

COUNTY SPECIALTY MENTAL HEALTH ADMIN

OTHER ADMIN. POLICY CHANGE NUMBER: 4
 IMPLEMENTATION DATE: 7/2012
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1721

	FY 2014-15	FY 2015-16
TOTAL FUNDS	\$100,518,000	\$103,275,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$100,518,000	\$103,275,000

DESCRIPTION

Purpose:

This policy change estimates the county administrative costs for the Specialty Mental Health Medi-Cal Waiver, Medicaid Children's Health Insurance Program, and Healthy Families Program administered by county mental health departments.

Authority:

Welfare & Institutions Code 14711(c)

Interdependent Policy Changes:

Not Applicable

Background:

Counties may obtain federal reimbursement for certain costs associated with administering a county's mental health program. Counties must report their administration costs and direct facility expenditures quarterly.

Reason for Change from Prior Estimate:

Medi-Cal administrative costs for specialty mental health services (SMHS) decreased based on revised payment lag factors.

Methodology:

- Mental Health administration costs are based on historical trends. Below are the costs on an accrual basis for Medi-Cal (MC), Healthy Families Program (HFP), and Medicaid Children's Health Insurance Program (M-CHIP). Due to the transition of HFP to Medi-Cal, the HFP costs will entirely shift to M-CHIP in FY 2014-15.

(Dollars In Thousands)

Fiscal Year	MC	HFP	M-CHIP	Total
FY 2012-13	\$190,160	\$2,009	\$2,440	\$194,609
FY 2013-14	\$194,286	\$1,026	\$3,520	\$198,832
FY 2014-15	\$199,629	\$0	\$4,671	\$204,300
FY 2015-16	\$205,538	\$0	\$4,809	\$210,347

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(Dollars In Thousands)

Fiscal Year	Total	FF	County
FY 2012-13	\$194,609	\$97,972	\$96,637
FY 2013-14	\$198,832	\$100,098	\$98,734
FY 2014-15	\$204,300	\$102,851	\$101,449
FY 2015-16	\$210,347	\$105,895	\$104,452

2. Based on historical claims received, assume 23% of each fiscal year claims will be paid in the year the services occur. Assume 67% is paid in the following year and an additional 10% in the third year.

(Dollars In Thousands)

Fiscal Year	Accrual	FY 2013-14	FY 2014-15	FY 2015-16
MC	\$190,160	\$127,407	\$19,016	\$0
HFP	\$2,009	\$1,346	\$201	\$0
M-CHIP	\$2,440	\$1,635	\$244	\$0
FY 2012-13	\$194,609	\$130,388	\$19,461	\$0
MC	\$194,286	\$44,686	\$130,172	\$19,429
HFP	\$1,026	\$236	\$687	\$103
M-CHIP	\$3,519	\$809	\$2,358	\$352
FY 2013-14	\$198,831	\$45,731	\$133,217	\$19,884
MC	\$199,629	\$0	\$45,915	\$133,751
M-CHIP	\$4,671	\$0	\$1,074	\$3,130
FY 2014-15	\$204,300	\$0	\$46,989	\$136,881
MC	\$205,538	\$0	\$0	\$47,274
M-CHIP	\$4,809	\$0	\$0	\$1,106
FY 2015-16	\$210,347	\$0	\$0	\$48,380

3. Mental Health administration costs are shared between federal funds (FF) and county funds. HFP and M-CHIP claims are eligible for federal reimbursement of 65%. MC claims are eligible for 50% federal reimbursement.

(Dollars In Thousands)

Claims	FY 2014-15			FY 2015-16		
	TF	FF	County	TF	FF	County
MC	\$195,103	\$97,551	\$97,551	\$200,454	\$100,227	\$100,227
HFP*	\$889	\$578	\$311	\$103	\$67	\$36
M-CHIP*	\$3,676	\$2,389	\$1,287	\$4,587	\$2,982	\$1,606
Total	\$199,667	\$100,518	\$99,149	\$205,144	\$103,275	\$101,869

COUNTY SPECIALTY MENTAL HEALTH ADMIN

OTHER ADMIN. POLICY CHANGE NUMBER: 4

Funding:

100% Title XIX FFP (4260-101-0890)

100% Title XXI FFP (4260-113-0890)*

SMHS COUNTY UR & QA ADMIN

OTHER ADMIN. POLICY CHANGE NUMBER: 11
 IMPLEMENTATION DATE: 7/2012
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1729

	FY 2014-15	FY 2015-16
TOTAL FUNDS	\$16,856,000	\$16,093,000
STATE FUNDS	\$600,000	\$0
FEDERAL FUNDS	\$16,256,000	\$16,093,000

DESCRIPTION

Purpose:

This policy change estimates the county utilization review (UR) and quality assurance (QA) administrative costs for Specialty Mental Health Services (SMHS).

Authority:

Welfare & Institutions Code 14711

Interdependent Policy Changes:

Not Applicable

Background:

UR and QA activities safeguard against unnecessary and inappropriate medical care. Federal reimbursement for these costs is available at 75% for skilled professional medical personnel (SPMP) and 50% for all other personnel claims.

Reason for Change from Prior Estimate:

The percentage of payments made during each fiscal year has been updated based on historical paid claims data.

Methodology:

1. UR and QA expenditures are shared between federal funds (FF) and county funds (CF).
2. UR and QA costs are based on historical trends. UR and QA costs on an accrual basis are:

(Dollars in Thousands)

Fiscal Year	TF	FF	CF
FY 2012-13	\$23,409	\$15,789	\$7,620
FY 2013-14	\$23,917	\$16,132	\$7,785
FY 2014-15	\$24,575	\$16,575	\$8,000
FY 2015-16	\$25,302	\$17,066	\$8,236

SMHS COUNTY UR & QA ADMIN

OTHER ADMIN. POLICY CHANGE NUMBER: 11

3. Based on historical claims received, assume 28% of the each fiscal year claims will be paid in the year the services occur. Assume 69% is paid in the following year and 3% is paid in the third year.

(Dollars in Thousands)

<u>Fiscal Year</u>	<u>Accrual</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FY 2012-13	\$23,409	\$702	\$0
FY 2013-14	\$23,917	\$16,503	\$718
FY 2014-15	\$24,575	\$6,881	\$16,957
FY 2015-16	\$25,302	\$0	\$7,085
Total		\$24,086	\$24,759

4. SPMP are eligible for enhanced federal reimbursement of 75%. All other personnel are eligible for 50% federal reimbursement.
5. Based on historical claims received, assume 60% are SPMP and the remaining 40% of the total claims are other personnel costs.
6. An additional \$1,200,000 has been added to Other personnel costs in FY 2014-15 to prepare semi-annual reports for the Katie A. v. Bontá settlement agreement. The Katie A. v. Bontá settlement agreement costs are eligible for 50% FF and 50% General Fund (GF).

(Dollars in Thousands)

<u>Personnel</u>	<u>FY 2014-15</u>			
	<u>TF</u>	<u>FF</u>	<u>CF</u>	<u>GF</u>
SPMP	\$14,452	\$10,839	\$3,613	\$0
Other	\$10,834	\$5,417	\$4,817	\$600
Total	\$25,286	\$16,256	\$8,430	\$600

<u>Personnel</u>	<u>FY 2015-16</u>		
	<u>TF</u>	<u>FF</u>	<u>CF</u>
SPMP	\$14,855	\$11,141	\$3,714
Other	\$9,903	\$4,952	\$4,952
Total	\$24,759	\$16,093	\$8,666

Funding:

100% Title XIX FF (4260-101-0890)

50% Title XIX/50% GF (4260-101-0001/0890)

SMH MAA

OTHER ADMIN. POLICY CHANGE NUMBER: 12
 IMPLEMENTATION DATE: 7/2012
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1722

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
TOTAL FUNDS	\$15,817,000	\$16,867,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$15,817,000	\$16,867,000

DESCRIPTION**Purpose:**

This policy change budgets the federal financial participation (FFP) for claims submitted on behalf of specialty mental health plans (MHPs) for Medicaid administrative activities.

Authority:

Welfare & Institutions Code 14132.47
 AB 2377 (Chapter 147, Statutes of 1994)

Interdependent Policy Changes:

Not Applicable

Background:

AB 2377 authorized the State to implement the Medi-Cal Administrative Claiming Process. The Specialty Mental Health Waiver program submits claims on behalf of MHPs to obtain FFP for Medicaid administrative activities necessary for the proper and efficient administration of the specialty mental health waiver program. These activities ensure that assistance is provided to Medi-Cal eligible individuals and their families for the receipt of specialty mental health services.

Reason for Change from Prior Estimate:

The estimates are revised to account for the most recent claims data.

Methodology:

1. County mental health plans submit claims for reimbursement on a quarterly basis. Claims may be submitted up to six months after the close of a fiscal year (FY).
2. Based on claims from FY 2006-07 through FY 2012-13, the average annual increase in mental health (MH) Medi-Cal administrative activities (MAA) claims was 6.63%.
3. Assume claims will continue to increase by 6.63% each year for FY 2013-14, FY 2014-15, and FY 2015-16.

SMH MAA**OTHER ADMIN. POLICY CHANGE NUMBER: 12**

4. For FY 2012-13, the Department received \$24,433,000 in MH MAA claims on an accrual basis.

(Dollars in Thousands)

<u>Fiscal Years</u>	<u>Expenditures</u>	<u>Growth</u>	<u>Increase</u>
FY 2012-13	\$24,433	6.63%	\$1,620
FY 2013-14	\$26,053	6.63%	\$1,727
FY 2014-15	\$27,780	6.63%	\$1,842
FY 2015-16	\$29,622	6.63%	\$1,964

5. Based on historical claims received, assume 21.47% of fiscal year claims will be paid in the year the services occur. The remaining 78.53% is paid in the following year.

(Dollars in Thousands)

<u>Fiscal Years</u>	<u>Accrual</u>	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FY 2013-14	\$26,053	\$20,459	\$0
FY 2014-15	\$27,780	\$5,964	\$21,816
FY 2015-16	\$29,622	\$0	\$6,360
Total	\$83,455	\$26,423	\$28,176

6. MH MAA total expenditures are shared between FFP and county funds. Skilled professional medical personnel are eligible for enhanced federal reimbursement of 75%. All other personnel are eligible for 50% federal reimbursement.

(Dollars in Thousands)

<u>Fiscal Year</u>	<u>TF</u>	<u>FY 2014-15</u>		<u>TF</u>	<u>FY 2015-16</u>	
		<u>FFP</u>	<u>County</u>		<u>FFP</u>	<u>County</u>
Medical	\$10,421	\$7,816	\$2,605	\$11,113	\$8,335	\$2,778
Other	\$16,002	\$8,001	\$8,001	\$17,063	\$8,532	\$8,531
Total	\$26,423	\$15,817	\$10,606	\$28,176	\$16,867	\$11,309

Funding:

100% Title XIX FFP (4260-101-0890)

INTERIM AND FINAL COST SETTLEMENTS-SMHS

OTHER ADMIN. POLICY CHANGE NUMBER: 57
 IMPLEMENTATION DATE: 7/2015
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1757

	FY 2014-15	FY 2015-16
TOTAL FUNDS	\$0	\$9,370,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$0	\$9,370,000

DESCRIPTION

Purpose:

This policy change estimates the federal funds for the interim and final cost settlements on specialty mental health services (SMHS) administrative expenditures.

Authority:

Welfare & Institution Code 14705(c)

Interdependent Policy Changes:

Not Applicable

Background:

The Department reconciles interim payments to county cost reports for mental health plans (MHPs) for utilization review/quality assurance (UR/QA), mental health Medi-Cal administrative activities (MH MAA), and administration. The Department completes these interim settlements within two years of the end of the fiscal year. Final settlements are completed within three years of the last amended cost report the county MHPs submit to the Department.

The reconciliation process for each fiscal year may result in an overpayment or an underpayment to the county and will be handled as follows:

- For counties that have been determined to be overpaid, the Department will recoup any overpayments.
- For counties that have been determined to be underpaid, the Department will reimburse the federal funds.

Reason for Change from Prior Estimate:

No cost settlements will be finalized in FY 2014-15.

Methodology:

1. Interim cost settlements are based on the difference between each county MHP's filed cost report and the payments they received from the Department.
2. Final cost settlements are based on the difference between each county MHP's final audited cost report and the payments they received from the Department.
3. Cost settlements for services, administration, UR/QA, and MH MAA are each determined separately.

INTERIM AND FINAL COST SETTLEMENTS-SMHS

OTHER ADMIN. POLICY CHANGE NUMBER: 57

(Dollars in Thousands)

Interim Settlements

<u>FY 2009-10</u>	<u>Underpaid</u>	<u>Overpaid</u>	<u>Net FF</u>
SMH Admin	\$8,235	(\$3,078)	\$5,157
MCHIP*	\$329	\$0	\$329
UR/QA	\$2,419	(\$299)	\$2,120
MH MAA	\$977	\$0	\$977
HFP Admin*	\$787	\$0	\$787
Total FY 2015-16	\$12,747	(\$3,377)	(\$9,370)

Funding:

100% Title XIX FF (4260-101-0890)

100% Title XXI FF (4260-113-0890)*

SMHS FOR ADULTS

BASE POLICY CHANGE NUMBER: 69
IMPLEMENTATION DATE: 7/2012
ANALYST: Julie Chan
FISCAL REFERENCE NUMBER: 1780

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FULL YEAR COST - TOTAL FUNDS	\$1,022,775,000	\$1,145,028,000
- STATE FUNDS	\$69,364,000	\$71,820,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$1,022,775,000	\$1,145,028,000
STATE FUNDS	\$69,364,000	\$71,820,000
FEDERAL FUNDS	\$953,411,000	\$1,073,208,000

DESCRIPTION

Purpose:

This policy change estimates the base cost for specialty mental health services (SMHS) provided to adults (21 years of age and older).

Authority

Welfare & Institutions Code 14680-14685.1
Specialty Mental Health Consolidation Program Waiver

Interdependent Policy Changes:

Not Applicable

Background:

The Medi-Cal SMHS program is "carved-out" of the broader Medi-Cal program and is administered by the Department under the authority of a waiver approved by the Centers for Medicare and Medicaid Services (CMS). The Department contracts with a Mental Health Plan (MHP) in each county to provide or arrange for the provision of Medi-Cal SMHS. All MHPs are county mental health departments.

SMHS are Medi-Cal entitlement services for adults and children that meet medical necessity criteria, which consist of having a specific covered diagnosis, functional impairment, and meeting intervention criteria. MHPs must certify that they incurred a cost before seeking federal reimbursement through claims to the State. MHPs are responsible for the non-federal share of Medi-Cal SMHS. Mental health services for Medi-Cal beneficiaries who do not meet the criteria for SMHS are provided under the broader Medi-Cal program either through managed care (MC) plans (by primary care providers within their scope of practice) or fee-for-service (FFS).

This policy change budgets the costs associated with SMHS for adults. A separate policy change budgets the costs associated with SMHS for children.

SMHS FOR ADULTS

BASE POLICY CHANGE NUMBER: 69

The following Medi-Cal SMHS are available for adults:

- Adult Residential Treatment Services
- Crisis Intervention
- Crisis Stabilization
- Crisis Residential Treatment Services
- Day Rehabilitation
- Day Treatment Intensive
- Medication Support Services
- Psychiatric Health Facility Services
- Psychiatric Inpatient Hospital Services
- Targeted Case Management
- Therapy and Other Service Activities

Reason for Change from Prior Estimate:

- General Fund (GF) reimbursement authority has been included to account for the timing of the reimbursement from the county realignment funds to the Department.
- In the prior estimate, the optional population for SMHS for adults was included in the policy change titled ACA Optional Expansion. Now the optional population for SMHS for adults is included in this policy change.

Methodology:

1. The costs are developed using 70 months of Short-Doyle/Medi-Cal (SD/MC) and 70 months of Fee-For-Service Medi-Cal (FFS/MC) approved claims data, excluding disallowed claims. The SD/MC data is current as of December 31, 2013, with dates of service from July 2007 through September 2013. The FFS data is current as of December 31, 2013, with dates of service from July 2007 through July 2013.
2. Due to the lag in reporting of claims data, the six most recent months of data are weighted (Lag Weights) based on observed claiming trends to create projected final claims and clients data.
3. Applying more weight to recent data necessitates the need to ensure that lag weight adjusted claims data (a process by which months of partial data reporting is extrapolated to create estimates of final monthly claims) is as complete and accurate as possible. The development and application of lag weights is based upon historical reporting trends of the counties.
4. The forecast is based on a service year of costs. This accrual cost is below:

(Dollars In Thousands)

	Total	SD/MC	FFS Inpatient
FY 2012-13	\$1,088,673	\$946,078	\$142,595
FY 2013-14	\$1,131,245	\$996,437	\$134,808
FY 2014-15	\$1,172,309	\$1,032,460	\$139,849
FY 2015-16	\$1,213,371	\$1,068,482	\$144,889

SMHS FOR ADULTS

BASE POLICY CHANGE NUMBER: 69

5. Medi-Cal SMHS program costs are shared between federal funds (FF) and county funds (CF). The accrual cost for FF and CF are below:

(Dollars In Thousands)

	<u>Total</u>	<u>FF</u>	<u>CF</u>
FY 2012-13	\$1,088,673	\$544,337	\$544,336
FY 2013-14	\$1,131,245	\$565,623	\$565,622
FY 2014-15	\$1,172,309	\$586,155	\$586,154
FY 2015-16	\$1,213,371	\$606,686	\$606,685

6. On a cash basis for FY 2014-15, the Department will be paying 1% of FY 2012-13 claims, 21% of FY 2013-14 claims, and 78% of FY 2014-15 claims for SD/MC claims. For FFS Inpatient adult's claims, the Department will be paying 1% of FY 2012-13 claims, 23% of FY 2013-14 claims, and 76% of FY 2014-15 claims. Amounts may contain rounding differences. The cash amounts for Adult SMHS are:

(Dollars In Thousands)

	<u>Total</u>	<u>SD/MC</u>	<u>FFS Inpatient</u>
FY 2012-13	\$10,887	\$9,461	\$1,426
FY 2013-14	\$240,062	\$209,343	\$30,719
FY 2014-15	\$911,807	\$805,224	\$106,583
Total FY 2014-15	\$1,162,756	\$1,024,028	\$138,728

7. On a cash basis for FY 2015-16, the Department will be paying 1% of FY 2013-14 claims, 21% of FY 2014-15 claims, and 78% of FY 2015-16 claims for SD/MC claims. For FFS Inpatient adult's claims, the Department will be paying 1% of FY 2013-14 claims, 23% of FY 2014-15 claims, and 76% of FY 2015-16 claims. Amounts may contain rounding differences. The cash amounts for Adult SMHS are:

(Dollars In Thousands)

	<u>Total</u>	<u>SD/MC</u>	<u>FFS Inpatient</u>
FY 2013-14	\$11,312	\$9,964	\$1,348
FY 2014-15	\$248,778	\$216,911	\$31,867
FY 2015-16	\$943,744	\$833,320	\$110,424
Total FY 2015-16	\$1,203,834	\$1,060,195	\$143,639

8. Medi-Cal (MC) claims are eligible for 50% federal reimbursement. General Fund reimbursement authority is needed to account for the timing of the reimbursement from the county realignment funds to the Department.

(Dollars In Thousands)

Cash Estimate	<u>TF</u>	<u>FF</u>	<u>County</u>	<u>GF Reimbursement</u>
Total FY 2014-15	\$1,232,120	\$581,378	\$581,378	\$69,364
Total FY 2015-16	\$1,275,654	\$601,917	\$601,917	\$71,820

SMHS FOR ADULTS
BASE POLICY CHANGE NUMBER: 69

9. Assume ACA impact to SMHS for Adults is \$372,033,000 in FY 2014-15 and \$471,291,000 in FY 2015-16 funded by 100% federal funds, on a cash basis.

(Dollars In Thousands)

Cash Estimate	<u>TF</u>	<u>FF</u>	<u>County</u>	<u>GF Reimbursement</u>
Total FY 2014-15	\$1,604,153	\$953,411	\$581,378	\$69,364
Total FY 2015-16	\$1,746,945	\$1,073,208	\$601,917	\$71,820

Funding:

100% Title XIX FFP (4260-101-0890)

100% Reimbursement (4260-601-0995)

SMHS FOR CHILDREN

BASE POLICY CHANGE NUMBER: 70
IMPLEMENTATION DATE: 7/2012
ANALYST: Julie Chan
FISCAL REFERENCE NUMBER: 1779

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FULL YEAR COST - TOTAL FUNDS	\$938,451,000	\$990,486,000
- STATE FUNDS	\$36,848,000	\$39,354,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$938,451,000	\$990,486,000
STATE FUNDS	\$36,848,000	\$39,354,000
FEDERAL FUNDS	\$901,603,000	\$951,132,000

DESCRIPTION

Purpose:

This policy change estimates the base cost for specialty mental health services (SMHS) provided to children (birth through 20 years of age).

Authority:

Welfare & Institutions Code 14680-14685.1
Specialty Mental Health Consolidation Program Waiver

Interdependent Policy Changes:

Not Applicable

Background:

The Medi-Cal SMHS program is "carved-out" of the broader Medi-Cal program and is administered by the Department under the authority of a waiver approved by the Centers for Medicare and Medicaid Services (CMS). The Department contracts with a Mental Health Plan (MHP) in each county to provide or arrange for the provision of Medi-Cal SMHS. All MHPs are county mental health departments.

SMHS are Medi-Cal entitlement services for adults and children that meet medical necessity criteria, which consist of having a specific covered diagnosis, functional impairment, and meeting intervention criteria. MHPs must certify that they incurred a cost before seeking federal reimbursement through claims to the State. MHPs are responsible for the non-federal share of Medi-Cal SMHS. Mental health services for Medi-Cal beneficiaries who do not meet the criteria for SMHS are provided under the broader Medi-Cal program either through managed care (MC) plans (by primary care providers within their scope of practice) or fee-for-service (FFS).

Children's SMHS are provided under the federal requirements of the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) benefit, which is available to full-scope beneficiaries under age 21. The EPSDT benefit is designed to meet the special physical, emotional, and developmental needs of low income children. This policy change budgets the costs associated with SMHS for children. A separate policy change budgets the costs associated with SMHS for adults.

SMHS FOR CHILDREN

BASE POLICY CHANGE NUMBER: 70

The following Medi-Cal SMHS are available for children:

- Adult Residential Treatment Services*
- Crisis Intervention
- Crisis Stabilization
- Crisis Residential Treatment Services*
- Day Rehabilitation
- Day Treatment Intensive
- Medication Support Services
- Psychiatric Health Facility Services
- Psychiatric Inpatient Hospital Services
- Targeted Case Management
- Therapeutic Behavioral Services
- Therapy and Other Service Activities

*Children - Age 18 through 20

Reason for Change from Prior Estimate:

Expenditures increased due to the inclusion of additional approved claims data.

Methodology:

1. The costs are developed using 70 months of Short-Doyle/Medi-Cal (SD/MC) and 70 months Fee-For-Service Medi-Cal (FFS/MC) approved claims data, excluding disallowed claims. The SD/MC data is current as of December 31, 2013, with dates of service from July 2007 through September 2013. The FFS data is current as of December 31, 2013, with dates of service from July 2007 through July 2013.
2. Applying more weight to recent data necessitates the need to ensure that lag weight adjusted claims data (a process by which months of partial data reporting is extrapolated to create estimates of final monthly claims) is as complete and accurate as possible. Therefore, the most recent six months of data are weighted (Lag Weights) based on observed claiming trends to create projected final claims and client data. The development and application of lag weights is based upon historical reporting trends of the counties.
3. The forecast is based on a service year of costs. This accrual cost is below:

(Dollars In Thousands)

	TF	SD/MC	FFS Inpatient
FY 2012-13	\$1,565,139	\$1,501,265	\$63,874
FY 2013-14	\$1,676,732	\$1,604,688	\$72,044
FY 2014-15	\$1,767,004	\$1,689,671	\$77,333
FY 2015-16	\$1,857,276	\$1,774,653	\$82,623

SMHS FOR CHILDREN

BASE POLICY CHANGE NUMBER: 70

4. Medi-Cal SMHS program costs are shared between federal funds (FF) and county funds (CF). The accrual costs for FF and CF are below:

(Dollars In Thousands)

	TF	FF	CF
FY 2012-13	\$1,565,139	\$791,931	\$773,208
FY 2013-14	\$1,676,732	\$863,018	\$813,714
FY 2014-15	\$1,767,004	\$912,467	\$854,537
FY 2015-16	\$1,857,276	\$961,916	\$895,360

5. On a cash basis for FY 2014-15, the Department will be paying 1% of FY 2012-13 claims, 21% of FY 2013-14 claims, and 78% of FY 2014-15 claims for SD/MC claims. For FFS Inpatient children's claims, the Department will be paying 1% of FY 2012-13 claims, 23% of FY 2013-14 claims, and 76% of FY 2014-15 claims. Amounts may contain rounding differences. The overall cash amounts for Children's SMHS are:

(Dollars In Thousands)

	TF	SD/MC	FFS Inpatient
FY 2012-13	\$15,652	\$15,013	\$639
FY 2013-14	\$353,548	\$337,131	\$16,417
FY 2014-15	\$1,376,727	\$1,317,789	\$58,938
Total FY 2014-15	\$1,745,927	\$1,669,933	\$75,994

6. On a cash basis for FY 2015-16, the Department will be paying 1% of FY 2013-14 claims, 21% of FY 2014-15 claims, and 78% of FY 2015-16 claims for SD/MC claims. For FFS Inpatient children's claims, the Department will be paying 1% of FY 2013-14 claims, 23% of FY 2014-15 claims, and 76% of FY 2015-16 claims. Amounts may contain rounding differences. The cash amounts for Children's SMHS are:

(Dollars In Thousands)

	TF	SD/MC	FFS Inpatient
FY 2013-14	\$16,767	\$16,047	\$720
FY 2014-15	\$372,607	\$354,985	\$17,622
FY 2015-16	\$1,447,038	\$1,384,068	\$62,970
Total FY 2015-16	\$1,836,412	\$1,755,100	\$81,312

SMHS FOR CHILDREN
BASE POLICY CHANGE NUMBER: 70

7. Medicaid Expansion Children's Health Insurance Program (M-CHIP) claims are eligible for federal reimbursement of 65%. Medi-Cal (MC) claims are eligible for 50% federal reimbursement. General Fund reimbursement authority is needed to account for the timing of the reimbursement from the county realignment funds to the Department.

(Dollars In Thousands)

Cash Estimate	<u>TF</u>	<u>FF</u>	<u>M-CHIP*</u>	<u>County</u>	<u>GF Reimbursement</u>
Total FY 2014-15	\$1,745,927	\$777,497	\$124,106	\$844,324	\$36,848
Total FY 2015-16	\$1,836,412	\$808,455	\$142,677	\$885,280	\$39,354

Funding:

100% Title XIX FFP (4260-101-0890)

100% Title XXI FFP (4260-113-0890)*

100% Reimbursement (4260-601-0995)

ELIMINATION OF STATE MAXIMUM RATES

REGULAR POLICY CHANGE NUMBER: 71
 IMPLEMENTATION DATE: 7/2012
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1759

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FULL YEAR COST - TOTAL FUNDS	\$91,236,000	\$93,734,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$91,236,000	\$93,734,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$91,236,000	\$93,734,000

DESCRIPTION

Purpose:

This policy change estimates the elimination of the state maximum rates for Medi-Cal specialty mental health services (SMHS).

Authority

AB 1297 (Chapter 651, Statutes of 2011)

Interdependent Policy Changes:

Not Applicable

Background:

The Welfare and Institution (W&I) Code, sections 5720 and 5724, limited reimbursement of SMHS to the state maximum rates. The state maximum rate is a schedule of maximum allowances (SMA) for SMHS. AB 1297 amended W&I Code, sections 5720 and 5724 to change the manner in which SMHS are reimbursed. AB 1297 requires the Department to reimburse mental health plans based upon the lower of their certified public expenditures or the federal upper payment limit. The federal upper payment limit will be equal to the aggregate allowable cost or customary charge for all SMHS provided by the mental health plan and its network of providers. These changes to the reimbursement methodology will result in an increase of federal reimbursement to mental health plans for SMHS. The elimination of the state maximum rate was implemented in the Short-Doyle/Medi-Cal (SD/MC) claiming system in fiscal year 2012-13.

Reason for Change from Prior Estimate:

The change is due to a change in methodology. This estimate is based on FY 2013-14 claims data and actual claiming patterns.

Methodology:

1. The costs are developed using FY 2012-13 and FY 2013-14 approved claims from each county that were paid in FY 2013-14.

ELIMINATION OF STATE MAXIMUM RATES**REGULAR POLICY CHANGE NUMBER: 71**

2. The approved units, by county and type of services, were multiplied by the SMA rate that would have been in place in FY 2012-13 and FY 2013-14 to calculate the SMA limit.
3. The SMA limit was subtracted from the approved amount by county and service type to calculate the approved amount in excess of the SMA for FY 2012-13 and FY 2013-14 approved claims paid in FY 2013-14.

(Dollars in Thousands)

	Approved Claims in Excess of SMA	FF in Excess of SMA
FY 2012-13	\$72,630	\$36,315
FY 2013-14	\$105,402	\$52,701
Total	\$178,032	\$89,016

4. The FY 2013-14 actual approved claims were increased by the percentage change in the medical component of the Consumer Price Index to estimate the impact of the elimination of SMA rates in FY 2014-15 and FY 2015-16.

(Dollars In Thousands)

	FF	COLA	Increase
FY 2013-14	\$89,016	2.49%	\$2,220
FY 2014-15	\$91,236	2.74%	\$2,498
FY 2015-16	\$93,734		

Funding:

100% Title XIX FF (4260-101-0890)

TRANSITION OF HFP - SMH SERVICES

REGULAR POLICY CHANGE NUMBER: 72
 IMPLEMENTATION DATE: 1/2013
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1719

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FULL YEAR COST - TOTAL FUNDS	\$42,008,000	\$42,520,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$42,008,000	\$42,520,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$42,008,000	\$42,520,000

DESCRIPTION

Purpose:

This policy change estimates the federal reimbursement for specialty mental health benefits associated with transitioning the Healthy Families Program (HFP) subscribers into the Medi-Cal program.

Authority:

AB 1494 (Chapter 28, Statutes of 2012)

Interdependent Policy Changes:

Not Applicable

Background:

Pursuant to AB 1494, HFP subscribers were transitioned into the Medi-Cal program using a phased-in approach that began January 2013 and concluded November 2013. Under the HFP, the mental health services provided to the Seriously Emotionally Disturbed (SED) enrollees were carved out of the HFP and provided by county mental health plans. The Medi-Cal program does not have an "SED carve-out," but it does carve out from Medi-Cal managed care plans any mental health services beyond what a primary care physician can provide within their scope of practice; this includes Medi-Cal specialty mental health services. Children that transitioned from the HFP to Medi-Cal have access to the carved-out Medi-Cal specialty mental health services provided by county mental health plans if they meet medical necessity criteria for those services. County mental health plans are eligible to claim federal financial participation (FFP) through the Certified Public Expenditure (CPE) process.

HFP subscribers that transitioned into the Medi-Cal program are considered Early and Periodic Screening, Diagnosis, and Treatment (EPSDT) eligible and can receive the full array of Medi-Cal specialty mental health services based on medical necessity and their mental health needs.

Reason for Change from Prior Estimate:

Expenditures have been revised based on the updates to HFP claim lag.

TRANSITION OF HFP - SMH SERVICES

REGULAR POLICY CHANGE NUMBER: 72

Methodology:

1. Beginning January 1, 2013, HFP subscribers transitioned to Medi-Cal.
2. The majority of mental health services provided to current SED enrollees will continue under the Medi-Cal specialty mental health services. As such, the current SED expenditures shifted from the HFP Families – SED policy change to the Children's SMHS policy changes.
3. Additional EPSDT clients may be served by the mental health plans as a result of changing from SED criteria to Medi-Cal medical necessity criteria, which will increase utilization of Medi-Cal specialty mental health services.
4. Additional psychiatric inpatient services will be provided by the mental health plans that were previously covered by the HFP managed care plans.

(In Thousands)

	<u>TF</u>	<u>FFP</u>	<u>County</u>
SED Services	\$35,718	\$23,217	\$12,501
Outpatient	\$48,699	\$31,654	\$17,045
Inpatient	\$15,929	\$10,354	\$5,575
FY 2014-15	\$100,346	\$65,225	\$35,121

(In Thousands)

	<u>TF</u>	<u>FFP</u>	<u>County</u>
SED Services	\$37,932	\$24,656	\$13,276
Outpatient	\$49,292	\$32,040	\$17,252
Inpatient	\$16,123	\$10,480	\$5,643
FY 2015-16	\$103,347	\$67,176	\$36,171

Funding:

100% Title XXI FFP (4260-113-0890)

KATIE A. V. DIANA BONTA

REGULAR POLICY CHANGE NUMBER: 73
 IMPLEMENTATION DATE: 1/2013
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1718

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FULL YEAR COST - TOTAL FUNDS	\$27,247,000	\$36,192,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$27,247,000	\$36,192,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$27,247,000	\$36,192,000

DESCRIPTION**Purpose:**

This policy change estimates the increase in costs due to the *Katie A. v. Diana Bontá* lawsuit.

Authority:

Katie A. v. Diana Bontá

Interdependent Policy Changes:

Not Applicable

Background:

On March 14, 2006, the U.S. Central District Court of California issued a preliminary injunction in *Katie A. v. Diana Bontá*, requiring the provision of Early and Periodic Screening, Diagnosis and Treatment (EPSDT) program “wraparound” and “therapeutic foster care” (TFC) mental health services under the Specialty Mental Health Services waiver to children in foster care or “at risk” of foster care placement. On appeal, the Ninth Circuit Court reversed the granting of the preliminary injunction and remanded the case to District Court in order to review each component service to determine whether they are mandated Medicaid covered services, and if so, whether the Medi-Cal program provides each service effectively. The court ordered the parties to engage in further meetings with the court appointed Special Master. On July 15, 2011, the parties agreed to a proposed settlement that was subject to court approval and on December 2, 2011, the court granted final approval of the proposed settlement. Since October 13, 2011, the parties have met with the Special Master to develop a plan for settlement implementation. As a result of the lawsuit, beneficiaries meeting medical necessity criteria may receive an increase in existing services that will be provided in a more intensive and effective manner. In this context, these existing services are referred to as Intensive Care Coordination (ICC), Intensive Home-Based Services (IHBS), and Therapeutic Foster Care (TFC). The ICC and IHBS were available effective January 1, 2013. TFC services are expected to begin January 1, 2015.

Reason for Change from Prior Estimate:

This estimate has been updated for an increase in the lag of claim payments and adjusts for delay in CMS approval of TFC from August 2014 to January 2015.

KATIE A. V. DIANA BONTA

REGULAR POLICY CHANGE NUMBER: 73

Methodology:

1. The *Katie A.* cost estimate is based on two factors:
 - An increase in the penetration rate of children receiving specialty mental health services within the *Katie A.* subclass of clients; and
 - An increase in the cost of services per client for existing clients due to the availability of IHBS, ICC, and TFC.
2. This estimate assumes the increase in the cost of services per client for ICC, IHBS, and TFC.
3. The estimated annual cost for specialty mental health services (SMHS), excluding TFC, for new clients is \$38,830,000 and the estimated annual increase in cost for existing clients is \$14,672,000, giving a total annual cost of \$53,502,000. These amounts are on an accrual basis.
4. Assume the additional services, excluding TFC, began January 1, 2013.
5. In FY 2012-13 assume the accrual estimate is half of the full year costs.

$$\$53,502,000 \div 12 \text{ months} \times 6 \text{ months} = \$26,751,000$$

6. Assume the additional TFC services have an annual cost of \$15,723,000 and will begin on January 1, 2015.
7. In FY 2014-15 assume the accrual estimate for TFC is half of the full year costs.

$$\$15,732,000 \div 12 \text{ months} \times 6 \text{ months} = \$7,866,000$$

8. Assume there is a three month lag for TFC claims paid in the first year the services occur and the remainder will be paid in the following year.

$$\$7,866,000 \div 6 \text{ month} \times 3 \text{ months} = \$3,933,000$$

9. Based on historical claims received, assume 78% of the each fiscal year claims will be paid in the year the services occur. The following year, 21% is paid and in the third year, 1% is paid.

(In Thousands)

Cash Estimate	TF	FF	County
FY 2012-13	\$268	\$134	\$134
FY 2013-14	\$11,235	\$5,618	\$5,617
FY 2014-15	\$42,990	\$21,495	\$21,495
FY 2014-15	\$54,493	\$27,247	\$27,246
FY 2013-14	\$535	\$268	\$267
FY 2014-15	\$17,844	\$8,922	\$8,922
FY 2015-16	\$54,003	\$27,002	\$27,001
FY 2015-16	\$72,382	\$36,192	\$36,190

Funding:

100% Title XIX FF (4260-101-0890)

INTERIM AND FINAL COST SETTLEMENTS - SMHS

REGULAR POLICY CHANGE NUMBER: 74
 IMPLEMENTATION DATE: 7/2015
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1713

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FULL YEAR COST - TOTAL FUNDS	\$0	\$27,375,000
- STATE FUNDS	\$0	\$23,830,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$0	\$27,375,000
STATE FUNDS	\$0	\$23,830,000
FEDERAL FUNDS	\$0	\$3,545,000

DESCRIPTION

Purpose:

This policy change estimates the interim and final cost settlements for specialty mental health services (SMHS).

Authority:

Welfare & Institution Code 14705(c)
 Title 9, California Code of Regulations 1840.105

Interdependent Policy Changes:

Not Applicable

Background:

The Department reconciles interim settlements to county cost reports for mental health plans (MHPs) for children, adults, and Healthy Families SMHS. The Department completes interim settlements within two years of the end of the fiscal year. Final settlements are completed within three years of the last amended county cost report the MHPs submit to the Department.

The reconciliation process for each fiscal year may result in an overpayment or underpayment to the county and will be handled as follows:

- For counties that have been determined to be overpaid, the Department will recoup any overpayments.
- For counties that have been determined to be underpaid, the Department will make a payment equal to the difference between the counties cost report and the Medi-Cal payments.

Reason for Change from Prior Estimate:

There is no change.

INTERIM AND FINAL COST SETTLEMENTS - SMHS

REGULAR POLICY CHANGE NUMBER: 74

Methodology:

- Interim cost settlements are based on the difference between each county MHP's filed cost report and the payments they received from the Department.

(Dollars in Thousands)

	<u>Underpaid</u>	<u>Overpaid</u>	<u>Net</u>
Interim Settlement (FY 2009-10)			
Children and Adults	\$35,025	(\$3,661)	\$31,364
ARRA	\$2,551	(\$834)	\$1,717
M-CHIP*	\$297	(\$555)	(\$258)
BCCTP	\$0	(\$30)	(\$30)
Refugees	\$1	(\$1)	\$0
Healthy Families*	\$21	(\$1,055)	(\$1,034)
Final Settlement (Multi-Years)			
Children and Adults	\$2,774	(\$7,086)	(\$4,312)
Healthy Families*	\$21	(\$93)	(\$72)
Total FY 2015-16	<u>\$40,690</u>	<u>(\$13,315)</u>	<u>\$27,375</u>

- Final cost settlements are based on the difference between each county MHP's final audited cost report and the payments they received from the Department.
- Cost settlements for services, administration, utilization review/quality assurance, and mental health Medi-Cal administrative activities are each determined separately.
- Cost settlements prior to 2011 Realignment may consist of General Fund (GF) and Federal Funds (FF).

(Dollars In Thousands)

	<u>TF</u>	<u>GF</u>	<u>FF</u>
Children and Adults	\$27,052	\$23,830	\$3,222
ARRA	\$1,717	\$0	\$1,717
M-CHIP*	(\$258)	\$0	(\$258)
BCCTP	(\$30)	\$0	(\$30)
Healthy Families*	(\$1,106)	\$0	(\$1,106)
Total FY 2015-16	<u>\$27,375</u>	<u>\$23,830</u>	<u>\$3,545</u>

Funding:

Title XIX FFP (4260-101-0890)
Title XXI FFP (4260-113-0890)*
100% General Fund (4260-101-0001)

INVESTMENT IN MENTAL HEALTH WELLNESS

REGULAR POLICY CHANGE NUMBER: 75
 IMPLEMENTATION DATE: 1/2014
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1805

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FULL YEAR COST - TOTAL FUNDS	\$9,672,000	\$12,276,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$9,672,000	\$12,276,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$9,672,000	\$12,276,000

DESCRIPTION

Purpose:

This policy change estimates the federal funds for mobile crisis support teams and triage personnel to enhance mental health services for community wellness.

Authority:

SB 82 (Chapter 34, Statutes of 2013) Investment in Mental Health Wellness Act of 2013

Interdependent Policy Changes:

Not Applicable

Background:

The Investment in Mental Health Wellness Act of 2013 specifies to add 25 mobile crisis support teams and at least 2,000 crisis stabilization and crisis residential treatment beds over the next two years to expand community-based resources and capacity. These resources would provide a comprehensive continuum of services to address short-term crisis, acute needs, and the longer-term ongoing treatment and rehabilitation opportunities of adults with mental health care disorders. The California Health Facilities Financing Authority (CHFFA) within the State Treasurer's Office will implement grant programs for one-time funding to build supporting infrastructure. The CHFFA approved twenty grant applications for mobile crisis support teams, crisis stabilization beds, and crisis residential treatment beds as of April 2014. The anticipated federal fund reimbursements are \$2.8 million for the mobile crisis support services.

This Act also specifies to add at least 600 triage personnel over the next two years to assist individuals in gaining access to medical, specialty mental health care, alcohol and drug treatment, social, educational, and other services. The Mental Health Services Oversight and Accountability Commission (MHSOAC) will implement an allocation process based on funding applications for Mental Health Services Act funds totaling \$32 million. The majority of the triage personnel costs are assumed to be Medi-Cal reimbursable. The total estimated federal reimbursement is \$22 million annually. The initial triage personnel grants were awarded to 22 counties in January 2014.

INVESTMENT IN MENTAL HEALTH WELLNESS

REGULAR POLICY CHANGE NUMBER: 75

Reason for Change from Prior Estimate:

The estimate has been updated with payment lags based on paid claims data.

Methodology:

1. The federal portion of the accrual estimate is shown below:

(Dollars In Thousands)

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
Mobile Crisis Teams	\$2,800	\$2,800
600 Triage Personnel	\$22,000	\$22,000
Total	\$24,800	\$24,800

2. On a cash basis, the Department will pay 78% of each fiscal year claims in the year services occur, 21% will be paid in the second year, and 1% in the third year.

(Dollars In Thousands)

	<u>TF</u>	<u>FFP</u>	<u>CF</u>
FY 2014-15	\$19,344	\$9,672	\$9,672
FY 2015-16	\$24,552	\$12,276	\$12,276

Funding:

Title XIX 100% FFP (4260-101-0890)

HEALTHY FAMILIES - SED

REGULAR POLICY CHANGE NUMBER: 76
 IMPLEMENTATION DATE: 7/2012
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1712

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FULL YEAR COST - TOTAL FUNDS	\$4,095,000	\$186,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$4,095,000	\$186,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$4,095,000	\$186,000

DESCRIPTION

Purpose:

This policy change estimates the costs of providing services to Healthy Families enrollees who are Seriously Emotionally Disturbed (SED).

Authority:

California Insurance Code 12693.61 and 12694.1

Interdependent Policy Changes:

Not Applicable

Background:

The Healthy Families Program (HFP) provides low cost insurance for eligible children under the age of 19 whose families:

- Do not have health insurance,
- Do not qualify for zero share of cost Medi-Cal,
- Income is at or below 250 percent of the federal poverty level.

Mental health services for the HFP subscribers who are SED are “carved-out” of the HFP managed care health plans’ array of covered services and are provided by county mental health departments. County mental health departments are responsible for the provision and payment of all treatment of SED conditions, with the exception of the first thirty days of psychiatric inpatient services per benefit year, which remain the responsibility of the HFP health plan. This covered benefit is referred to as the “HFP SED benefit.”

When a county mental health department assumes responsibility for the treatment of the HFP subscriber’s SED condition, it can submit claims to obtain federal reimbursement for the services. County mental health departments receive 65% federal funds participation (FFP) reimbursement for services provided to HFP subscribers and pay for the 35% match with realignment dollars or other local funds. The costs associated with the HFP SED benefit will be reflected in the Specialty Mental Health Services for Children policy change.

HEALTHY FAMILIES - SED

REGULAR POLICY CHANGE NUMBER: 76

On December 31, 2012, HFP stopped enrolling new subscribers and the current HFP subscribers began transitioning into the Medi-Cal program in phases. The last group of HFP children transitioned to Medi-Cal on November 1, 2013.

Reason for Change from Prior Estimate:

The changes are a result of updated HFP claim lag.

Methodology:

1. The costs are developed using 69 months of Short-Doyle/Medi-Cal (SD/MC) approved claims data, excluding disallowed claims. The SD/MC data is current as of June 30, 2013, with dates of service from July 2007 through March 2013.
2. Due to the lag in reporting of claims data, the most recent six months of data must be weighted (Lag Weights) based on observed claiming trends to create projected final claims and clients data.
3. Applying more weight to recent data necessitates the need to ensure that lag weight adjusted claims data (a process by which months of partial data reporting is extrapolated to create estimates of final monthly claims) is as complete and accurate as possible. The development and application of lag weights is based upon historical reporting trends of the counties.
4. Medi-Cal Specialty Mental Health programs costs are shared between FFP and a county match. State Children's Health Insurance Program (S-CHIP) claims are eligible for federal reimbursement of 65%.
5. The forecast is based on a service year of costs. This accrual cost is below:

(Dollars In Thousands)

Accrual Estimate	<u>TF</u>	<u>FFP</u>	<u>County</u>
FY 2012-13	\$29,245	\$19,009	\$10,236
FY 2013-14	\$28,609	\$18,596	\$10,013
FY 2014-15	\$0	\$0	\$0
FY 2015-16	\$0	\$0	\$0

6. On a cash basis for FY 2014-15, the Department will be paying 1% of FY 2012-13 claims and 21% of FY 2013-14 SD/MC claims.

(Dollars In Thousands)

Cash Estimate	<u>TF</u>	<u>FFP</u>	<u>County</u>
FY 2012-13	\$292	\$190	\$102
FY 2013-14	\$6,008	\$3,905	\$2,103
FY 2014-15	\$0	\$0	\$0
TOTAL FY 2014-15	\$6,300	\$4,095	\$2,205

HEALTHY FAMILIES - SED
REGULAR POLICY CHANGE NUMBER: 76

7. On a cash basis for FY 2015-16, the Department will be paying 1% of FY 2013-14 SD/MC claims.

(Dollars In Thousands)

Cash Estimate	<u>TF</u>	<u>FFP</u>	<u>County</u>
FY 2013-14	\$286	\$186	\$100
FY 2014-15	\$0	\$0	\$0
FY 2015-16	\$0	\$0	\$0
TOTAL FY 2015-16	\$286	\$186	\$100

Funding:

100% Title XXI FFP (4260-113-0890)

OVER ONE-YEAR CLAIMS

REGULAR POLICY CHANGE NUMBER: 77
 IMPLEMENTATION DATE: 7/2012
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1717

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FULL YEAR COST - TOTAL FUNDS	\$3,585,000	\$942,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$3,585,000	\$942,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$3,585,000	\$942,000

DESCRIPTION

Purpose:

This policy change estimates the cost of claims that are submitted by county mental health plans for late eligibility determinations.

Authority:

Title 22, California Code of Regulations 50746 and 51008.5
 Welfare & Institutions Code 14680-14685.1
 Specialty Mental Health Services Consolidation Waiver

Interdependent Policy Changes:

Not Applicable

Background:

County mental health plans have begun submitting Medi-Cal specialty mental health service claims for clients with Letters of Authorization for late eligibility determinations. When an over one-year claim is determined as eligible by the Department, the county has 60 days to submit the claim for payment.

Reason for Change from Prior Estimate:

FY 2013-14 costs shifted to FY 2014-15 due to a delay in the implementation process and a delay in claims being paid as anticipated.

Methodology:

1. One-year claims are based on actual claims received from the counties.

	<u>TF</u>	<u>FFP</u>	<u>County</u>
FY 2014-15	\$7,170,000	\$3,585,000	\$3,585,000
FY 2015-16	\$1,884,000	\$942,000	\$942,000

Funding:

100% Title XIX FFP (4260-101-0890)

SPECIALTY MENTAL HEALTH SVCS SUPP REIMBURSEMENT

REGULAR POLICY CHANGE NUMBER: 78
 IMPLEMENTATION DATE: 7/2015
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1458

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FULL YEAR COST - TOTAL FUNDS	\$0	\$417,023,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$0	\$417,023,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	\$0	\$417,023,000

DESCRIPTION

Purpose:

This policy change estimates the supplemental reimbursement based on certified public expenditures for Specialty Mental Health Services (SMHS).

Authority:

ABX4 5 (Chapter 5, Statutes of 2009)
 Welfare & Institution Code 14723

Interdependent Policy Changes:

Not Applicable

Background:

State law allows an eligible public agency receiving reimbursement for SMHS provided to Medi-Cal beneficiaries to receive supplemental reimbursement up to 100% of the allowable costs of providing the services. To receive the supplemental payments, the public agency must certify that they incurred the public expenditures.

The supplemental payment State Plan Amendment (SPA) and Certified Public Expenditure Protocol are pending approval from the Centers for Medicare and Medicaid Services (CMS).

Reason for Change from Prior Estimate:

Supplemental payments for FYs 2008-09, 2009-10, 2010-11 and 2011-12 shifted to FY 2015-16 pending SPA approval.

Methodology:

1. The unreimbursed costs for county-operated providers was calculated based on the difference between the county operated provider's gross allowable cost and the gross schedule of statewide maximum allowance (SMA).
2. The amount of unreimbursed costs was increased by the ratio of county costs to total mental health plan costs to account for unreimbursed costs for contract providers.

**SPECIALTY MENTAL HEALTH SVCS SUPP
REIMBURSEMENT
REGULAR POLICY CHANGE NUMBER: 78**

3. The FY 2008-09 estimates were developed using the final filed cost reports received from each county mental health plan.
4. The FY 2009-10 estimates were developed using the final filed cost reports received from each county and are still under Department review.
5. Assume the FY 2010-11 supplemental payments will increase by 10% from the payment for FY 2009-10 and the FY 2011-12 supplemental payments will increase by 10% from the payment for FY 2010-11.

(Dollars In Thousands)

	<u>FFP - REGULAR</u>	<u>FFP - ARRA</u>	<u>TOTAL FFP</u>
FY 2008-09 FFP	\$52,103	\$12,079	\$64,187
FY 2009-10 FFP	\$90,402	\$20,484	\$110,886
FY 2010-11 FFP	\$95,008	\$22,532	\$117,540
FY 2011-12 FFP	\$124,410	\$0	\$124,410
Total for FY 2015-16	\$361,923	\$55,095	\$417,023

Funding:

100% Title XIX FFP (4260-101-0890)

SISKIYOU COUNTY MENTAL HEALTH PLAN OVERPAYMENT

REGULAR POLICY CHANGE NUMBER: 79
 IMPLEMENTATION DATE: 1/2012
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1660

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FULL YEAR COST - TOTAL FUNDS	\$0	\$0
- STATE FUNDS	\$2,397,000	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$0	\$0
STATE FUNDS	\$2,397,000	\$0
FEDERAL FUNDS	-\$2,397,000	\$0

DESCRIPTION

Purpose:

This policy change estimates the cost of federal financial participation (FFP) repayments made to the Centers for Medicare and Medicaid Services (CMS) for improper claims for Medi-Cal services made by Siskiyou County Mental Health Plan. In addition, Siskiyou County General Fund (GF) reimbursements are also included in this policy change.

Authority:

Title 42, United States Code (USC) 1396b (d)(2)(C)

Interdependent Policy Changes:

Not Applicable

Background:

During the audit and cost settlement process, the Department identified overpayments to Siskiyou County Mental Health Plan as a result of improper Medi-Cal billing practices. Pursuant to federal statute, the Department must remit the overpaid FFP to CMS within a year of the discovery date. While the county acknowledged its Medi-Cal billing problems, it is unable to repay the amounts owed in a significant or timely manner. Consequently, the County will reimburse the Department in the amount of \$200,000 per year until it fulfills its obligation for repayment. The County has submitted two payments totaling \$400,000.

Reason for Change from Prior Estimate:

Payment was made to CMS and reduces the amount due to the Department. In FY 2014-15 a cost settlement increased the repayment amount due to CMS.

Methodology:

1. The Department began making repayments to CMS in January 2012.
2. In FY 2014-15, a repayment amount of \$1,131,000 was added as a result of a chart review audit disallowing service claims for Heal Therapy and an additional \$1,266,000 was added for a cost settlement for FY 2009-10.

**SISKIYOU COUNTY MENTAL HEALTH PLAN
OVERPAYMENT
REGULAR POLICY CHANGE NUMBER: 79**

3. Siskiyou County will reimburse the GF \$200,000 annually. The total FF repayment due from the County totals \$8,470,000. The Department will continue to repay CMS for overpayments within one year of discovery. In FY 2014-15, \$2,397,000 will be paid from the GF. Reimbursements are shown in the Management Summary.

Date of Overpayment Discovery	Due to DHCS	FY 2014-15	FY 2015-16	
		GF Due to CMS		
8/4/2011	\$2,090,000			
11/15/2011	\$586,000			
12/21/2011	\$95,000			
3/26/2012	\$443,000			
1/30/2013	\$2,859,000			
5/30/2013	\$1,131,000	\$1,131,000		
3/24/2014	\$1,266,000	\$1,266,000		
Total:	\$8,470,000	\$2,397,000		
		(\$200,000)	(\$200,000)	Reimbursement

Funding:

GF (4260-101-0001)

Title XIX FF (4260-101-0890)

Reimbursement GF (4260-610-0995)

IMD ANCILLARY SERVICES

REGULAR POLICY CHANGE NUMBER: 80
 IMPLEMENTATION DATE: 7/1999
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 35

	FY 2014-15	FY 2015-16
FULL YEAR COST - TOTAL FUNDS	\$0	\$0
- STATE FUNDS	\$8,000,000	\$3,000,000
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	\$0	\$0
STATE FUNDS	\$8,000,000	\$3,000,000
FEDERAL FUNDS	-\$8,000,000	-\$3,000,000

DESCRIPTION

Purpose:

This policy change estimates the cost of federal financial participation (FFP) repayments that the Department must make to the Centers for Medicare and Medicaid Services (CMS) for inappropriately claimed ancillary services for Medi-Cal beneficiaries residing in Institutions for Mental Diseases (IMDs).

Authority:

Title 42, Code of Federal Regulations 435.1009
 Welfare & Institutions Code 14053.3

Interdependent Policy Changes:

Not Applicable

Background:

Ancillary services provided to Medi-Cal beneficiaries who are ages 22 through 64 residing in IMDs are not eligible for federal reimbursement. Identifiers are currently not available in MEDS to indicate whether a Medi-Cal beneficiary is residing in an IMD. Consequently, the Department's Fiscal Intermediary (FI) may not deny any claims that are ineligible for reimbursement for this reason. The Department uses data from the mental health Client Services Information (CSI) system to retrospectively identify the dates individuals were residents of an IMD for repayment of the FFP, as required by the Centers for Medicare & Medicaid Services (CMS). This information is not known at the time the claims were processed and paid by the FI. The Department matches the data from the CSI system to the claims data to determine which claims were inappropriately reimbursed while the individual was a resident of an IMD.

While the Department intends to develop eligibility and claiming processes to stop inappropriate claiming and reimbursement for ancillary services, the current inappropriately paid services must be repaid to CMS.

Reason for Change from Prior Estimate:

The claiming data has been updated with the most recent data to estimate the amount of ancillary

IMD ANCILLARY SERVICES

REGULAR POLICY CHANGE NUMBER: 80

services provided to beneficiaries residing in an IMD. Due to the County of Colusa Court of Appeals decision on July 9, 2014, the counties will not reimburse the State for IMD ancillary costs.

Methodology:

1. The costs for ancillary services provided to beneficiaries in IMDs are in the Medi-Cal base estimate.
2. The FFP repayment to CMS for FY 2014-15 and FY 2015-16 is:

(Dollars in Thousands)

Services Received	FY 2014-15	FY 2015-16
10/01/10 - 09/30/11	\$8,000	\$0
10/01/11 - 09/30/12	\$0	\$3,000
Total	\$8,000	\$3,000

Funding:

100% General Fund (4260-101-0001)
Title XIX FFP (4260-101-0890)

CHART REVIEW

REGULAR POLICY CHANGE NUMBER: 81
 IMPLEMENTATION DATE: 7/2012
 ANALYST: Julie Chan
 FISCAL REFERENCE NUMBER: 1714

	<u>FY 2014-15</u>	<u>FY 2015-16</u>
FULL YEAR COST - TOTAL FUNDS	-\$1,807,000	-\$795,000
- STATE FUNDS	\$0	\$0
PAYMENT LAG	1.0000	1.0000
% REFLECTED IN BASE	0.00 %	0.00 %
APPLIED TO BASE		
TOTAL FUNDS	-\$1,807,000	-\$795,000
STATE FUNDS	\$0	\$0
FEDERAL FUNDS	-\$1,807,000	-\$795,000

DESCRIPTION

Purpose:

This policy change estimates the recoupments due to the Department from disallowed claims. The disallowed claims are the result of the on-site chart reviews of inpatient and outpatient mental health providers.

Authority:

Title 9, California Code of Regulations 1810.380

Interdependent Policy Changes:

Not Applicable

Background:

Since January 2005, the Department has been conducting on-site chart reviews of mental health providers by comparing claims to the corresponding patient chart entries.

Reason for Change from Prior Estimate:

There is a backlog of recoupments from prior years that increased the estimate for FY 2014-15.

Methodology:

1. The FY 2014-15 estimate includes recoupments from chart reviews conducted in FY 2013-14 and an estimate of recoupments from chart reviews to be conducted in FY 2014-15.
2. The FY 2015-16 estimate includes recoupments from charts to be reviewed in FY 2015-16.

	<u>TF</u>	<u>FFP</u>
FY 2014-15	(\$1,807,000)	(\$1,807,000)
FY 2015-16	(\$795,000)	(\$795,000)

Funding:

Title XIX 100% FFP (4260-101-0890)