



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

Mental Health

1600 9th Street, Sacramento, CA 95814
(916) 654-2309

October 9, 2003

DMH LETTER NO.: 03-07

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

SUBJECT: SECOND LEVEL TREATMENT AUTHORIZATION
REQUEST APPEAL REVIEW FEES

As directed by Section 14684.1 of the Welfare and Institutions Code (Assembly Bill No. 1762 (Chapter 230, Statutes of 2003)) the State Department of Mental Health (DMH) has established a process for Second Level Treatment Authorization Request (TAR) Appeals to review and resolve disputes between Mental Health Plans (MHPs) and hospitals. This language was adopted as part of the trailer bill language approved in August 2003 (See Enclosure). The appeals process contains all of the following:

- DMH reviews appeals initiated by hospitals and renders decisions on appeals based on findings that are the result of a review of supporting documents submitted by MHPs and hospitals. The basic appeal process is described in Title 9, California Code of Regulations, Section 1850.305.(e).
- When DMH upholds an MHP denial of payment of a hospital claim, consistent with Section 14684.1 of the Welfare and Institutions Code, a review fee will be assessed on the provider. When DMH reverses an MHP denial of payment of a hospital claim, a review fee will be assessed on the MHP. This fee will be effective with appeals received after June 30, 2003.
- The DMH Second Level TAR Appeals findings will be provided on a monthly basis to DMH's Accounting Section for billing to the appropriate parties. In the case of a split decision involving both parties, the fees involved will be prorated for the total number of appealed days denied each party. For instance if eighty percent (80%) of the days subject to appeal are ruled in favor of the provider, then the MHP will be assessed 80%



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of the fee. The remaining 20% of the fee will be billed to the provider. On a monthly basis, Accounting will send an invoice to the MHP/hospital for all denied appeals. A check payable to the Department of Mental Health shall be sent to DMH within 30 days of receipt of the invoice.

Fees collected by DMH will be retained by DMH and used to offset administrative and personnel services costs with the appeals process.

DMH will use the fees collected, in conjunction with other available appropriate funding for this function, to contract for the performance of the appeals process function.

The amount of the review fees will be calculated and adjusted annually. For Fiscal Year 2003-2004 the amount charged per appeal filed will be \$252.64. The full fee has been calculated to be \$505.28 per appeal, however; this rate is all-inclusive. The amount charged to the losing party would be fifty percent of the calculated amount per appeal since Medicaid reimbursements will be obtained by DMH to cover the other half.

If you have any further questions regarding this notice please contact Frank Salmon, Chief, Medi-Cal Oversight, Northern Region, at (916) 654-3607.

Sincerely,

(Original Signed By)

STEPHEN W. MAYBERG, Ph.D.
Director

Enclosure

cc: California Mental Health Planning Council
Chiefs, County Operations Sections
Administrators, Fee-For-Service/Medi-Cal (FFS/MC) Hospitals