



LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH
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ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

May 26, 2015

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


PATRICK OGAWA
ACTING EXECUTIVE OFFICER

Dear Supervisors:

**HEARING ON PUBLISHED CHARGES FOR FISCAL YEAR 2015-16
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval to establish Published Charges for Fiscal Year 2015-16 for services directly provided by the Department of Mental Health.

IT IS RECOMMENDED THAT THE BOARD AFTER THE PUBLIC HEARING,

Approve the Department of Mental Health's (DMH) proposed Published Charges (Attachment) for Fiscal Year (FY) 2015-16, effective July 1, 2015, for use in billing the general public and third party payors, as permitted by law.

PURPOSE/JUSTIFICATION OF RECOMMENDED ACTION

To receive reimbursement for services it provides directly to Medi-Cal patients, DMH must financially screen all patients and bill other payors and therefore must have Board approved charge rates. Further, as required by federal and State law, the Short-Doyle/Medi-Cal program (SD/MC) reimburses DMH at the lesser of its actual costs or its published charges. Approval of the recommended action will allow DMH to assure that its published charges are not less than or exceed its projected costs for FY 2015-16, thereby maximizing SD/MC reimbursement.

Implementation of Strategic Plan Goals

The recommended action is consistent with the County's Strategic Plan Goal 2, Fiscal Sustainability.

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 that provision by regulation at Title 9 California Code of Regulations Section 1840.105, and in its cost reporting instructions, the State equates customary charges with 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. Thus, under normal circumstances, the Published Charges for FY 2015-16 would be developed based on actual cost and statistical data reported in the Annual Cost Report for FY 2013-14. However, the State's delay in the FY 2010-11, FY 2011-12, and FY 2012-13 Annual Cost Report process has subsequently delayed the FY 2013-14 Annual Cost Report process. Therefore, DMH has developed Published Charges for FY 2015-16 based on the FY 2012-13 Annual Cost Report, adjusted by three years' worth of the federal HHAMBI. This allows DMH 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 2013-14 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.

The public hearing notice requirements of Government Code Section 6062a have been satisfied, and 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 2015-16 will become effective July 1, 2015. 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,

A handwritten signature in black ink, appearing to read "Mg Southard". The signature is fluid and cursive.

MARVIN J. SOUTHARD, D.S.W.

Director of Mental Health

MJS:MM:RK:cp

Enclosures

c: Acting Executive Officer, Board of Supervisors
Interim Chief Executive Officer
County Counsel
Auditor-Controller
Chairperson, Mental Health Commission

COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH
 FISCAL YEAR 2015-16 PUBLISHED CHARGE
 EFFECTIVE JULY 01, 2015

| <u>SERVICE DESCRIPTION</u> | <u>MODE</u> | <u>SERVICE FUNCTION CODE</u> | <u>SERVICE UNIT</u> | <u>NON-MEDI-CAL FY 2015-16 RATES</u> | <u>MEDI-CAL FY 2015-16 RATES</u> |
|------------------------------|-------------|--------------------------------------|-------------------------|--|--|
| Jail Inpatient | 5 | 50-59 | Client Day | 570.79 | N/A |
| Day Treatment Intensive: | | | | | |
| Half Day (3-4 hours) | 10 | 81-84 | Half Day | 235.29 | 206.12 |
| Full Day (more than 4 hours) | 10 | 85-89 | Full Day | 292.82 | 256.52 |
| Day Rehabilitation: | | | | | |
| Half Day (3-4 hours) | 10 | 91-94 | Half Day | 121.49 | 106.43 |
| Full Day (more than 4 hours) | 10 | 95-99 | Full Day | 189.67 | 166.16 |
| Targeted Case Management | 15 | 01-09 | Minute | 2.76 | 2.42 |
| Mental Health Services | 15 | 10-59 | Minute | 3.53 | 3.09 |
| Medication Support Services | 15 | 60-69 | Minute | 6.99 | 6.12 |
| Crisis Intervention | 15 | 70-79 | Minute | 5.63 | 4.93 |
| Mental Health Promotion | 45 | 10-19 | Staff Hour | 139.86 | N/A |
| Community Client Services | 45 | 20-29 | Staff Hour | 139.86 | N/A |
| Conservatorship: | | | | | |
| Investigation | 60 | 20-29 | Staff Hour | 173.93 | N/A |
| Administration | 60 | 30-39 | Staff Hour | 164.72 | N/A |
| Life Support /Board & Care | 60 | 40-49 | Day | 40.17 | N/A |
| Case Management Support | 60 | 60-69 | Staff Hour | 145.02 | N/A |