



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 4, 2004

DMH INFORMATION NOTICE NO.: 04-06

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

SUBJECT: NEGOTIATED RATES FOR SHORT-DOYLE/MEDI-CAL (SD/MC)  
SERVICES FOR STATE FISCAL YEAR (SFY) 2004-2005

For SFY 2004-2005, the Department of Mental Health (DMH) requires the following information if your county intends to contract with the Department or a local provider on a negotiated rate basis for SD/MC funds.

Please submit your proposed rates using the same time bases as shown on Enclosure A for affected legal entities by service function. Approval of your proposed rates shall be determined by following the procedures in Enclosure B. For existing programs without significant changes, DMH will approve rates that are consistent with your FY 2003-04 DMH Cost Report and the application of the appropriate inflation factor. If the FY 2003-04 DMH Cost Report is not available, the FY 2002-03 Cost Report will be used with the application of appropriate inflation factors. Additionally, please provide justification for proposed rates that exceed the State Control rates (SFY 2003-04 cost plus the appropriate inflation factor) but do not exceed the SD/MC Schedule of Maximum Allowance (SMA). Rates for new services will not be approved without prior years' cost report data.

Please send your rate proposal to:

Stan Johnson, Chief  
County Financial Program Support  
1600 9th Street, Room 120  
Sacramento, California 95814



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For energy saving tips, visit the DMH website at  
[www.dmh.cahwnet.gov](http://www.dmh.cahwnet.gov)

This information and a copy of your county's completed and accepted FY 2003-04 DMH Cost Report must be received by DMH no later than December 31, 2004, pursuant to Welfare and Institutions Code, Section 5705(a)(4). The acceptance of the Negotiated Rate package must meet two submission requirements: (1) The package must be postmarked or the electronic transmittal date must be no later than December 31, 2004; (2) A hard copy of the proposal package and authorizing signatures must be received by DMH no later than January 14, 2005. For proposals postdated or electronically submitted after December 31, 2004, reimbursement for services provided to Medi-Cal eligible clients will be based on the lesser of cost, charges, or the SD/MC SMA as set forth in Section 51516 of Title 22 of the California Code of Regulations.

The final approval letter for negotiated rates will include valid rate proposals. Proposals for Hospital Administrative Day rates are not negotiated and therefore will not appear on the final approvals. Proposals for service functions with cost reimbursement will not appear on the final approvals since they are not negotiated rates. Proposals that request a rate but are negotiated for cost will appear on the final approvals.

If you intend to contract on a cost reimbursement basis for all programs, or wish to contract on a negotiated rate basis with county funds only, please ignore this letter.

If you have any questions or comments, please contact Stan Johnson at (916) 654-3060.

Sincerely,

STEPHEN W. MAYBERG  
Director

Enclosures