to, compliance with medical necessity criteria requirements.

¹⁰ [State Plan Amendment 09-004](#), Attachment 4.19-B, page 25- 25.1.

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Questions regarding this BHIN may be directed to the DHCS Medi-Cal County Customer Services Section at MedCCC@dhcs.ca.gov.

Sincerely,

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