

State of California-Health and Human Services Agency  
Department of Health Services California

California  
Department  
of Health  
Services



SANDRA SHEWRY  
Director

ARNOLD SCHWARZENEGGER  
Governor

June 3, 2005

N.C.: 10-0605  
Index: Therapy

TO: CALIFORNIA CHILDREN'S SERVICES (CCS) COUNTY PROGRAM  
ADMINISTRATORS, CHIEF/SUPERVISING THERAPISTS, MEDICAL  
DIRECTORS/CONSULTANTS, AND STATE CHILDREN'S MEDICAL  
SERVICES BRANCH STAFF

SUBJECT: MEDICAL THERAPY UNIT (MTU) MEDI-CAL REIMBURSEMENT STATE  
COUNTY COST SHARING AND RECONCILIATION

The purpose of this Numbered Letter (NL.) is to provide information on State policy regarding reimbursement for MT U services by the Medi-Cal program and State/county cost sharing of such reimbursements.

Background

N.L.: 03-0104, changed the methodology for State county cost sharing of reimbursements received from Medi-Cal for MTU services provided to CCS clients beginning July 1, 2004. Counties were instructed that Medi-Cal reimbursements should offset a county's Medical Therapy Program (MTP) expenditures prior to determining the State and county share of those costs pursuant to Section 123940 of the Health and Safety Code.

Policy

The Department has determined that the cost sharing methodology implemented by NL. 03-0104, which provided 50/50 sharing of the MTU Medi-Cal reimbursement between the State and the counties, is incorrect. The Department must revert to the methodology that was in effect prior to July 1, 2003.

In order for the State to share equally with the counties in the savings accruing from billing Medi-Cal for MTU services provided to Medi-Cal beneficiaries, retroactive to July 1, 2004, the State will offset the entire General Fund portion and one half of the federal portion of Medi-Cal payments made for MTP services.

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Implementation

The methodology that was in effect prior to July 1, 2003, will be reinstated effective July 1, 2004. This will once again provide a 75/25 distribution of the MTU Medi-Cal reimbursement between the state and the counties. Reimbursements for MTU services paid by Medi-Cal for the first three quarters of Fiscal Year 2004-05 will be adjusted and incorporated into the Fourth Quarter Report of Actual MTU Services Paid by Medi-Cal.

If you have any questions, please contact your CMS Branch Regional Office administrative consultant.

Original Signed by Marian Dalsey, M.D., M.P.H.

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