



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



EDMUND G. BROWN JR.  
GOVERNOR

April 17, 2013

MHSD INFORMATION NOTICE NO.: 13-07

**TO:** LOCAL MENTAL HEALTH DIRECTORS  
LOCAL MENTAL HEALTH PROGRAM CHIEFS  
LOCAL MENTAL HEALTH ADMINISTRATORS  
COUNTY ADMINISTRATIVE OFFICERS  
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

**SUBJECT:** ESTABLISHING A COUNTY CONTRACT RATE IN THE  
SHORT-DOYLE CLAIMING SYSTEM FOR FISCAL YEAR 2013-14

**REFERENCE:** Welfare and Institutions Code, Section 14708 and 14711; 42 CFR  
447.362 and 42 CFR 433.51

**EXPIRES:** Retain until superseded

The purpose of this information notice is to request that each county mental health plan (MHP) inform the Department of Health Care Services (DHCS) as to whether the MHP will specify a county contract rate (CCR) for each Medi-Cal Specialty Mental Health service to limit interim payments for services provided by contract providers during Fiscal Year 2013-2014.

Effective July 1, 2012, Assembly Bill (AB) 1297 (Statutes of 2011) directs DHCS to reimburse county MHPs based upon their certified public expenditures that do not exceed their federal upper payment limit (UPL) as defined in 42 CFR 447.362. The county MHP's certified public expenditures for services provided by contract providers are equal to the amount paid by the county MHP to its contract providers. The State will provide interim payments to each county MHP based upon the amount paid by the county MHP to its contract providers. County MHPs should continue to submit Medi-Cal claims based on the different rates paid to individual contract providers.

Given various billing complexities, some county MHPs have requested that DHCS create a state-level billing system edit to limit the amount reimbursed to the county MHP for services provided by contract providers. To mitigate or avoid overpayments, county MHPs may request that DHCS enter a CCR for each service function into the Short-Doyle claiming and payment system that limits the amount of interim payments DHCS will reimburse the county MHP for services provided by all of its contract

providers. If a county MHP chooses to limit interim payments to a CCR, the interim reimbursement to the county MHP will be based upon the lower of the claimed amount or the CCR. If a county MHP chooses not to limit the interim payments to a CCR, the interim reimbursement to the county MHP will be based solely upon the claimed amount. DHCS is asking each county MHP to complete the attached form, indicating whether or not the county MHP intends to establish a CCR for each service function to limit interim payments of services provided by its contract providers and, if so, the amount for the rate.

The CCR will not be applied to services furnished by a county MHP's county owned and operated providers. Interim rates for services provided by each county owned and operated provider are subject to the methodology described in MHSD Information Notice 12-06.

Interim payments made to the county MHP for services provided by contract providers continue to be subject to the normal cost settlement process. Cost settlement with the county MHP will be based on the aggregate amount paid by the county to contract providers plus the certified public expenditures incurred by the county MHP for county owned and operated providers without exceeding the county MHP's federal upper payment limit as defined in 42 CFR 447.362. The CCR will not be applied as a limitation during the cost settlement process.

Please complete the enclosed form and e-mail a scanned copy to Jason Sims, at [Jason.Sims@dhcs.ca.gov](mailto:Jason.Sims@dhcs.ca.gov), by April 30, 2013. The CCR for counties that do not respond by April 30, 2013, will default to the county interim rate or the Schedule of Maximum Allowance rate for Fiscal Year 2011-12.

Sincerely,

Original signed by

Vanessa Baird, Deputy Director  
Mental Health and Substance Use Disorder Services

Enclosure