

**DEPARTMENT OF MENTAL HEALTH**

1600 - 9TH STREET  
SACRAMENTO, CA 95814  
(916) 654-2378



November 4, 1996

DMH INFORMATION NOTICE NO.: 96-13

**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 FISCAL YEAR (FY) 1996-97

To establish Performance Contracts for FY 1996-97, the Department of Mental Health (DMH) requires the following information 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 bases as shown on Enclosure A for affected legal entities 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 1995-96 DMH Cost Report and the application of the appropriate inflation factor. Or, if the FY 1995-96 DMH Cost Report is not available, the FY 1994-95 Cost Report will be used with the application of appropriate inflation factors. Additionally, provide justification for proposed rates which are equal to the ~~Statewide Maximum~~ Allowance.

Please send your rate proposal to:

Stan Johnson, Acting Chief  
County Financial Program Support  
1600 9th Street, Room 250  
Sacramento, California 95814

This information must be submitted by December 31, 1996, with a copy of your county's completed FY 1995-96 DMH Cost Report. Pursuant to Welfare and Institutions Code, Section 5705(a)(4), if we do not receive complete information by December 31, 1996, 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 lesser of cost, charges, or the SD/MC maximum allowance as set forth in Section 51516 of Title 22 of the California Code of Regulations.

DMH Information Notice No.: 96-13  
Page Two

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 Stan Johnson at (916) 654-3060.

Sincerely,

A handwritten signature in black ink, appearing to read "Linda A. Powell". The signature is fluid and cursive, with the first name "Linda" being the most prominent part.

LINDA A. POWELL  
Deputy Director  
Administrative Services

Enclosures

3. If a mental health consumer is physically or mentally disabled (excluding those persons determined by a court to be mentally incompetent, or who are in a crisis situation) and cannot sign the Voter Registration Form, he/she must make a mark on the signature line ("x" or any other mark), witnessed by two persons. The staff person who is assisting the mental health consumer can be a witness.
4. When offering or assisting mental health consumers with voter registration, make sure that he/she is made aware of the four (4) requirements that must be met to register to vote (found in the first box of the Declination Form).
5. The staff person who is assisting the mental health consumer with voter registration must make sure that the forms are completely filled out and signed by the mental health consumer.
6. When assisting a mental health consumer with voter registration services, the staff person does not have to complete Box 13 and the Registration Form Receipt (stub) on the form. However, the staff person needs to fill out the bottom part of the Declination Form.
7. To foster a cooperative working relationship with the various county election offices, each county should establish liaison with the local county election officials in its area. (Refer to the roster of California election offices.)
8. The appropriate county elections office in each county will supply voter registration forms upon request.
9. A Declination Form is attached and should be copied and distributed to the appropriate service providers.
10. Voter Registration Forms in minority languages (in combination with English) i.e., Chinese, Japanese, Spanish, Vietnamese, etc. will be made available by the local county elections office. If the mental health consumer wishes a form in a language other than those available, provide that person with the Secretary of State's toll free number: 1-800-345-VOTE.
11. In order to maintain confidentiality, all voter registration forms and other related materials should be kept separate from mental health consumer case files.
12. If a mental health consumer informs his/her service provider either in person or by mail, that he/she has changed addresses, the mental health consumer must be offered the opportunity to update his/her voter registration by giving or mailing a voter registration form to that person.
13. If mailing forms, fill out the bottom part of the Application to Register or Declination form and file.

**DEPARTMENT OF MENTAL HEALTH**  
**SHORT-DOYLE/MEDI-CAL MAXIMUM REIMBURSEMENT RATES FOR**  
**PRELIMINARY Fiscal Year 1996-97**

| SERVICE                      | Maximum Rate Per | FY 1989-90 Weighted Average Cost Per Unit | FY 1995-96 Maximum Rates | FY 1996-97 Maximum Rates | Percent Change |
|------------------------------|------------------|---|--------------------------|--------------------------|----------------|
| Hospital Inpatient           | Client Day       | \$447.31                                  | \$664.55                 | \$692.46                 | 4.2            |
| Hospital Administrative Day* | Client Day       | n/a                                       | \$214.90                 | \$214.90                 | 0.0            |
| Psychiatric Health Facility  | Client Day       | n/a                                       | \$374.97                 | \$387.35                 | 3.3            |
| Adult Crisis Residential     | Client Day       | n/a                                       | \$211.45                 | \$218.42                 | 3.3            |
| Adult Residential            | Client Day       | n/a                                       | \$103.12                 | \$106.53                 | 3.3            |
| Crisis Stabilization         |                  |   |                          |                          |                |
| Emergency Room               | Client Hour      | n/a                                       | \$65.64                  | \$67.81                  | 3.3            |
| Urgent Care                  | Client Hour      | n/a                                       | \$65.64                  | \$67.81                  | 3.3            |
| Day Treatment Intensive      | Half Day         | \$74.46                                   | \$100.06                 | \$103.36                 | 3.3            |
| Day Treatment Intensive      | Full Day         | \$104.58                                  | \$140.54                 | \$145.18                 | 3.3            |
| Day Rehabilitative           | Half Day         | \$43.44                                   | \$58.38                  | \$60.30                  | 3.3            |
| Day Rehabilitative           | Full Day         | \$67.80                                   | \$91.11                  | \$94.12                  | 3.3            |
| Case Management/Brokerage    | Staff Minute     | n/a                                       | \$1.40                   | \$1.45                   | 3.6            |
| Mental Health Services       | Staff Minute     | \$1.34                                    | \$1.80                   | \$1.86                   | 3.3            |
| Medication Support           | Staff Minute     | \$2.49                                    | \$3.35                   | \$3.46                   | 3.3            |
| Crisis Intervention          | Staff Minute     | \$2.01                                    | \$2.70                   | \$2.79                   | 3.3            |

| CALENDAR YEAR | Medical Component of Consumer Price Index | Home Health Agency Market Basket Index |
|---------------|---|--|
| 1990          | 9.0%                                      | 5.3%                                   |
| 1991          | 8.7%                                      | 5.7%                                   |
| 1992          | 7.4%                                      | 4.1%                                   |
| 1993          | 5.9%                                      | 4.8%                                   |
| 1994          | 4.4%                                      | 5.1%                                   |
| 1995          | 5.6%                                      | 5.3%                                   |
| 1996          | 4.2%                                      | 3.3%                                   |

\* Per DHS, rate for Hospital Administrative Day remains \$214.90 for the 3rd year.

7/23/96

## 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.

