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June 16, 2005

DMH INFORMATION NOTICE NO.: 05-06

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

SUBJECT: FY 05-06 COMPLIANCE PROTOCOL FOR CONSOLIDATED  
SPECIALTY MENTAL HEALTH SERVICES AND OTHER FUNDED  
SERVICES

SUPERCEDES: DMH Information Notice No. 04-02

REFERENCE Retain until rescinded

This Information Notice provides the specifics of the Department of Mental Health (DMH)'s compliance review of Mental Health Plans (MHPs) in fiscal year (FY) 05-06. Enclosed are the following:

- Compliance Protocol
- Reasons for Recoupment
- Review Schedule

- 1) Compliance Protocol: DMH will review about one third of the MHPs in FY 05-06. In addition to the usual MHP personnel involved in the oversight review process, the MHP must also include direct service staff in the protocol review process in order to confirm that policies match practices. No specific number of direct service staff need be present, but there should be a sufficient number present during the course of the review process to demonstrate their knowledge of MHP policies, procedures and processes related to items on the protocol.
- 2) Reasons for Recoupment: DMH will review a random sample of adult beneficiary charts and recoup Federal Financial Participation (FFP) dollars per the FY 05-06 Reasons for Recoupment. Unlike the Early and Periodic, Screening, Diagnosis

and Treatment (EPSDT) audits, the recoupment percentage will not be extrapolated. The Reasons for Recoupment remain unchanged from FY 04-05.

- a) *Non-Hospital Services*: Depending on the size of your county (large or small), DMH will review the documentation of services provided to 10 or 20 adult beneficiaries. This review includes all charts associated with their care during the review period. The review period will be a floating three-month period commencing six months prior to the month of the review. MHPs will be provided the beneficiary names about a week before the review.

In addition to recouping FFP, when applicable, a Plan of Correction will be required for items found out of compliance with Section J of the protocol.

- b) *Short-Doyle/Medi-Cal Hospital Services*: DMH will review a stratified sample of adult and children's charts that number 50% of the psychiatric unit's bed capacity. This review includes the documentation of all services provided to these beneficiaries during the most current three-month time period that contains a threshold number of approved claims.

In addition to recouping FFP, when applicable, a Plan of Correction will be required for items found out of compliance with Sections K and L of the protocol.

- 3) Review Schedule: The schedule includes both system and hospital reviews. The non-hospital chart review will take place in conjunction with the system review. Hospital reviews will be scheduled at a different time.

Based on recoupment data from SD/MC hospital reviews in FY 04-05, DMH may add hospitals identified as "poor performers" in FY 04-05 to the review schedule in FY 05-06. Revisions to the review schedule will be posted and may be viewed by linking to the review schedule listed as an enclosure under this Information Notice at: <http://www.dmh.ca.gov/InfoAdminProv/default.asp>

MHPs will receive an "announcement" letter about 30 days in advance of its scheduled system or hospital review. This letter will identify material to assist the MHP in preparing for the review.

This protocol was developed in collaboration with the Compliance Advisory Committee, which includes representatives from California Mental Health Directors Association, the California Mental Health Planning Council, the Association of Local Mental Health Boards and Commissions, the Consumer/Family Task Force, Protection and Advocacy, Inc. and other stakeholders.

If you have any questions, please contact Tom Burke, Interim Chief, Medi-Cal Oversight, Northern and Southern Regions, at [tom.burke@dmh.ca.gov](mailto:tom.burke@dmh.ca.gov) or (916) 654-3607.

Sincerely,

Original signed by:

STEPHEN W. MAYBERG, Ph.D.  
Director

Enclosures

cc: California Mental Health Planning Council  
Jim Featherstone, President, CMHDA  
Compliance Advisory Committee