



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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February 1, 2010

DMH LETTER: 10-02

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

SUBJECT: MEDI-CAL COVERAGE AND CLAIMING FOR BENEFICIARIES IN
INSTITUTIONS FOR MENTAL DISEASES

REFERENCE: DMH LETTER NO.: 98-03, DMH LETTER NO.: 02-06, and
DMH LETTER NO.: 06-04

This Department of Mental Health (DMH) letter updates prior DMH communications related to the requirement that no State General Funds (SGF) nor Federal Financial Participation (FFP) be expended for services and treatment to Medi-Cal beneficiaries who are residents of institutions for mental diseases (IMDs) and who are 21 years of age and older and under 65 years of age (known as the "IMD exclusion"). This letter also reiterates that Welfare and Institutions (W&I) Code section 14053.3, in conjunction with section 14053(b)(3), requires DMH to recover SGF and FFP paid for ancillary services provided at the time that a Medi-Cal beneficiary is a resident of an IMD and subject to the IMD exclusion, in accordance with applicable state and federal statutes and regulations, as referenced below. In order to prevent claiming of SGF and FFP for Medi-Cal beneficiaries residing in an IMD per the IMD exclusion, the Department of Health Care Services (DHCS) has directed Medi-Cal providers to bill the county of responsibility for the beneficiary, as reflected in the Medi-Cal Eligibility Data System (MEDS). Attachment 1 is the Provider Bulletin titled Medical Ancillary Services Billing Procedures Update, which was sent by DHCS to all Medi-Cal providers on June 30, 2009.

Inappropriate Claiming of FFP for Services Provided in IMDs

In accordance with Title 42 United States Code section 1396d(a)(28)(B), Title 42, Code of Federal Regulations, sections 435.1009, 435.1010, 441.13 and 436.1005; W&I Code sections 14053(b)(3) and 14053.3, California Code of Regulations (CCR), title 22, section 50273, and CCR, title 9, sections 1840.210 and 1840.312, neither SGF nor FFP reimbursement is available for services for adults (individuals who are 21 years of age or older, and under 65 years of age) residing in IMDs. See Attachment 2 for the text of the cited statutes and regulations.

As guidance on this matter, the Federal Centers for Medicare and Medicaid Services (CMS) issued sections 4390 and 4390.1 of the State Medicaid Manual (Attachment 3). Each Mental Health Plan (MHP) should carefully review the applicable federal and state laws, regulations and guidelines and implement and enforce effective policies and procedures to prevent inappropriate claiming of SGF and FFP for services to Medi-Cal beneficiaries residing in IMDs

subject to the IMD exclusion. IMDs in California generally include facilities in the following licensing categories, if the facility has more than 16 beds: acute psychiatric hospitals; psychiatric health facilities (PHFs); skilled nursing facilities (SNFs) with a certified special treatment program for the mentally disordered (STPs); and mental health rehabilitation centers (MHRCs).

MHPs must not submit claims to the State for specialty mental health services or other services provided to Medi-Cal beneficiaries subject to the IMD exclusion. Providers outside the MHPs must not submit claims for other mental health, medical or ancillary services provided to Medi-Cal beneficiaries subject to the IMD exclusion. Inappropriate claiming of SGF or FFP must not occur, whether through the Short-Doyle/Medi-Cal (SD/MC) claiming system or through the Medi-Cal fiscal intermediary (FI) claims processing system. Improper claiming and/or failure to establish adequate procedures to prevent inappropriate claiming of SGF or FFP will result in disallowances and/or compliance actions and other oversight activities, reviews, actions and proceedings available to the State (including but not limited to CCR, title 9, sections 1810.380 and 1810.385) and to the federal government.

MHP Obligations for Client and Services Information (CSI) Reporting When Clients Enter and Exit IMDs

MHPs must submit updated Client, Service, and Periodic record information through the CSI System to DMH for clients in IMDs when the MHP pays the room and board. DMH Letter No. 06-04 issued on May 18, 2006, eliminated the New Institutions for Mental Disease (NIM) reporting system and informed MHPs to report through CSI. DMH Letter No. 98-03 issued on April 29, 1998, provided MHPs with the directive to submit a Client record at first contact with the county and a Service record as services are provided. Periodic records, which contain data elements that change, such as living arrangements, must be submitted at the time of admission to an IMD, at discharge from an IMD, and at the time of the annual client plan update.

If you have any questions, please contact your County Programs Technical Assistance contact person identified on the following internet site:
http://www.dmh.ca.gov/Services_and_Programs/Local_Program_Support/County_Technical_Assistance.asp

Sincerely,

Original Signed by

STEPHEN W. MAYBERG, Ph.D.
Director

Enclosures

cc: California Mental Health Planning Council
California Mental Health Directors Association