STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY PETE WILSON, *Governor*

DEPARTMENT OF MENTAL HEALTH
1600 - 9TH STREET
SACRAMENTO, CA 95814

(916) 654-2309

October 19, 1995

DMH INFORMATION NOTICE NO.: 95-15

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

SUBJECT: PERFORMANCE CONTRACTS FOR FISCAL YEAR (FY) 1995-96 NEGOTIATED RATES FOR SHORT-DOYLE/MEDI-CAL (SD/MC) SERVICES

To establish Performance Contracts for the FY 1995-96, the Department of Mental Health (DMH) requires the following information only if your county intends to contract with the Department or a local provider on a negotiated rate basis for SD/MC funds.

Please submit your proposed rates on the same time base as shown on Enclosure A for all providers by service function. Your proposed rates shall be determined by following the procedures in Enclosure B. For existing programs, without significant changes, DMH will approve rates which are consistent with your FY 1994-95 DMH Cost Report and the application of the appropriate inflation factor. Additionally, provide justification for proposed rates which are equal to the Statewide Maximum Allowance.

Please send your rate proposal to:

Quonson Wong, Chief
Technical Assistance and Training
1600 9th Street, Room 250
Sacramento, CA 95814

This information must be submitted by November 30, 1995 with a copy of your county's completed FY 1994-95 DMH Cost Report. If we do not receive complete information by November 30, 1995, we will not approve negotiated rates for your county for this year. Instead, reimbursement for services provided to Medi-Cal eligible clients will be based on the lessor of cost, charges, or the SD/MC maximum allowance as set forth in Section 51516 of the California Code of Regulations.

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 Quonson Wong at (916) 654-3058.

LINDA A. POWELL
Deputy Director
Administrative Services

Enclosures

FISCAL YEAR 1995-96

SHORT-DOYLE/MEDI-CAL

MAXIMUM REIMBURSEMENT RATES

July 1, 1995 through June 30, 1996

SERVICE FUNCTION	MODE OF SERVICE CODE	SERVICE FUNCTION CODE	TIME BASE	SHORT-DOYLE/ MEDI-CAL MAXIMUM ALLOWANCE
A. 24-HOUR SERVICES	05:			
Hospital Inpatient		10-18	Client Day	$664.55
Hospital Administrative Day		19	Client Day	$214.90
Psychiatric Health Facility (PHF)		20-29	Client Day	$374.97
Adult Crisis Residential		40-49	Client Day	$211.45
Adult Residential		65-79	Client Day	$103.12
B. DAY SERVICES	10:			
Crisis Stabilization				
Emergency Room		20-24	Client Hour	$65.64
Urgent Care		25-29	Client Hour	$65.64
Day Treatment Intensive				
Half Day		81-84	Client 1/2 Day	$100.06
Full Day		85-89	Client Full Day	$140.54
Day Rehabilitative				
Half Day		91-94	Client 1/2 Day	$58.38
Full Day		95-99	Client Full Day	$91.11
C. OUTPATIENT SERVICES	15:			
Case Management, Brokerage		01-09	Staff Minute	$1.40
Mental Health Services		10-19 30-59	Staff Minute	$1.80
Medication Support		60-69	Staff Minute	$3.35
Crisis Intervention		70-79	Staff Minute	$2.70

ENCLOSURE B

SHORT-DOYLE/MEDI-CAL RATE ESTABLISHMENT PROCESS

Introduction:

Negotiated rate providers under Short-Doyle/Medi-Cal (SD/MC) will adhere to specific procedures as outlined below in establishing rates with the State Department of Mental Health (DMH). Rate establishment is based on historical costs similar to the cost reimbursement providers. The Negotiated Rate providers are governed by the provisions and requirements in the State Plan for Medicaid services. The annual rate establishment results in fixed SD/MC reimbursement rates for each service which provide incentives for productivity and efficiency at the local provider level. These rates are included in annual performance contracts between the state and the counties.

Methodology:

1. The base will be the most recent cost report and other cost information. Using SD/MC providers only, actual cost will be determined for each specific service function by legal entity (county and each contract provider will be separately calculated).

2. For each of the service functions and legal entities, using the most recent cost report, divide the total adjusted gross cost by the total number of actual service units (time base units) for all programs within that group to compute base service rates.

3. Update the base service rates by using inflation factors. Medical Consumer Price Index will be used for inpatient and Home Health Agency Market Basket Index will be used for all non-hospital services.

4. In a situation where a new program is being added and there is no historical cost information available, a line item budget and projected units of service shall be developed by the county or provider and reviewed by DMH. Using a weighted average methodology, the costs and units of service for this new program shall be integrated into the county-wide or contract provider rate calculation for that service function.

5. When a provider or service is being eliminated, the applicable costs and units of service shall be excluded from the calculation of the county-wide or contract provider rate(s).

6. For existing programs that have had changes which significantly change the rates from the most recent cost report, other factors may be considered by DMH in the establishment of rates. These include substantiated documentation of utilization changes, client profile shifts which impact costs of service delivery, union contracts, changes in program design, and other unforeseen documented factors which impact the cost of service delivery.

7. The legal entity rates for each service function shall not exceed the approved Schedule of Maximum Allowances for the applicable period.

8. According to the State Plan, if reimbursement to a negotiated rate provider exceeds actual costs in the aggregate, 50 percent of Federal Financial Participation (FFP) that exceed actual costs will be returned to the Federal government.

   The remaining 50 percent of FFP, including local interest, shall be retained by the county mental health program and utilized exclusively for mental health service delivery and support costs. This may include capital expenses specific to mental health programs.