

DEPARTMENT OF MENTAL HEALTH

1600 - 9TH STREET
SACRAMENTO, CA 958 14
916-654-3551



March 6, 1998

DMH INFORMATION NOTICE NO.: 98-03

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

SUBJECT: EARLY AND PERIODIC SCREENING, DIAGNOSIS AND TREATMENT
(EPSDT) POLICY UPDATE

EXPIRES: Retain Until Rescinded

Effective July 1, 1995, as part of the expansion of Medi-Cal services for full scope Medi-Cal beneficiaries ages 0 to 21 through the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program, Department of Health Services (DHS) began providing State General Funds (SGF) to serve as matching funds for Short/Doyle Medi-Cal (SD/MC) services beyond what counties would have expected to spend on those services absent the EPSDT augmentation.

The original specifications of the program were described in a letter to all county mental health directors dated January 29, 1996. The basic intent and structure of the program has not changed. DHS and Department of Mental Health (DMH) believe that county mental health's provision of EPSDT services is critical to ensuring that all medically necessary specialty mental health services are provided to EPSDT beneficiaries. After two years of implementation of EPSDT, several new issues have arisen that need to be addressed, and some of the policies and procedures originally set forth need refinement.

The changes in procedures and policies for EPSDT services are described below.

Phase II Consolidation and EPSDT

Under Phase II consolidation, Mental Health Plans (MHPs) are responsible for all medically necessary specialty mental health services. This includes medically necessary services for beneficiaries eligible for EPSDT with included diagnoses who are currently receiving services authorized through Fee-for-Service/Medi-Cal or the DHS supplemental services system.

Updating the EPSDT Base line

As stated above, the SGFs distributed to county mental health programs are for SD/MC services beyond those the county would have provided in the absence of the EPSDT augmentation. Prior to the implementation of EPSDT, SD/MC services for full scope Medi-Cal eligibles ages 0 to

2 I were showing steady growth. The EPSDT base line has been Fiscal Year (FY) 1994/95. It is not consistent with the intent of EPSDT that SGF be used to fund growth which would have occurred any way. Therefore, beginning in FY 1998/99, the base line will be annually adjusted using the most recent actual home health market basket inflation factor. However, if the growth of realignment is less than the home health market basket, the adjustment to the base will be the expected realignment growth unless that is a negative figure. If realignment funds are expected to decrease, there will be no inflation adjustment to the EPSDT base line for that fiscal year.

The base line will also be updated for the amount included in the Phase 11 consolidation allocation for this population. DMH will apply this base line adjustment beginning in the month in which the county implements Phase II consolidation. The annual amount of this base line adjustment will be sent under separate cover.

Data Reports

DMH now provides each county with a quarterly report of EPSDT paid claims by county of beneficiary. Each county receives their own paid claims and base line data. The report includes paid claims, the number of clients served, the paid claims per client, the estimated number of EPSDT eligibles, and estimated paid claims per eligible.

Claims Payment

EPSDT SGF payments will continue to be made to the county of beneficiary regardless of which county provides the services. Federal Financial Participation (FFP) will be distributed to the county who submitted the claims. See Attachment 1 for examples.

Until now, DMH staff have analyzed the appropriateness of funding levels by reviewing paid claims on a quarterly basis and comparing the figures against the base line data and expected increases. When the increases have exceeded the threshold of a 10 percent or greater difference in paid claims between the base year of FY 1994/95 and the current year's figures are above the statewide average monthly cost per eligible, DMH staff contact the county for an explanation of the increase to ensure that the program is in compliance with EPSDT requirements, prior to distribution of quarterly adjustments.

Effective FY 1998/99, each county will have the option to submit an annual, brief informational proposal describing their proposed expansion of EPSDT services and claims above the previous year. DMH staff will review the annual proposals and advise the county if it appears reasonable. The specifics of the proposal can be found in Attachment 2. It is hoped that prior review of the proposals will reduce any confusion about what are appropriate uses of these funds and also reduce the delays in payment which can occur when DMH requests additional information. For the purposes of distributing subsequent adjustments, DMH will compare paid claims to the county's own proposal, if a proposal has been submitted. If claims are consistent with the proposal, the adjustment will be made. If claims are not consistent with the proposal, DMH will request additional information prior to payment of the quarterly adjustment.

If a county does not submit a proposal, DMH will request additional information when the paid claims are 10 percent higher than the previous year and the current year's figures are above the statewide average monthly cost per eligible.

The Interagency Agreement between DMH and DHS which specifies the actual mechanism for the transfer of dollars from DHS to DMH and then to the counties has been amended to include an estimate of the total SGF for EPSDT for three FYs 1996/97, 1997/98 and 1998/99. This should reduce delays in payment at the beginning of the fiscal years once the state budget is approved.

Use of Other Funding Sources

DMH supports the building of long term relationships with other agencies. This is especially critical for system of care services for children and youth who receive services from various human service agencies. Funding for this collaboration may come from grants or through shared resources at the local level.

The state funding for expanded EPSDT services is not intended to replace these resources. By May 1, counties shall report the amount of funds other than realignment or state managed care funds that will be used in the following fiscal year as the local/state match for EPSDT services that exceeds the amount used for that purpose in the base line year of FY 1994/95. When such other funds are available, EPSDT SGF for that amount will not be provided. If the FY 1994/1995 base line included grant funding that has since been reduced, the base line will be reduced accordingly. However, there will be no change in the base line if there was funding provided by another county entity or from schools in FY 1994/1995 that have since been reduced.

Funds used: 1) For administrative/overhead costs; 2) For services for beneficiaries other than full scope Medi-Cal eligible children ages 0 to 2 1/2; 3) For non-Medi-Cal services for full scope Medi-Cal eligible children and/or; 4) Where the revenue is used to reduce the cost of mental health services should not be reported as "other funds."

When the Health Care Financing Administration approves the use of funds for the social work component of group homes as match for Medi-Cal services, DMH will send out a letter describing procedures for ensuring that there is no duplicate funding under the EPSDT program.

No Change in Funding Methodology

Please note that the funding methodology described in the EPSDT DMH letter dated January 29, 1996, will continue to be used for distribution, adjustments, and cost settlement.

Cost Settlement

Although DMH distributes EPSDT funds as an initial interim payment based on numbers of eligibles and historical services for children and youth and then on a quarterly adjustment based on paid claims, the final payment will be reconciled and settled at the time of the cost report settlement process. Specifics regarding this process can be found in Attachment 3, which deals with EPSDT cost settlement issues.

Future for EPSDT Services

The current arrangement regarding state funding of expanded EPSDT SD/MC services was initially intended to be a short term agreement with the understanding that once the financial risk for these services could be reasonably assessed, a fixed funding amount would be transferred to the counties. This continues to be the Department's strategy although it appears that it will take more time than initially anticipated to determine an appropriate and agreed upon fixed funding amount.

It is **DMH's** intent to continue to support the full implementation of EPSDT. These additional procedures are intended to facilitate the delivery of these critical services for children and youth. If you or your **staff have** any questions, please do not hesitate to contact the regional training and technical assistance liaison assigned to your region as listed below:

Jack **Tannenbaum** (Superior)

(916) 224-4724

Dee Lemonds (Central)

(916) 654-3001

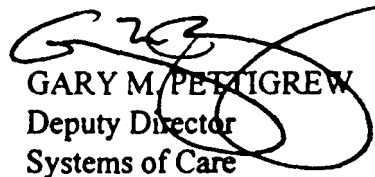
Anne Tracy (South and LA)

(916) 654-2643

Ruth Walt (Bay)

(707) 252-3168

Sincerely,


GARY M. PETTIGREW
Deputy Director
Systems of Care

Enclosures

cc: DHS Benefits Branch

Quonson Wong

Vince Mandella

ATTACHMENT I

EXAMPLE EPSDT PAYMENT BASED ON COUNTY OF BENEFICIARY

Residence

A child eligible for full scope **Medi-Cal** benefits from County A is placed in a group home in County B. The child continues to be the **Medi-Cal** responsibility of County A.

Service Delivery

County B provides day treatment to that child.

Claims Submission and Payment

County B submits the SD/MC claim for the day treatment services for that child, assures availability of local matching funds, and receives the FFP for those services.

EPSDT Payment

In determining the SGF for EPSDT quarterly adjustments, these services would be included in the amounts for County A. Payment of the EPSDT SGF match would be given to County A.

ATTACHMENT 2

I. ANNUAL COUNTY PROPOSAL *

Counties choosing to submit a proposal describing their proposed EPSDT expansion for the next fiscal year should submit the following information by **May 1, 1998** for Fiscal Year (FY) **1998/99** and by the first of May in future years. (This proposal would not be submitted once the fixed funding amount for this program is determined.)

Claims Estimate

Provide an estimate of the Medi-Cal claims for all nonhospital inpatient services for full scope Medi-Cal beneficiaries ages 0 to 21 for the new fiscal year. If the implementation of these services is expected to be phased in, provide estimates of expenditures for these services on a quarterly basis.

Service/Program Description

If the costs have increased significantly **from** the prior year, briefly describe any new services and the estimated number of new clients to be served.

- For those counties where there are city mental health programs, the county is expected to include any proposed increases in the city mental health programs in their proposals.

Other Funding Sources for Medi-Cal Matching Funds

Provide a description of any funds other than realignment or state managed care funds that will be used as local/state match for EPSDT services which are in excess of such amounts used in FY 1994/95. Such sources could include grants, state system of care funds, funds received from other county agencies, schools, etc. which were used to provide the local/state match for Medi-Cal services to EPSDT eligibles. Funds used for administrative/overhead costs, for services for beneficiaries other than full scope Medi-Cal eligible children, for **non-Medi-Cal** services for full scope Medi-Cal eligible children **and/or** where the revenue is used to reduce the cost of mental health services should not be included.

If a county had grant funds in FY **1994/95** that were used for local/state match for EPSDT services that have been reduced, the county should report that change and the base line will be adjusted accordingly. There will be no adjustments in the base line for reductions in funding **from** county agencies or the schools.

Signature and Contact Person

The **proposal shall be signed by a representative of the director** of the county mental health program. A person who should be contacted if further information or clarification is needed should be designated.

2. DMH REVIEW

DMH will review each proposal to determine reasonableness. Some of the factors DMH will take into consideration may include penetration rates (the percentage of beneficiaries who are eligible for services who actually receive services), cost per client, and other relevant factors. DMH will notify counties within one month of receiving the proposal of the results of the review and may follow up with the county to discuss local needs.

Sample EPSDT Proposal

XYZ County

FY 1998/99

1. Program Description

Claims Estimate

EPSDT claims are anticipated to be \$100,000 For FY 1998/99. Since services will be delivered in already existing programs with one exception, we do not anticipate much variation on a quarterly basis. The new program, therapeutic in-home support **services** For children in Foster care, will begin September 1, 1998.

Service Program Description

We have added a half-time social worker to provide therapeutic in-home supports for children in foster care. The estimated cost of the new service is \$25,000.

Other Funding Sources

In FY **1998/99**, it is anticipated **that the county** social services department will increase the county funds transferred to the county mental health department for Medi-Cal covered mental health services for **full** scope Medi-Cal beneficiaries who are in foster care from the FY **1994/95** level of \$5,000 to \$ 10,000.

Signature and Contact Person

John Z. Administrator 4/1/98

Contact: Joan Smith, Social Worker, **555-12 12**.

ATTACHMENT 3

EPSDT Cost Settlement

Final Settlement: EPSDT SD/MC - (SGF)

The final settlement of SGFs for EPSDT services is based on the cost report and claims. Interim payments from the initial and quarterly distributions and the quarterly claims payment adjustments will be reconciled during settlement. The methodology described below considers the fact that the final settlement for EPSDT **will occur by County of Beneficiary while** the cost report settlement occurs by County of Service. In addition, all counties including those with negotiated rates, will be settled in the same manner which is detailed as follows:

A. County of Service Information:

As **shown below**, County of Service information for Fiscal Years (FYs) 1994-95 and 1995-96 **will be obtained from** the Health and Welfare Data Center (HWDC) Short-Doyle Medi-Cal (SD/MC) **paid** claims information database and from the Cost Report/Data Collection cost report fiscal **year-end** settlement documentation. The distribution of children's paid claims (full scope, non-hospital, SD/MC) among County of Beneficiary within this County of Service is displayed in "A 1." In addition, the Amount of SGF advanced and paid on an interim basis to the county for EPSDT SD/MC from DMH Accounting will be identified in "A9."

county of service AAA
FY 1994-95

	<i>County of Beneficiary AAA</i>	<i>county of Beneficiary x x x</i>	<i>county of Beneficiary YYY</i>	<i>TOTAL</i>
1. Determine \$ amount of children's paid claims (Full scope, non-hospital, SD/MC from HWDC).	\$157,250	\$18,500	\$9,250	\$185,000
2. Determine total \$ amount of paid claims (total non-hospital from HWDC).				\$450,000
3. Calculate total SD/MC actuals (after settlement excluding UR/Admin./MAA from CR/DC).				\$210,000
4. Ratio of total SD/MC actuals to total claims.				46.67%

<i>County of Service AAA FY 1995-96</i>	<i>County of Beneficiary AAA</i>	<i>County of Beneficiary xxx</i>	<i>County of Beneficiary YYY</i>	<i>TOTAL</i>
5. Determine \$ amount of children's paid claims (full scope, non-hospital, SD/MC from HWDC).	\$119,000	\$ 14,000	\$7,000	\$140,000
6. Determine total \$ amount of paid claims (total non-hospital from HWDC).				\$410,000
7. Calculate total SD/MC actuals (after settlement excluding UR/Admin./MAA from CR/DC).				\$300,000
8. Ratio of total SD/MC actuals to total claims.				73.17%
9. 1995-96 Advance amount and interim payments for EPSDT SD/MC SGF match from accounting.				\$4,500

B. Calculation of Children's SD/MC Actuals by County of Beneficiary within each County of Service:

To obtain the estimated children's SD/MC actuals for each county of beneficiary, multiply the ratio of total SD/MC actuals to total claims ("A4" and "A8") by the total children's claims ("A1" and "AS") for each county of beneficiary.

*County of Service
AAA
FY 1994-95*

1. Multiply ratio ("A4") by total children's claims ("A1") for each county of beneficiary within the county of service.

<i>county of Beneficiary</i>	<i>Total Children's Paid Claims in \$\$</i>	<i>Ratio of Actuals to Total</i>	<i>Children's SD/MC Actuals</i>
AAA	\$157,250	46.67%	\$73,389 = .4667 X \$157,250
xxx	\$18,500	46.67%	\$8,634 = .4667 X \$18,500
YYY	\$9,250	46.67%	\$4,317 = .4667 X \$9,250
Total	\$ 185,000	46.67%	\$86,340

County of Service
 AAA
 FY 1995-96

2. Multiply ratio ("A8") by total children's claims ("A5") for each county of beneficiary within the county of service.

<i>county of Beneficiary</i>	<i>Total Children's Paid Claims in \$\$</i>	<i>Ratio of Actuals to Total</i>	<i>Children s SD/MC Actuals</i>
AAA	\$1 19,000	73.17%	<u>\$87,072</u> = .7317 x \$1 19,000
x x x	\$14,000	73.17%	<u>\$10,244</u> = .7317 X \$14,000
YYY	\$7,000	73.17%	<u>\$5,122</u> = .7317 X \$7,000
Total	\$140,000	73.17%	<u>\$102,438</u>

C. **Determination of Increase in Children's Actuals due to EPSDT by County of Beneficiary within County of Service:**

To obtain the total EPSDT SD/MC amount for each county of beneficiary, subtract the FY 1994-95 children's SD/MC actuals ("B1") from the FY 1995-96 children's SD/MC actuals ("B2") for each county of beneficiary within the county of service. To determine the amount of EPSDT SD/MC SGF match for each county of beneficiary within the county of service, multiply each EPSDT SD/MC amount by .50.

County of Service AAA

<i>county of Beneficiary</i>	<i>Children's SD/MC Actuals 95-96</i>	<i>Children's SD/MC Actuals 94-95</i>	<i>EPSDT SD/MC</i>	<i>EPSDT SD/MC SGF</i>
AAA	\$87,072	\$73,309	\$13,663 = \$87,072 - \$73,389	<u>\$6,841</u> = \$13,683 X .50
XXX	\$10,244	\$8,634	\$1,610 = \$10,244 - \$8,634	<u>\$805</u> = \$1,610 X .50
YYY	\$5,122	\$4,317	\$805 = \$5,122 - \$4,317	<u>\$403</u> = \$805 X .50
Total	\$102,438	\$86,340	\$ 16,098	<u>\$8,049</u>

D. County of Beneficiary Total EPSDT State General Fund Match Determination:

To determine the total **EPSDT SGF** match amount, all counties of **service** that distributed **EPSDT SGF amounts to the county of beneficiary** being settled must be identified. In the example displayed, county XXX and YYY are hypothetical and include data that assume county of service calculations were **performed and resulted in the amounts** used in the example.

**County of
Beneficiary
AAA
FY 1995-96**

County of Service	EPSDT SGF amounts allocated to County of Beneficiary AAA
AAA	<p style="text-align: right;"><u>\$6.841</u></p> <p style="text-align: right;">= \$13,683 X .5</p>
<p style="text-align: center;">x x x (hypothetical data)</p>	<p style="text-align: right;"><u>-\$100</u></p>
<p style="text-align: center;">YYY (hypothetical data)</p>	<p style="text-align: right;"><u>\$354</u></p>
<p style="text-align: center;">Total</p>	<p style="text-align: right;"><u>\$7.191</u></p>

E. Settlement of EPSDT SD/MC Slate General Fund by County of Beneficiary:

The settlement of the EPSDT SD/MC SGF amount will occur by comparing the total EPSDT SD/MC SGF calculation with the amount of EPSDT SD/MC SGF amounts advanced and paid on an interim basis to each county during the year.

<i>County of Beneficiary</i> AAA FY 1995-96	State General Fund Match for EPSDT SD/MC
1. Total EPSDT SD/MC SGF match allocated to county of beneficiary AAA ("D" total).	<u>\$7,191</u>
2. 1995-96 advance amount and interim payments for EPSDT SD/MC SGF match ("A9").	<u>\$4,500</u>
3. Line 1 minus line 2 equals the amount of SGF for EPSDT SD/MC owed to the county of beneficiary or owed back to the State.	<u>\$2,691</u> = \$7,191 - \$4,500