COUNTY OF LOS ANGELES

MARVIN J. SOUTHARD, D.S.W.
Director

SUSAN KERR
Chief Deputy Director

RODERICK SHANER, M.D.
Medical Director

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

BOARD OF SUPERVISORS
GLORIA MOLINA
YVONNE B. BURKE
ZEV YAROSLAVSKY
DON KNABE
MICHAEL D. ANTONOVICH

DEPARTMENT OF MENTAL HEALTH

http://dmh.lacounty.info

Reply To: (213) 738-4601
Fax: (213) 386-1297

May 4, 2006

The Honorable Board of Supervisors
County of Los Angeles
383 Kenneth Hahn Hall of Administration
500 West Temple Street
Los Angeles, CA 90012

Dear Supervisors:

HEARING ON DEPARTMENT OF MENTAL HEALTH'S PUBLISHED CHARGES FOR FISCAL YEARS 2005-2006 AND 2006-2007 (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)

IT IS RECOMMENDED THAT YOUR BOARD:

1. Approve the Department of Mental Health's (DMH) revised Published Charges (Attachment I) for Fiscal Year (FY) 2005-2006, effective June 1, 2006, to adjust rates based on DMH's mid-year evaluation of published rates.

2. Approve DMH's proposed Published Charges (Attachment II) for FY 2006-2007, effective July 1, 2006, in order to comply with Federal Short-Doyle/Medi-Cal (SD/MC) Lower of Cost or Charges (LCC) reimbursement and routine cost requirements.

PURPOSE/JUSTIFCATION OF RECOMMENDED ACTIONS

Board approval is required to revise the FY 2005-2006 Published Charges, which were previously adopted by your Board on June 28, 2005, for patient care services to allow DMH to use more recent cost report information and the most recent State Maximum Allowable (SMA) rates adjusted by the Life Support Index. Failure to increase rates at this time will result in reduced revenue since charges are currently less than actual cost.

Additionally, Board action is required to ensure that Published Charges for FY 2006-2007 are established to assure compliance with Medi-Cal requirements. The recovery of Federal revenues in compliance with State and Federal regulations necessitates that Published Charges be established at least annually. Federal

requirements stipulate that Published Charges are to be determined at the Countywide level. The recommended Published Charges comply with SD/MC audit requirements.

Implemention of Strategic Plan Goals

The recommended Board actions are consistent with the principles of the Countywide Strategic Plan's Organizational Goal No. 4, "Fiscal Responsibility." These actions will ensure that Published Charges are in compliance with Medi-Cal requirements, thereby averting Federal LCC audit disallowances.

FISCAL IMPACT/FINANCING

There is no fiscal impact.

Federal LCC audit disallowances will be avoided because of compliance with Medi-Cal regulations. DMH has not included any charges, which are set by either State or Federal agencies, for which it has no jurisdictional rate settings authority. DMH will bill those charges as directed by those authorities.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

At the time the Published Charges for FY 2005-2006 were calculated, DMH used various information, including the available cost report information and the SMA rates adjusted by the Life Support Index. Since that time, it became apparent to DMH that the cost per unit as compared to current billing rates indicated that the FY 2005-2006 rates should be revised based on most recent available information. Consequently, DMH revised the rates for FY 2005-2006, using more recent cost report information and updated SMA rate information.

Published Charges for FY 2006-2007 were developed using actual cost report data for FY 2004-2005. The cost report data was adjusted by the Federal Home Health Agency Market Basket Index.

In FY 2003-2004, your Board approved DMH's revised Published Charges on October 28, 2003, permitting DMH to reflect two (2) sets of rates, a rate for Medi-Cal and a rate for non-Medi-Cal responsible financial parties. The non-Medi-Cal rates include administrative overhead costs for all services that are billed to non-Medi-Cal responsible financial parties. For Medi-Cal plans, the methodology to calculate the Published Charges to bill Medi-Cal plans remains the same as originally approved by your Board on June 24, 2003. The rates for Medi-Cal plans do not include

administrative overhead costs. Medi-Cal administrative costs are reimbursed through a separate and specific mandated State reimbursement methodology.

DMH's Health Insurance Portability and Accountability Act (HIPAA) compliant Integrated System has the capability to bill one (1) rate for SD/MC claims and another rate for all other funding plans, thereby ensuring that DMH is in compliance with Federal requirements.

Government Code Section 66018, added by stats. 1990, ch. 1572 (AB 3228), §20, requires the publication of notice and a public hearing to be held prior to the adoption of new fees or the increase of existing fees. Such a notice will be published at the minimum of ten (10) days prior to the public hearing.

CONTRACTING PROCESS

The subject does not apply since DMH's Published Charges apply only to DMH's directly operated clinics.

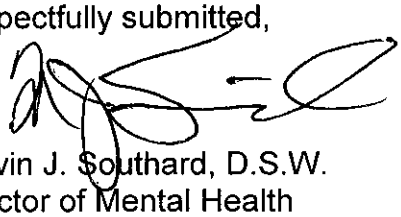
IMPACT ON CURRENT SERVICES

The recommended revised Published Charges for FY 2005-2006 will become effective June 1, 2006, and the recommended Published Charges for FY 2006-2007 will become effective July 1, 2006. Failure to establish new annual Published Charges will result in reduced revenues from non-Medi-Cal, Medi-Cal, and Healthy Families plans and/or if the charges are less than actual costs.

CONCLUSION

The Department of Mental Health will need one (1) copy of the adopted Board actions. It is requested that the Executive Officer of the Board notifies the Department of Mental Health's Contracts Development and Administration Division at (213) 738-4684 when this document is available.

Respectfully submitted,



Marvin J. Southard, D.S.W.
Director of Mental Health

MJS:MY:JDC:nh

Attachments (2)

c: Chief Administrative Officer
County Counsel
Auditor-Controller
Chairperson, Mental Health Commission

COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH
FISCAL YEAR 2005-2006 REVISED PUBLISHED CHARGES
EFFECTIVE JUNE 1, 2006

SERVICE DESCRIPTION	MODE	SERVICE FUNCTION CODE	SERVICE UNIT	NON-MEDI-CAL 05/06 RATES	MEDI-CAL 05/06 RATES
Jail Inpatient	05	50 - 59	Client Day	$313.60	N/A
Day Treatment Intensive:					
Half Day (3-4 Hours)	10	81 - 84	Half Day	$177.30	$156.46
Full Day (more than 4 hours)	10	85 - 89	Full Day	$230.07	$203.03
Day Rehabilitation:					
Half Day (3-4 Hours)	10	91 - 94	Half Day	$95.55	$84.32
Full Day (more than 4 hours)	10	95 - 99	Full Day	$149.15	$131.62
Targeted Case Management Services	15	01 - 09	Minute	$2.20	$1.94
Mental Health Services	15	10 - 59	Minute	$2.82	$2.49
Medication Support Services	15	60 - 69	Minute	$5.47	$4.83
Crisis Intervention	15	70 - 79	Minute	$4.41	$3.89
Mental Health Promotion	45	10 - 19	Staff Hour	$228.98	N/A
Community Client Services	45	20 - 29	Staff Hour	$211.35	N/A
Medi-Cal Admin. Activities (MAA)	55	01 - 39	Minute	N/A	$1.93
Conservatorship,					
Investigation	60	20 - 29	Staff Hour	$168.94	N/A
Administration	60	30 - 39	Staff Hour	$168.94	N/A
Life Support/Board & Care	60	40 - 49	Day	$40.43	N/A
Case Management Support	60	60 - 69	Staff Hour	$114.36	N/A

COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH
FISCAL YEAR 2006-2007 PUBLISHED CHARGES
EFFECTIVE JULY 1, 2006

SERVICE DESCRIPTION	MODE	SF CODE	SERVICE UNIT	NON-MEDI-CAL 06/07 RATES	MEDI-CAL 06/07 RATES
Jail Inpatient	05	50 - 59	Client Day	$323.94	N/A
Day Treatment Intensive:					
Half Day (3-4 Hours)	10	81 - 84	Half Day	$183.14	$161.62
Full Day (more than 4 hours)	10	85 - 89	Full Day	$237.66	$209.73
Day Rehabilitation:					
Half Day (3-4 Hours)	10	91 - 94	Half Day	$98.70	$87.10
Full Day (more than 4 hours)	10	95 - 99	Full Day	$154.07	$135.96
Targeted Case Management Services	15	01 - 09	Minute	$2.27	$2.00
Mental Health Services	15	10 - 59	Minute	$2.91	$2.57
Medication Support Services	15	60 - 69	Minute	$5.65	$4.99
Crisis Intervention	15	70 - 79	Minute	$4.56	$4.02
Mental Health Promotion	45	10 - 19	Staff Hour	$236.54	N/A
Community Client Services	45	20 - 29	Staff Hour	$218.32	N/A
Medi-Cal Admin. Activities (MAA)	55	01 - 39	Minute	N/A	$1.99
Conservatorship,					
Investigation	60	20 - 29	Staff Hour	$174.51	N/A
Administration	60	30 - 39	Staff Hour	$174.51	N/A
Life Support/Board & Care	60	40 - 49	Day	$41.77	N/A
Case Management Support	60	60 - 69	Staff Hour	$118.13	N/A

COUNTY OF LOS ANGELES

MARVIN J. SOUTHARD, D.S.W.
Director

SUSAN KERR
Chief Deputy Director

RODERICK SHANER, M.D.
Medical Director

550 SOUTH VERMONT AVENUE, LOS ANGELES, CALIFORNIA 90020

BOARD OF SUPERVISORS
GLORIA MOLINA
YVONNE B. BURKE
ZEV YAROSLAVSKY
DON KNABE
MICHAEL D. ANTONOVICH

DEPARTMENT OF MENTAL HEALTH

http://dmh.lacounty.info

Reply To: (213) 738-4601
Fax: (213) 386-1297

May 4, 2006

LEGAL NOTICE OF HEARING

TO: Sachi Hamai, Executive Officer
Board of Supervisors

FROM: Marvin J. Southard, D.S.W.
Director of Mental Health

SUBJECT: **PUBLIC NOTICE OF HEARING ON PROPOSED BILLING RATES FOR FISCAL YEARS 2005-2006 AND 2006-2007**

Publishing

This matter has been set for public hearing at the regular Board meeting on May 23, 2006. Pursuant to Government Code Section 6062a, a notice of this hearing must be published twice in a newspaper, which is published once a week or more often. The first publication must be no later than _____, 2006, and the second at least six (6) days thereafter.

Please publish the attached public notice, which has been reviewed and approved by Stephanie Farrell, Deputy County Counsel, and retain the listings of recommended billing rates for your files.

If you have any questions or require additional information, please contact Jeremy D. Cortez, Director of Financial Services, at (213) 738-4625.

MJS:MY:JDC:nh

Attachments

H:\Published Charges\public notice_published charges 06-07.doc

NOTICE OF HEARING ON PUBLISHED CHARGES FOR PATIENT CARE SERVICES

Notice is hereby given that a public hearing will be held by the Board of Supervisors, revising rates for patient care services for Fiscal Year (FY) 2005-2006 and establishing proposed rates for FY 2006-2007. It is proposed that such rates for FY 2005-2006 be effective June 1, 2006 and that rates for FY 2006-2007 be effective July 1, 2006.

Said hearing will be held on May 23, 2006, at 9:30 a.m. in the Hearing Room of the Board of Supervisors, Room 381, Kenneth Hahn Hall of Administration, 500 West Temple Street (the corner of Temple Street and Grand Avenue), Los Angeles, California 90012.

The Board of Supervisors will consider and may adopt the Published Charges. Further, notice is given that the Board of Supervisors may continue this hearing from time to time.

Any person wishing to be heard on this matter may appear and make a presentation before the Board of Supervisors, at such time, regarding the proposed Published Charges. Written comments may be sent to the Executive Office of the Board of Supervisors at the above address.

The proposed Published Charges will be on file and available for review at the Clerk of the Board, Room 383, Kenneth Hahn Hall of Administration, 500 West Temple Street, Los Angeles, California 90012, or at the Department of Mental Health, Accounting Division, 8th Floor, 550 South Vermont Avenue, Los Angeles, California 90020, from 8:00 a.m. to 5:00 p.m.

For further information regarding this matter, please telephone the County of Los Angeles, Department of Mental Health, Financial Services Bureau, at (213) 738-4625.

Para más información sobre este material en español, por favor llame al Condado de Los Ángeles, Departamento de Salude Mental, a la Oficina de Finanzas, al número de teléfono (213) 738-4625.

SACHI HAMAI
EXECUTIVE OFFICER
Board of Supervisors