



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 25, 2006

DMH INFORMATION NOTICE NO.: 05-11

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 FREESTANDING NURSING FACILITY LEVEL-B
RATES FOR FISCAL YEAR 2004/05

REFERENCE DMH INFORMATION NOTICE NO.: 03-04

Background

Assembly Bill (AB) 1629, Chapter 875, Statutes of 2004, created a new system that allowed the State to receive more federal Medicaid dollars to help fund a system with improved quality of care. The problem created by passage of this bill is that it put into affect a Medi-Cal rate increase in FY 2004-05 that county mental health departments would be required to pay to Medi-Cal Freestanding Nursing Facilities Level-B (NF-B) that, in addition, are Institutions for Mental Diseases (IMDs). *Note: These facilities may also be known as Skilled Nursing Facility/IMDs (SNF/IMDs).* Since residents under age 65 who are residing in NF/IMDs are not eligible for Medicaid funding like residents in other NFs, the new rate increases for these individuals would be the sole responsibility of county mental health departments.

Since this legislation would have had a significant fiscal impact on county mental health departments, AB 360 (introduced by Frommer) was passed into law (Chapter 508, Statutes of 2005) to mitigate the unintended consequences resulting from AB 1629. This bill, sponsored by the California Mental Health Director's Association (CMHDA), was drafted to meet the requirements of the Governor's signing message that included an expectation that the sponsors of the bill would work with the county mental health directors to pass clean-up legislation addressing Medi-Cal rates and NF/IMDs.

As a result, AB 360 amends Section 5912 of the Welfare and Institutions Code mandating that rates for NF/IMDs will be the same as the Medi-Cal rates in effect on July 31, 2004. The bill also states that "Effective July 1, 2005, through June 30, 2008,

the reimbursement rate for IMDs shall increase by 6.5 percent annually. Effective July 1, 2008, the reimbursement rate for IMDs shall increase by 4.7 percent annually.”

Rates Effective July 1, 2004:

The Department of Health Services (DHS) has provided the Medi-Cal per diem rate for NF Level-B facilities effective July 31, 2004, as follows:

Please note that any questions related to the use of accommodation codes or information included in the table below should be directed to DHS Medi-Cal Policy Division, Rate Development Branch at (916) 552-9600.

Freestanding NF Level-B Per Diem Rates effective July 31, 2004:

Accom. Codes	TOTAL BEDS 1-59			TOTAL BEDS 60+		
	S.F.Bay Area Counties *	Los Angeles County	All Other Counties	S.F.Bay Area Counties *	Los Angeles County	All Other Counties
01	132.57	107.06	115.19	139.34	107.20	119.60
02	127.52	102.01	110.14	134.29	102.15	114.55
03	127.52	102.01	110.14	134.29	102.15	114.55

* San Francisco Bay Area counties: Alameda, Contra Costa, Marin, San Francisco, San Mateo, Napa and Sonoma.

Calculating the new rated required as of July 1, 2005:

The rates shown above do **not** include the annual percentage increases that are required beginning July 1, 2005, nor do they include the Special Treatment Program (STP) patch that remains at \$5.72 per client /per day. Please note that the rate reduction for Leave of Absence and Bed Hold for acute hospitalization is \$5.18 per diem.

In order to calculate the allowable rate effective July 1, 2005, the rate shown in the table above must be multiplied by 6.5 percent to arrive at the additional amount that is then added to that rate. This calculation must occur before any STP patch is added.

For example:

Counties using the rate of \$132.57 would multiply that rate by 6.5 percent to arrive at a total of \$141.19. If an STP patch is also applicable, \$5.72 would then be added to arrive at a final rate of \$146.91.

The following table provides an example of rate calculations effective July 1, 2005 as provided under AB 360:

Number of Beds	Area	Rate Effective July 31, 2004 (AB 360 Base Rate)	Allowable Rate Increase of 6.5% Effective July 1, 2005	Patch	Rate with Patch July 1, 2005
1 to 59	Los Angeles	\$107.06	\$114.02	\$5.72	\$119.74
1 to 59	Bay Area	\$132.57	\$141.19	\$5.72	\$146.91
1 to 59	All Other	\$115.19	\$122.68	\$5.72	\$128.40
60+	Los Angeles	\$107.20	\$114.17	\$5.72	\$119.89
60+	Bay Area	\$139.34	\$148.40	\$5.72	\$154.12
60+	All Other	\$119.60	\$127.37	\$5.72	\$133.09

Pleased be advised that DMH will no longer provide the Medi-Cal NF rates via an Information Notice. In the future, rates may be accessed on the DHS website at: www.medi-cal.ca.gov

Should you have any questions regarding this matter, please contact Dr. Ruben Lozano, Acting Chief, Licensing and Certification at (916) 654 2396.

Sincerely,

Original signed by:

STEPHEN W. MAYBERG, Ph.D.
Director