



**LAC  
DMH**

LOS ANGELES COUNTY DEPARTMENT OF MENTAL HEALTH  
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## **ADOPTED**

BOARD OF SUPERVISORS  
COUNTY OF LOS ANGELES

June 28, 2016

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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

  
LORI GLASGOW  
EXECUTIVE OFFICER

Dear Supervisors:

### **HEARING ON PUBLISHED CHARGES FOR FISCAL YEAR 2016-17 (ALL SUPERVISORIAL DISTRICTS) (3 VOTES)**

#### **SUBJECT**

Request approval to establish Published Charges for Fiscal Year 2016-17 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 proposed Published Charges for Fiscal Year (FY) 2016-17, effective July 1, 2016.

#### **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 payors 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 2016-17, 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 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 such provision by 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. Thus, under normal circumstances, the Published Charges for FY 2016-17 would be developed based on actual cost and statistical data reported in the Annual Cost Report for FY 2014-15. However, the State's delay in the FY 2011-12, FY 2012-13, and FY 2013-14 Annual Cost Report process has subsequently delayed the FY 2014-15 Annual Cost Report process. Therefore, DMH has developed Published Charges for FY 2016-17 based on the FY 2013-14 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 2014-15 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.

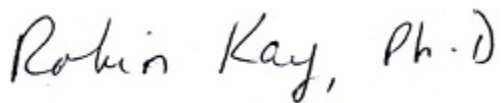
The public hearing notice requirements of Government Code Section 6062a have been satisfied and the public hearing requirements of Government Code Section 66018 will be satisfied by this action.

**IMPACT ON CURRENT SERVICES (OR PROJECTS)**

The recommended Published Charges for FY 2016-17 will become effective July 1, 2016. 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,



ROBIN KAY, Ph.D.

Acting Director of Mental Health

RK:KN:MA:dkh

Enclosures

- c: Executive Office, 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 2016-17 PUBLISHED CHARGES  
 EFFECTIVE JULY 01, 2016

<u>SERVICE DESCRIPTION</u>	<u>MODE</u>	<u>SERVICE FUNCTION CODE</u>	<u>SERVICE UNIT</u>	<u>NON-MEDI-CAL FY 2016-17 RATES</u>	<u>MEDI-CAL FY 2016-17 RATES</u>
Jail Inpatient	5	50-59	Client Day	570.00	N/A
Crisis Stabilization: Urgent Care	10	25-29	Hour	126.27	110.69
Day Treatment Intensive: Half Day (3-4 hours)	10	81-84	Half Day	241.91	212.06
Full Day (more than 4 hours)	10	85-89	Full Day	301.06	263.91
Day Rehabilitation: Half Day (3-4 hours)	10	91-94	Half Day	124.91	109.50
Full Day (more than 4 hours)	10	95-99	Full Day	195.01	170.95
Targeted Case Management	15	01-09	Minute	3.00	2.63
Mental Health Services	15	10-59	Minute	3.83	3.36
Medication Support Services	15	60-69	Minute	7.56	6.63
Crisis Intervention	15	70-79	Minute	6.11	5.36
Mental Health Promotion	45	10-19	Staff Hour	153.75	N/A
Community Client Services	45	20-29	Staff Hour	153.75	N/A
Conservatorship: Investigation	60	20-29	Staff Hour	161.75	N/A
Administration	60	30-39	Staff Hour	153.22	N/A
Life Support /Board & Care	60	40-49	Day	39.99	N/A
Case Management Support	60	60-69	Staff Hour	157.28	N/A