



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

May 15, 2006

DMH INFORMATION NOTICE NO.:06-03

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

SUBJECT: INSTRUCTIONS FOR REPORTING RATES NEGOTIATED FOR  
PSYCHIATRIC INPATIENT HOSPITAL SERVICES CONTRACTS

REFERENCE: Sections 1820.110, 1820.115, 1810.375(c), and 1810.430, Title 9,  
California Code of Regulations; Section 5778(o), Welfare and  
Institutions Code; supersedes DMH Information Notice No. 05-07

EXPIRES: June 30, 2007

The purpose of this letter is to provide Mental Health Plans (MHPs) in each county with the current list of Fee-For-Service/Medi-Cal (FFS/MC) hospitals that MHPs are required to contract with in Fiscal Year (FY) 2006-2007. Also, as required by Title 9, California Code of Regulations (CCR), §1810.375(c) MHPs must report the rates they have negotiated with FFS/MC hospitals to the Department of Mental Health (DMH) by **June 1 of each year.** DMH relies on the information from the negotiated rates reported by MHPs to establish non-negotiated FFS/MC hospital rates according to Title 9, CCR, §1820.115. Timely submission of negotiated rate information by MHPs ensures that DMH establishes non-negotiated rates expeditiously, so that non-negotiated rate FFS/MC hospitals can be notified of their rates by the beginning of the new fiscal year.

According to Title 9, CCR, §1810.430(a), MHPs are required to contract with Disproportionate Share Hospitals (DSH) and traditional hospital providers that meet provider selection criteria as defined in the regulations, unless DMH grants the MHP an exemption from contracting. DSH providers serve a disproportionate share of low-income people as determined annually by the Department of Health Services in accordance with Welfare and Institutions Code, § 14105.98. Traditional hospitals are defined in regulation as accounting for five percent or \$20,000, whichever is more, of the total FFS/MC psychiatric inpatient hospital payments for the MHP's beneficiaries. The process for requesting an exemption from contracting is described in Title 9, CCR, § 1810.430(c),

which has been enclosed in this mailing. Additionally, the enclosed table provides a listing of both DSH and traditional providers for your county based on FY 2004-2005 payment data.

The following information on negotiated FFS/MC hospital rates must be submitted to DMH:

- 1) Name of facility
- 2) HSM provider number and facility address
- 3) Negotiated rate for any or all of the following accommodation (inpatient revenue) codes that will be used:

<u>CODE</u>	<u>DESCRIPTION</u>
097	Psychiatric Acute (Adolescent and Child)
114	Room and Board - Private, Psychiatric
124	Room and Board - Semi-Private 2 Bed, Psychiatric
134	Room and Board - Semi-Private 3 or 4 Bed, Psychiatric
154	Room and Board - Ward (Medical or General), Psychiatric
204	Intensive Care, Psychiatric

The rate for code 169, Administrative Day, is established by DMH in accordance with the regulations and need not be reported by MHPs. The current administrative rate for most hospitals as of August 1, 2005 is \$374.75 per day.

In the event that the MHP has negotiated a rate but not entered into a contract by June 1, 2006, please report the negotiated rate. If negotiations are incomplete, or if a hospital refuses to enter into a contract with the MHP, please report the status of negotiations and/or hospital refusal no later than **June 13, 2006**. DMH must finalize the regional rates for non-negotiated rate hospitals prior to **July 1, 2006** to ensure proper payment. Information on negotiated rates received after **June 13, 2006** may not be considered in developing these regional rates.

Please send the negotiated rate information to:

Department of Mental Health  
**Attn: Rita McCabe, LCSW**  
Medi-Cal Policy and Support Section  
1600 Ninth Street, Room 100  
Sacramento, CA 95814-6414

Alternatively, this information can be e-mailed to Ms. McCabe at [Rita.McCabe@dmh.ca.gov](mailto:Rita.McCabe@dmh.ca.gov) or faxed to the attention of Ms. McCabe at (916) 654-5591.

If you should have any questions or need additional information, please call Ms. McCabe at (916) 654-5722.

Sincerely,

Original signed by;

STEPHEN W. MAYBERG, Ph.D.  
Director

Enclosure 1: Title 9, CCR, §1810.430(c)

Enclosure 2: File 34 Inpatient Consolidation Paid Claims Report

cc: California Mental Health Planning Council  
Chief, County Operations  
Chief, Program Compliance