



**LOS ANGELES COUNTY
DEPARTMENT OF MENTAL HEALTH**

JONATHAN E. SHERIN, M.D., Ph.D., Director
ROBIN KAY, Ph.D., Chief Deputy Director
RODERICK SHANER, M.D., Medical Director



ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

June 27, 2017

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

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June 27, 2017

LORI GLASGOW
EXECUTIVE OFFICER

Dear Supervisors:

**HEARING ON PUBLISHED CHARGES FOR FISCAL YEAR 2017-18
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval to establish Published Charges for Fiscal Year 2017-18 for the provision of mental health direct services.

IT IS RECOMMENDED THAT THE BOARD AFTER THE PUBLIC HEARING,

1. Approve the Department of Mental Health's proposed Published Charges for Fiscal Year (FY) 2017-18, effective July 1, 2017.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

Approval of the recommended action will allow the Department of Mental Health (DMH) to make effective its proposed Published Charges, reflected in Attachment I, for use in billing the general public and third party payers for mental health services provided by DMH directly-operated clinics, as permitted by law. Use of Published Charges ensures that claims for services rendered by DMH directly operated clinics to Medi-Cal eligible clients are not less than or exceed DMH's projected costs for FY 2017-18, thereby maximizing Short-Doyle/Medi-Cal program (SD/MC) reimbursement.

Implementation of Strategic Plan Goals

The recommended action is consistent with the County's Strategic Plan Strategy III.3 - Pursue Operational Effectiveness, Fiscal Responsibility, and Accountability.

FISCAL IMPACT/FINANCING

Approval of the requested action will enable DMH to have published charge rates that avoid audit disallowances because the rates should not be less than or exceed DMH's costs of producing the services. DMH has not included any Charges, which are set by either State or federal agencies, for which it has no jurisdictional rate-setting authority. DMH will bill those charges as directed by those authorities.

There is no net County cost impact associated with the recommended action.

FACTS AND PROVISIONS/LEGAL REQUIREMENTS

The California State Plan provides that SD/MC services are to be paid at the lower of costs or customary charges, which is consistent with federal Medicare rules. The State has implemented such provision in the California Code of Regulations Title 9, Section 1840.105 and in its cost reporting instructions. The State equates customary charges with Published Charges.

DMH provides financial screening for all clients receiving mental health services at DMH directly operated clinics. Claims for services are billed based on Board-approved Published Charges. Claims for Medi-Cal eligible clients identified based on the DMH financial screening process are submitted to the State and reimbursed based on the lesser of either actual cost of care or the DMH Published Charges.

DMH develops the Published Charges for a given fiscal year based on the most recent Annual Cost Report submitted by DMH to the State, adjusted by the federal Home Health Agency Market Basket Index (HHAMBI), which is used as a proxy for inflation. Subsequently, the Published Charges for FY 2017-18 would be developed based on actual costs and statistical data reported in the Annual Cost Report for FY 2015-16. However, the State's delay in the FY 2011-12, FY 2012-13, FY 2013-14, and FY 2014-15 Annual Cost Report process has subsequently delayed the FY 2015-16 Annual Cost Report process. Therefore, DMH has developed Published Charges for FY 2017-18 based on the FY 2014-15 Annual Cost Report, adjusted by three years' worth of the federal HHAMBI. This allows DMH to use of the most recent Cost Report submitted to the State as the basis for its rate setting and should assure that Charges are high enough to avoid an audit disallowance, but not so high that they disadvantage persons who must pay them.

When the FY 2015-16 Annual Cost Report is completed, DMH will review the current Published Charges and, if necessary, recommend to your Board revised Published Charges.

The Published Charges reflect two sets of rates. In FY 2003-04, the Board approved revised Published Charges permitting DMH to reflect a set of rates for Medi-Cal and a set of rates for non-Medi-Cal responsible financial parties. The rates for Medi-Cal do not include administrative overhead costs, while the non-Medi-Cal rates do include administrative overhead costs for all services that are billed to non-Medi-Cal responsible financial parties. Medi-Cal administrative overhead costs are reimbursed through a separate and specific State-mandated reimbursement method. The methodology to calculate the Published Charges to bill Medi-Cal plans remains the same as originally approved by your Board.

Proposition 26

Proposition 26 defines a "tax" as a "levy, charge, or exaction of any kind" paid by taxpayers subject

to certain exceptions, such as a charge imposed for a specific benefit or government service provided directly to the payor. The local government bears the burden of showing that the charge is not a tax, and that the charge is no more than necessary to cover the reasonable costs of the benefit or service. The public hearing notice requirements of Government Code Section 6062a have been satisfied. The public hearing requirements of Government Code Section 66018 will be satisfied by this action.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended Published Charges for FY 2017-18 will become effective July 1, 2017. Failure to increase existing Published Charges may result in reductions in SD/MC reimbursement and cause DMH to be reimbursed less than its cost. Because virtually all uninsured DMH patients pay less than Published Charges as a result of the application of the Uniform Method of Determining Charges established by State law, the charge increase is not expected to negatively impact the public.

There is no anticipated impact on current services.

Respectfully submitted,



Jonathan E. Sherin, M.D., Ph.D.

Director

JES:KN:SLD:em

Enclosures

c: Executive Office, Board of Supervisors
Chief Executive Office
County Counsel

COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH
FISCAL YEAR 2017-18 PUBLISHED CHARGES
EFFECTIVE JULY 01, 2017

SERVICE DESCRIPTION	MODE	SERVICE FUNCTION CODE	SERVICE UNIT	NON-MEDI-CAL FY 2017-18 RATES	MEDI-CAL FY 2017-18 RATES
Crisis Stabilization: Urgent Care	10	25-29	Hour	130.76	113.80
Day Treatment Intensive: Half Day (3-4 hours)	10	81-84	Half Day	250.52	218.02
Full Day (more than 4 hours)	10	85-89	Full Day	311.77	271.33
Day Rehabilitation: Half Day (3-4 hours)	10	91-94	Half Day	129.36	112.58
Full Day (more than 4 hours)	10	95-99	Full Day	201.95	175.75
Targeted Case Management	15	01-09	Minute	3.24	2.82
Mental Health Services	15	10-59	Minute	4.15	3.61
Medication Support Services	15	60-69	Minute	8.31	7.23
Crisis Intervention	15	70-79	Minute	6.69	5.82
Mental Health Promotion	45	10-19	Staff Hour	167.32	N/A
Community Client Services	45	20-29	Staff Hour	167.32	N/A
Conservatorship: Investigation	60	20-29	Staff Hour	190.94	N/A
Administration	60	30-39	Staff Hour	180.87	N/A
Life Support /Board & Care	60	40-49	Day	40.76	N/A
Case Management Support	60	60-69	Staff Hour	171.19	N/A