



C A L I F O R N I A D E P A R T M E N T O F
Mental Health

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April 16, 2002

DMH LETTER NO.: 02-01

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

SUBJECT: CLARIFICATION REGARDING MEDI-CAL REIMBURSEMENT FOR DAY
TREATMENT FOR CHILDREN AND YOUTH IN GROUP HOME
PROGRAMS

The Department of Mental Health (DMH) is providing clarification regarding Medi-Cal reimbursement for day treatment (both day rehabilitation and day treatment intensive) provided to children and youth in group home programs through the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program.

This letter describes the current responsibilities of the mental health plans (MHPs) and MHP contract providers, including those providers who also offer foster care group home programs, in the provision of specialty mental health services to Medi-Cal beneficiaries of the MHPs and describes specific considerations related to Medi-Cal reimbursement for day treatment. This letter does not establish new requirements for MHPs or MHP contract providers, nor is the letter intended to discourage the use of day treatment for Medi-Cal beneficiaries in group home programs. Day treatment should be provided when it is an appropriate clinical intervention.

MHP/Foster Care Group Home Responsibilities

MHPs are required by Title 9, California Code of Regulations (CCR), Section 1810.345, to provide or arrange and pay for specialty mental health services to Medi-Cal beneficiaries when the medical necessity criteria in Title 9, CCR, Sections 1830.205 or 1830.210 are met and when specialty mental health services are required to assess whether the medical



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necessity criteria are met. The medical necessity criteria for Medi-Cal beneficiaries who are also EPSDT-eligible (full-scope Medi-Cal beneficiaries under the age of 21) described in Section 1830.210 is less stringent than the criteria for other beneficiaries. EPSDT-eligible beneficiaries who have a diagnosis included in Section 1830.205(b)(1) and whose condition would not be responsive to physical health care based treatment are eligible for specialty mental health services covered by the MHP provided the services will correct or ameliorate the beneficiary's mental illness.

MHPs are required by their MHP contract with DMH to ensure that all their contract providers, as well as MHP staff, provide services in accordance with all applicable federal and state laws and regulations. MHPs are responsible to negotiate contract terms with all their contract providers that establish the responsibilities of each party for complying with applicable requirements clearly. The MHP and subsequently the provider could be subject to sanctions for failure to meet contract obligations. All providers that contract with MHPs to be Medi-Cal providers, including providers that also offer group home programs, must comply with the terms of their contract. All Medi-Cal providers also have individual responsibilities to comply with federal and state laws governing the Medi-Cal program.

The California Department of Social Services (DSS) has confirmed that foster care group home programs are expected pursuant to licensing requirements to provide or arrange for a sufficient level of service, care and supervision to meet the level of service needs of children and youth in placement (Title 22, CCR, Divisions 5 and 6). According to DSS, the foster care payment received by foster care group home programs is intended only to pay for group home services such as board and care (food, clothing, shelter, daily supervision) and non-clinical social work services. Group home programs provide these services directly. Group home programs, in coordination with placing agencies, arrange for other non-group home services needed by foster children and youth, such as medical, dental, educational, substance abuse, and mental health. According to DSS, funding for these services is not included in the foster care payment and their costs are not allowable foster care payment expenditures. The foster care group home program generally arranges for these other services to be provided by other public programs, including but not limited to Medi-Cal, either directly or by funding the group home program to be the provider.

MHPs and group home programs should work together to ensure Medi-Cal eligible children and youth receive medically necessary specialty mental health services, whether the group home program serves as an MHP contract provider to deliver services, the MHP provides or arranges for services through MHP staff or other contractors, or some combination of both. The MHP's obligation to deliver Medi-Cal specialty mental services, however, is based in Medi-Cal Specialty Mental Health Services regulations and the contract between DMH and the MHP, not in the regulations that apply to group home programs.

Medi-Cal Reimbursement Requirements Specific to Day Treatment

Day treatment is reimbursable through Medi-Cal when provided in the context of the mental health needs of the beneficiary and when the beneficiary meets the applicable medical necessity criteria and any service necessity criteria established by the MHP. When day treatment is provided to an EPSDT-eligible beneficiary, the MHP may receive both federal financial participation (FFP) and state general funds (SGFs) as Medi-Cal reimbursement.

The MHP or its contract providers typically determine whether a beneficiary meets the Medi-Cal medical necessity criteria and, if the medical necessity criteria are met, what the mental health needs of the beneficiary are during an assessment process. Once a beneficiary's needs are identified, the MHP and/or its providers will develop a client plan. (See Enclosure 1 for a copy of the client plan requirements in the contract between DMH and the MHPs.) In general, client plans must include treatment goals and proposed interventions that are consistent with the beneficiary's diagnosis. When day treatment is included in the client plan, the client plan must identify the goal(s) that day treatment will assist the beneficiary to achieve and the proposed duration of the day treatment.

MHPs are required to have utilization management programs that establish consistent standards for MHP or provider decisions to deliver services. MHPs ensure that these standards are met through prior authorization of services or post-service utilization review. (See Enclosure 2 for a copy of the utilization management requirements in the contract between DMH and the MHPs.) Generally, the utilization management program ensures that both medical necessity criteria established by State regulations and service necessity criteria established by the MHP is being met for the services being delivered through the MHP. The kinds of issues typically considered in establishing service necessity criteria include consistency with the signs, symptoms, diagnosis and treatment of the beneficiary's condition; whether the services are the most appropriate, least restrictive level of service that can be provided; appropriate consideration of Axis III physical conditions; the severity of psychosocial and environmental problems (Axis IV) and other global assessment of functioning (Axis V) adjustment or functional factors; whether the services have the potential to reduce the interference of symptoms; whether the services are consistent with appropriate professional practice, and whether the services are rendered only for the convenience of the beneficiary or the provider.

The day treatment programs themselves must meet the requirements for receiving federal financial participation (FFP) related to program definitions, contacts and sites, staffing, and lockouts. These requirements are described in Title 9, CCR, Sections 1810.212, 1810.214, 1840.318, 1840.328, 1840.330, 1840.350, 1840.352, and 1840.360.

MHPs are encouraged to consult with DMH as needed to resolve questions related to Medi-Cal reimbursable services. If you have questions or need additional information, please contact your contract managers in the Technical Assistance and Training Section below:

DMH Technical Assistance and Training Contract Managers

Bay Area Region	Ruth Walz	(707) 252-3168
Central Region	Anthony Sotelo	(916) 651-6848
Northern Region	Jake Donovan	(916) 651-9867
Southern Region	Eddie Gabriel	(916) 654-3263

Sincerely,

Original signed by D.Dawson

STEPHEN W. MAYBERG, Ph.D.
Director

Enclosures

cc: California Mental Health Planning Council
Chief, Technical Assistance and Training