



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

December 12, 2006

DMH INFORMATION NOTICE NO.: 06-17

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) 2006-07

For SFY 2006-07, the Department of Mental Health (DMH) requires the following information pursuant to Welfare and Institutions Code, Section 5705, if your county chooses to participate in the negotiated rate setting process.

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 SFY 2005-06 DMH cost report and the application of the appropriate inflation factor. Additionally, please provide justification for proposed rates that exceed the state control rates (SFY 2005-06 cost plus the appropriate inflation factor) but do not exceed the SD/MC Statewide Maximum Allowances (SMA). Rates for new services will not be approved without prior years' cost report data.

Please send your rate proposal to:

Robin Mandella, Chief
Cost and Financial Reporting System
1600 9th Street, Room 120
Sacramento, California 95814

This information and a copy of your county's SFY 2005-06 DMH cost report must be received by DMH no later than December 31, 2006, pursuant to Welfare and Institutions Code, Section 5705(b)(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, 2006; 2) A hard copy of the proposal package and authorizing signatures must be received by DMH no later than January 15, 2007. Proposals postdated or electronically submitted after December 31, 2006, will be disapproved and the county must report actual cost and the cost report will be settled using the lower of cost, charges, or the SD/MC SMA.

Once DMH has received and reviewed the proposals, a letter will be sent to the county indicating the approved and disapproved negotiated rates. Impacted Legal Entities with disapproved negotiated rates will be reimbursed at the lower of cost, charges or the SD/MC SMA. Proposals for Hospital Administrative Day rates and requests specific to Therapeutic Behavioral Services are not negotiated and therefore will not be considered. Approved rates will be deemed final for SFY 2006-07 and are not subject to change after they are reviewed by DMH, and DMH receives notice of acceptance of the rates from the County Mental Health Director or his/her designee.

The County Mental Health Director or his/her designee must indicate acceptance of the approved negotiated rates by signing and returning the DMH approval letter within 30 days from the date of the approval letter. If this acceptance is not received by DMH within the 30 days, the county must report actual cost and the cost report will be settled using lower of cost, charges or the SD/MC SMA. Actual cost must be reported regardless of the approval or disapproval by DMH of the negotiated rate requests.

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 Robin Mandella at (916) 654-2314.

Sincerely,

Original signed by:

STEPHEN W. MAYBERG
Director

Enclosures