

PROCEDURES FOR IMPLEMENTATION OF COMMUNITY TREATMENT FACILITY (CTF) SUPPLEMENTAL RATE

STATUTORY AUTHORITY

The statutory authority and general guidelines for the CTF supplemental rate process are found at Welfare and Institutions Code, Section 4094.2. A copy is provided as Attachment 1.

BASIC PRINCIPLES

- The county in which the CTF is located (called the host county) will have primary responsibility for facilitating the development and payment of the CTF supplemental rate, as described in these procedures. A different host county may be designated by agreement among all the counties that expect to use the CTF. If all expected users do not agree, the county in which the CTF is located will be the host county.
- The host county and the CTF will develop a budget specifying the types of mental health services and level of care to be provided. The format for the budget is provided as Attachment 2. The full rate per child per month that will entirely cover the costs included in the budget will be established by the host county and used by all placing counties.
- A supplemental rate will be paid to the CTFs of up to \$2,500 per month per child for children eligible for foster care or those placed pursuant to an Individualized Education Plan (Section 7572.5 of the Government Code). The CTF supplemental rate may not exceed the full rate per child per month less budgeted revenues.
- Placing counties are responsible for paying 60 percent of the CTF supplemental rate, up to a maximum of \$1,500. The State will pay 40 percent of the rate, up to a maximum of \$1,000. The provision of the CTF supplemental rate is subject to availability in the State budget. If partial funding is not available in the State budget, both county and State shares of the CTF supplemental rate will be reduced.
- Department of Mental Health (DMH) will provide the State's share of the CTF supplemental rate funds to the host counties for advance payment to the providers in the same manner as the regular foster care payment and within the same required payment time limits.

PROCEDURES

Budget Negotiation and Reporting

The host county mental health department must develop an annual budget with the CTF to establish the CTF's net cost. Net costs are determined by calculating the total budget for services for a program or a component of a program, excluding both the revenue and the cost of education and non-mental health services. Anticipated revenues will

include foster care reimbursement based on the rate established for each CTF by the State Department of Social Services; Early and Periodic Screening, and Diagnosis and Treatment (EPSDT)/Medi-Cal reimbursements; AB 3632/SB 90 reimbursements pursuant to Section 7572.5 of the Government Code; and other funds that are designated to offset or reimburse for the cost of mental health treatment and services and/or care and supervision. The net-cost amount will be eligible for state participation in the CTF supplemental rate up to the maximum funding provided in the State's budget or up to 40 percent of \$2,500 per month maximum, whichever is less.

The host county and the CTF must also develop an estimate of the average number of child days per month for the CTF for the year as a part of the budget development. Child days per month are the total number of days spent in the facility by each child in the facility that month. For example, if a facility expects 30 children in the facility, 20 of whom would be there for the full month (30 days) and 10 who would be there for 10 days each, the total child days would be 700 ($30 \times 20 + 10 \times 10 = 700$). The average number of child days for the month would be 23 ($700/30 = 23$).

Initial budget information must be submitted by the host county in the attached format (Attachment 2) in accordance with the timelines provided in DMH Information Notice No. 01-08 to DMH, Managed Care Implementation, 1600 9th Street, Room 100, Sacramento, CA 95814. At any time budget information for CTFs covered by the initial submission is revised, this information must be submitted to DMH within 30 days of the completion of the revised budget. Budget information for CTFs that become operational subsequent to the initial submission must be submitted to DMH within 30 days of completing the budget negotiations or prior to enrolling children in the facility, whichever is later.

Setting CTF Supplemental Rates

The CTF supplemental rate will be determined by calculating the amount necessary to provide each CTF with its maximum state share amount per average child days per month to establish the maximum amount payable. If the maximum amount payable is equal to or less than the average state funding available for the month, each CTF will be paid its maximum state share. If the maximum amount payable is more than the average state funding available for the month, the CTF supplemental rate will be determined by 1) subtracting the state funding available for the month from the maximum amount payable; 2) dividing the balance by the total average child days among all CTFs for the month to establish the average deficit; and 3) subtracting the average deficit for each CTF's maximum amount payable.

The interim (monthly estimated) state share of the CTF supplemental rates will be determined using the estimated average number of child days for the month from the budget information submitted for the CTF. The final state share of the CTF supplemental rates will be determined by using the actual average number of child days for the month. The average state funding for the month is one-twelfth of the total budget state funds for CTF supplemental rates. For example, the current state funding for the CTF supplemental rate for fiscal year 2001-02 is \$1,200,000, which is an average of \$100,000 per month.

Within 30 days of receiving the CTF budget information from the host county, DMH will determine the amount of the interim state CTF supplemental rate funding to be provided to the host county mental health department of each facility based on the submitted information. The interim state CTF supplemental rate will be recalculated as additional facilities are licensed and operational and budget information is submitted or when revised budget information is submitted for CTFs already included in the calculation.

An example of a calculation of CTF supplemental rates in months in which the average state funding for the month is less than the maximum amount payable to the CTFs is provided below.

Example

Facility—Start Date	Max Sup Rate Total (State)	Average # Child Days/ Month	Final State Supp Rate July-Sept*	Final State Supp Rate Oct-June**
A--July	\$2,000 (\$800)	30	\$763.64	\$506.67
B--July	\$2,500 (\$1,000)	60	\$963.64	\$706.67
C--July	\$2,500 (\$1,000)	20	\$963.64	\$706.67
D--Oct	\$2,500 (\$1,000)	40	NA	\$706.67

* There is an average of 110 child days per month for July through September. The total available monthly state funds are \$100,000. The maximum amount for Facility A is \$800 per month per child based on its budget; the maximum for the other two facilities is \$1,000. If each facility received its maximum, the total payment would be \$104,000, which is \$4,000 above the available state funds. \$4,000 divided by 110 child days is \$36.36. Each facility's maximum rate is reduced by \$36.36. The total monthly payment for Facility A is \$763.64 X 30 child days = \$22,909. The total monthly payment for facility B is \$963.64 X 60 = \$57,818. The total monthly payment for Facility C is \$963.64 X 20 = \$19,272.

** There is now an average of 150 child days per month for October through June. The total available monthly state funds continue at \$100,000. If each facility received its maximum, the total payment would be \$144,000. \$44,000 divided by 150 child days is \$293.33. Each facility's maximum rate is reduced by \$293.33. The total monthly payment for Facility A is \$506.67 X 30 child days = \$ 15,200. The total monthly payment for facility B is \$706.67 X 60 = \$ 42,400. The total monthly payment for Facility C is \$706.67 X 20 = \$ 14,133. The total monthly payment for Facility D is \$706.67 X 40 = \$28,267.

If the maximum amount payable in a month is less than the average state funding for that month, the unused state funds will be rolled forward to the next month, resulting in higher average state funding for that month.

Final CTF supplemental rate payment:

Within 30 days after the end of each month, the host county will report the actual number of child days in each CTF each month to DMH, Managed Care Implementation, 1600 9th Street, Room 100, Sacramento, CA 95814. DMH will use this information to develop the final payment amount, which will be settled annually, within 60 days of the end of the fiscal year.

Pursuant to Title 9, California Code of Regulations, Section 1912(a)(7), CTF programs may be required to submit cost reports to DMH to substantiate facility costs.

If you have questions or need additional information, please contact Rita McCabe-Hax, Chief, Managed Care Implementation, at (916) 651-9370 or e-mail at rmccabe@dmhhq.state.ca.us.