



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

January 28, 2005

DMH INFORMATION NOTICE NO.: 05-01 (Revised)

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

SUBJECT: SHORT-DOYLE/MEDI-CAL (SD/MC) DISALLOW CLAIMS
SYSTEM IMPLEMENTATION: REVISED INFORMATION
NOTICE 05-01

You recently received Department of Mental Health (DMH) Information Notice No. 05-01, dated January 24, 2005, regarding the Disallow Claims System (DCS). The notice states that the due date for submitting disallowed claims is January 28, 2005. Due to the high volume of disallowed claims, DMH has extended this due date to February 27, 2005. In the System Overview section below, the revised text reads as follows.

For the purposes of excluding claims from the April 1, 2004 through June 30, 2004 audit period, counties must complete entering any disallowed claims by 11:59 PM, February 27, 2005. DMH Medi-Cal Oversight will contact counties scheduled for review through the week of March 7, 2005 with details describing when their disallowed claims must be submitted. After February 27, 2005, counties are encouraged to use the DCS to disallow claims, upon discovery, for audit periods beginning July 1, 2004 and later.

Please replace your original DMH Information Notice No. 05-01 with this revised notice. If you have any further questions, please contact Tom Burke, Medi-Cal Oversight, at (916) 654-3607.

System Background

County staff and State Department of Mental Health (DMH) Medi-Cal Oversight auditors routinely find SD/MC claims that have been paid in error. The county is then responsible for reimbursing the federal and/or state funds that were paid out for such claims and for recovering those funds from the provider, if appropriate. Reimbursement has been a manual accounting function in that the county would either send DMH a check for the disallowed claims or have the funds deducted during the year-end cost reconciliation. No attempt was made to flag the claims themselves as having been disallowed as there was no particular reason or incentive to do so.

As described in DMH Information Notice 04-08, the disallowed claim recoupment requirements are different with respect to the auditing of claims for the Early and Periodic Screening Diagnosis and Treatment Program (EPSDT). Rather than only requiring the counties reimburse DMH for the EPSDT claims found by the auditors, DMH will extrapolate the recoupment percentage of disallowed claims by service function, to all EPSDT claims in the survey period. For example, if an audit determined that five percent of the dollars paid for EPSDT claims were disallowed, DMH would recoup five percent of all dollars paid for EPSDT claims during the survey period.

In response to this new recoupment requirement, the counties have expressed a desire that the state auditors exclude from their survey sample those claims that the county staff have already identified as needing to be disallowed.

System Overview

DMH Information Technology (IT) developed the Disallow Claims System (DCS), in coordination with various test counties. This system was available to the counties on December 13, 2004. This system gives the counties the ability to mark claims as disallowed, eliminating those claims from audit samples. The system will also give the counties the ability to generate an invoice, and return a payment to DMH for any monies owed. The system will calculate the appropriate SD/MC, Healthy Families Program, and EPSDT amounts for the disallowed claims.

DMH IT conducted a statewide county training session on the use of the DCS on December 7, 2004. The focus of the training session was to orient the counties on how to access the system; mark claims as disallowed and create summary reports. The recorded training is available for counties with SD/MC access rights on the DMH Information Technology Web Services (ITWS) site at:

(https://mhhitws.cahwnet.gov/systems/sdmc/docs/private/dcs_training.asp.)

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Important usage constraints of the DCS are:

- 1) The DCS will only provide the ability to disallow approved claims with submission dates on or after April 1, 2004.
- 2) The DCS will not have the ability to 'undo' disallowed claims.
- 3) There are no changes to the SD/MC edits and current claims processing system. The DCS can only be used to disallow approved claims. The DCS cannot be used to re-bill claims or make claim corrections or adjustments.

Repayment Process

No claim will be considered disallowed until payment for that claim including Federal Financial Participation (FFP) and EPSDT State General Fund (SGF), if applicable, has been repaid to DMH. The system allows two repayment options: 1) send a check to DMH, or 2) request that DMH offset the repayment against future claims. County staff must choose their repayment option when generating the invoice for the disallowed claims. If the check repayment option is selected and the check is not received by DMH within two weeks, the offset option will be automatically implemented. Any checks received after the two-week period will be returned to the county. DCS repayments will be included in the cost report settlement process.

In calculating repayment amounts, the Healthy Families Program and SD/MC FFP amounts are the amounts that appear in the 'FFP Approved Amount' column of the SD/MC Explanation of Balances (EOB) file. The EPSDT SGF repayment amount is based on the EPSDT SGF distribution methodology provided to counties by the DMH Medi-Cal Policy and Support Unit. EPSDT SGF is recouped from the county that disallowed their submitted EPSDT claims, regardless of the county of beneficiary. It is the responsibility of the county providing service to collect the SGF from the county of beneficiary based on its agreement with the county of beneficiary.

DMH also plans to issue a DMH Letter that will provide the policy and timing for recoupment of overpayments of Medi-Cal funds (FFP and SGF) identified by DMH and for repayment by the county of overpayments identified by the county.

System Access:

County users will need to request access to the DCS through the ITWS Internet site. Enrollment in ITWS is required to use the DCS. For any questions regarding ITWS enrollment or the DCS, please call the DMH IT Help Desk at 916-654-3117.

Sincerely,

Original Signed by
Robert Garcia for

STEPHEN W. MAYBERG, Ph.D.
Director

cc: California Mental Health Planning Council
Chief, County Operations Section, North/Bay
Chief, County Operations Section, South/Central