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DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

DATE: April 13, 2022

Behavioral Health Information Notice No: 22-015

TO: California Alliance of Child and Family Services  
California Association for Alcohol/Drug Educators  
California Association of Alcohol & Drug Program Executives, Inc.  
California Association of DUI Treatment Programs  
California Association of Social Rehabilitation Agencies  
California Consortium of Addiction Programs and Professionals  
California Council of Community Behavioral Health Agencies  
California Hospital Association  
California Opioid Maintenance Providers  
California State Association of Counties  
Coalition of Alcohol and Drug Associations  
County Behavioral Health Directors  
County Behavioral Health Directors Association of California  
County Drug & Alcohol Administrators

SUBJECT: Mental Health Medi-Cal Administrative Activities Claiming Policy related to State-funded only beneficiaries

PURPOSE: To inform Mental Health Plans participating in the Mental Health Medi-Cal Administrative Activities (MH MAA) program of the revised methodology for calculating the discount percentage.

REFERENCE: Federal Medicaid Social Security Act, Section 1903(v)(2) and Centers for Medicare and Medicaid Services Financial Management Review

**BACKGROUND:**

In 2020, the Centers for Medicare and Medicaid Services (CMS) conducted a Financial Management Review in which several programs were identified as incorrectly drawing down Federal Financial Participation for State-Only Medi-Cal beneficiaries, including the MH MAA program. CMS has approved an updated discount methodology for MH MAA discounted activities, which include the following discounted activities:

- Referral in Crisis Situations for Non-Open Cases
- Medi-Cal Mental Health Services Contract Administration – Discounted
- Program Planning and Policy Development – Discounted, Non-SPMP
- Program Planning and Policy Development – Discounted, SPMP
- Case Management of Non-Open Cases – Discounted, SPMP

The discount percentage for a county mental health department or one of its contract providers is equal to the ratio of individuals enrolled in Medi-Cal who received a mental health service to all individuals who received a mental health service during the claiming period. The numerator is equal to the total number of individuals enrolled in the Medi-Cal program that received a mental health service, are included in the claiming unit's clinical health records and are an open case. The denominator is equal to the total number of individuals who received a mental health service who both reside in the claiming unit's clinical health records and are an open case. The number of individuals in the numerator and denominator must be an unduplicated count.

#### POLICY:

The Department of Health Care Services (DHCS) is implementing a new methodology for calculating the discount percentage that removes State-Only Medi-Cal beneficiaries from the numerator. The discount percentage, using the new methodology, is equal to the ratio of individuals enrolled in Medi-Cal who are federally eligible and received a mental health service to all individuals who received a mental health service during the claiming period. The numerator is now equal to the total number of individuals enrolled in the Medi-Cal program who are federally eligible and received a mental health service, are included in the claiming units clinical health records, and are an open case. The numerator must exclude State-Only Medi-Cal beneficiaries who received a mental health service. The denominator continues to be equal to the total number of individuals who received a mental health service who reside in the claiming units clinical health records and are an open case. The number of individuals in the the numerator and denominator continue to be an unduplicated count. Counties participating in the MH MAA claiming program must use this new methodology when preparing interim quarterly claims and when reporting actual costs on the annual cost report.

Until DHCS implements aid codes that are unique to State Only Medi-Cal beneficiaries, DHCS will provide each county with an approved claims report after the close of each fiscal quarter to assist with identifying the State Only Medi-Cal beneficiaries the county served during the quarter. The approved claims report will include the Payer Claim Control Number, Client Identification Number, and a State Only Medi-Cal beneficiary flag for all specialty mental health services provided during the quarter. DHCS will post the report to the county Data Exchange folder in the [DHCS Application Portal](#) within two weeks after the close of the quarter. DHCS will also post an annual approved claims report prior to cost report reconciliation to assist counties with calculating the new discount methodology for the annual mental health cost report. Counties can contact [MEDCCC@dhcs.ca.gov](mailto:MEDCCC@dhcs.ca.gov) for assistance in accessing the DHCS Application Portal.

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After DHCS implements aid codes that specifically identify State-Only Medi-Cal beneficiaries, counties will calculate the Final Medi-Cal Discount Percentage for the quarterly claims and the annual cost report. The most typical approach to gathering data for the numerator and denominator will be for a County mental health department to extract the data directly from their own mental health clinical records.

The MH MAA Implementation Plan will be amended to include this policy change. For any questions regarding this information notice, please email [MHMAA@dhcs.ca.gov](mailto:MHMAA@dhcs.ca.gov).

Sincerely,

Original signed by

Jacob Lam  
Assistant Deputy Director  
Health Care Financing