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



EDMUND G. BROWN JR.  
GOVERNOR

DATE: May 24, 2017

MHSUDS INFORMATION NOTICE NO.: 17-021

TO: COUNTY BEHAVIORAL HEALTH DIRECTORS  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF CALIFORNIA  
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS  
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM EXECUTIVES, INC.  
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES  
CALIFORNIA OPIOID MAINTENANCE PROVIDERS

SUBJECT: CLAIMING FOR THE THERAPEUTIC FOSTER CARE SERVICE MODEL IN THE SHORT-DOYLE/MEDI-CAL CLAIMS PROCESSING SYSTEM

REFERENCE: [ACL 14-79 \(October 16, 2014\)](#)  
[ACIN I-06-16 \(January 12, 2016\)](#)  
[ACL 16-10 \(February 17, 2016\)](#)  
[ACIN I-52-16E \(August 16, 2016\)](#)  
[ACIN I-05-17 \(February 21, 2017\)](#)  
[MHSD INFORMATION NOTICE NO.13-03 \(March 15, 2013\)](#)  
[MHSUDS INFORMATION NOTICE NO.17-009 \(February 21, 2017\)](#)  
[MHSUDS INFORMATION NOTICE NO.16-031E \(August 16, 2016\)](#)  
[MHSUDS INFORMATION NOTICE NO.14-036 \(October 16, 2014\)](#)

The purpose of this Mental Health and Substance Use Disorder Services (MHSUDS) Information Notice (IN) is to provide clarification to county Mental Health Plans (MHPs) regarding claiming Federal Financial Participation (FFP) reimbursement through the Short-Doyle/Medi-Cal (SD/MC) claims processing system for dates of service beginning January 1, 2017, for the provision of Specialty Mental Health Services (SMHS) service activities under the Therapeutic Foster Care (TFC) service model.

## **BACKGROUND**

In December 2011, the State of California entered into a settlement agreement of the class action lawsuit *Katie A. v. Bontá*. The State subsequently took a series of actions to transform the way children and youth in foster care, or at risk of placement in California's foster care system, access mental health services into a more intensive array of well coordinated, clinically appropriate, and community-based mental health service settings. That settlement terminated in December 2014, but included the development of a TFC service model as a way of delivering SMHS to children and youth. The TFC service model that resulted from this process has been in effect since January 1, 2017.

In addition, the Centers for Medicare and Medicaid Services (CMS) approved [State Plan Amendment \(SPA\) 09-004](#) on February 16, 2016, which provides a reimbursement methodology for the TFC service model. This CMS-approved reimbursement methodology allows MHPs to claim for a combination of certain SMHS service activities under one TFC per diem rate. However, nothing in this approved reimbursement methodology changes the nature of the pre-existing and ongoing Early and Periodic Screening, Diagnostic, and Treatment (EPSDT) service entitlement, of which the TFC service model is a part.

## **CLAIMING REQUIREMENTS FOR TFC SMHS**

For dates of service beginning on or after January 1, 2017, MHPs may submit claims for SMHS service activities under the TFC service model to the Department of Health Care Services (DHCS) for FFP reimbursement. The following are the requirements for claiming federal reimbursement for SMHS under the TFC service model:

- a. Claims for SMHS service activities under the TFC service model must use the X12N 837 *Health Care Claim: Professional* (837P) transaction set.
- b. Claims for SMHS service activities under the TFC service model must use procedure code "S5145."
- c. Claims for SMHS service activities under the TFC service model must use procedure modifier "HE."
- d. SMHS service activities under the TFC service model must be claimed by calendar days as the unit of service. The following claiming requirements and related information apply:

1. A day shall be claimed for each calendar day in which the child/youth receives services.
  2. Board, care, and supervision costs are not included in the TFC per diem rate.
  3. Other foster care program related services (e.g., assessing adoption placements, serving legal papers, home investigations, administering foster care subsidies) or other parenting functions, such as providing food or transportation, are not included in the TFC per diem rate.
- e. The SMHS service activities provided through the TFC service model are NOT reimbursable when or while:
1. The child or youth is receiving Psychiatric Inpatient Hospital Services, Psychiatric Health Facility Services, or Psychiatric Nursing Facility Services, EXCEPT for the day of admission to these facilities and the day of discharge from these facilities;
  2. The child or youth is detained in juvenile hall; or
  3. The child or youth is in a Short-term Residential Therapeutic Program or other residential setting.
- f. SMHS service activities under the TFC service model provided to beneficiaries with Medicare and/or Other Health Coverage (OHC) are directly claimable to Medi-Cal. At this time, providers need not claim Medicare and/or OHC prior to claiming Medi-Cal since Medicare and/or OHC do not currently cover SMHS service activities when provided under the TFC service model. This policy is subject to change based on annual DHCS review of Medicare and OHC covered services and service eligibility requirements, or based on guidance from the federal Centers for Medicare and Medicaid Services.
- g. For cost report and provider certification purposes, SMHS service activities under the TFC service model are identified using Mode of Service 05 and Service Function Codes 95-98.

The following table provides mode and procedure mapping:

Service	Mode of Service	Service Code	Procedure Code	Procedure Modifier
SMHS under the Therapeutic Foster Care (TFC) Service Model	05 24-hours	95 - 98	S5145	HE

- h. To assist in identifying all SMHS provided to eligible beneficiaries where medically necessary, who would have met the criteria of Katie A. subclass members during the pendency of that lawsuit, MHPs should identify all claims for services provided to clients identified as former or having the characteristics of former Katie A. subclass members by supplying the Loop 2300 REF-Demonstration Project Identifier (DPI) segment with the value “KTA” as the DPI (data element REF02).
- i. As with all Medi-Cal SMHS, MHPs are responsible for performing authorization, utilization management, and utilization review activities. MHPs are also required to maintain adequate clinical records consistent with Federal and State requirements including compliance with medical necessity criteria.

**REIMBURSEMENT**

DHCS will reimburse MHPs an interim per diem rate for approved SMHS claims for services provided under the TFC service model. Interim payments will be settled to the lower of the MHP’s certified public expenditures or its non-risk upper payment limit as described in MHSD Information Notice 12-06.

The applicable interim per diem rate under the TFC service model depends on whether or not the Foster Family Agency (FFA)<sup>1</sup> is a contractor of the MHP or is county-owned and operated.

- If the FFA is a contractor of the MHP, the FFA will be paid by the MHP at a rate that is negotiated between the MHP and the FFA. The MHP will subsequently submit a claim to DHCS for federal reimbursement based upon the per diem rate

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<sup>1</sup> Medi-Cal site certification will be required for FFAs that have contracts with MHPs. Medi-Cal site certification will not be required for individual TFC homes.

the MHP paid to the FFA. When a claim is approved, DHCS will reimburse the MHP the federal share of the approved amount.

- If the FFA is county-owned and operated, DHCS will reimburse the MHP the federal share of the MHP's interim rate. The county interim rate is currently set at \$87.40 per day. Each county's interim rate will be updated annually based upon its most recently filed cost report.

Please address questions regarding this information notice to the Department of Health Care Services, Mental Health Services Division, at (916) 322-7445 or email [KatieA@DHCS.ca.gov](mailto:KatieA@DHCS.ca.gov).

Sincerely,

Original signed by

Karen Baylor, Ph.D., LMFT, Deputy Director  
Mental Health & Substance Use Disorder Services