



Los Angeles County
DEPARTMENT OF MENTAL HEALTH

ADOPTED

BOARD OF SUPERVISORS
COUNTY OF LOS ANGELES

May 22, 2018

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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

CELIA ZAVALA
ACTING EXECUTIVE OFFICER

Dear Supervisors:

**HEARING ON PUBLISHED CHARGES FOR FISCAL YEAR 2018-19
(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

SUBJECT

Request approval to establish Published Charges for Fiscal Year 2018-19 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) 2018-19, effective July 1, 2018.

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 approximate DMH's projected costs for FY 2018-19, 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 publish charge rates that mitigate audit disallowances because the rates should reasonably approximate DMH's costs of providing 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 through 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.

Historically, DMH developed Published Charges for a given fiscal year based on the most recent Annual Cost Report submitted by DMH to the State and adjusted by the federal Home Health Agency Market Basket Index (HHAMBI), which was used as a proxy for inflation. However, rates developed solely in consideration of the most recent Annual Cost Report, which may be up to two fiscal years in arrears, and HHAMBI have not kept pace with the actual costs of service delivery. Subsequently, DMH has revised its methodology to also include the consideration of current costs and service delivery trends and adjusted its rates as appropriate to ensure that charges are reasonable and more consistently aligned to Departmental operating costs.

In accordance with Government Code section 66018, a public hearing will be held as required, prior to the approval of a change to an existing fee. Special notice of that public hearing (Attachment II), in compliance with Government Code section 6062a, has been published by the Executive Office.

IMPACT ON CURRENT SERVICES (OR PROJECTS)

The recommended Published Charges for FY 2018-19 will become effective on July 1, 2018. Failure to increase existing Published Charges may result in reductions in SD/MC reimbursement and cause DMH to be reimbursed less than its actual costs. However, since virtually all uninsured DMH patients pay less than the 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.

The Honorable Board of Supervisors

5/22/2018

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Respectfully submitted,

A handwritten signature in black ink, appearing to read 'JES', is centered on the page.

JONATHAN E. SHERIN, M.D., Ph.D.

Director

JES:KN:SLD:EM:SK:dg

Enclosures

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

COUNTY OF LOS ANGELES - DEPARTMENT OF MENTAL HEALTH
FISCAL YEAR 2018-19 PUBLISHED CHARGES
EFFECTIVE JULY 01, 2018

<u>SERVICE DESCRIPTION</u>	<u>MODE</u>	<u>SERVICE FUNCTION CODE</u>	<u>SERVICE UNIT</u>	<u>NON-MEDI-CAL FY 2018-19 RATES *(A)</u>	<u>MEDI-CAL FY 2018-19 RATES *(A)</u>
Crisis Stabilization: Urgent Care	10	25-29	Hour	135.88	116.94
Day Treatment Intensive: Half Day (3-4 hours)	10	81-84	Half Day	260.33	224.04
Full Day (more than 4 hours)	10	85-89	Full Day	323.98	278.82
Day Rehabilitation: Half Day (3-4 hours)	10	91-94	Half Day	134.43	115.69
Full Day (more than 4 hours)	10	95-99	Full Day	209.85	180.60
Targeted Case Management	15	01-09	Minute	3.80	3.27
Mental Health Services	15	10-59	Minute	4.87	4.19
Medication Support Services	15	60-69	Minute	9.75	8.39
Crisis Intervention	15	70-79	Minute	7.84	6.75
Mental Health Promotion	45	10-19	Staff Hour	196.32	N/A *(B)
Community Client Services	45	20-29	Staff Hour	196.32	N/A *(B)
Conservatorship: Investigation	60	20-29	Staff Hour	197.67	N/A *(B)
Administration	60	30-39	Staff Hour	187.24	N/A *(B)
Life Support /Board & Care	60	40-49	Day	41.65	N/A *(B)
Case Management Support	60	60-69	Staff Hour	200.86	N/A *(B)

Footnotes:

*(A) Non-Medi-Cal rates include administrative overhead, while Medi-Cal rates do not. Administrative overhead is billed to Medi-Cal through a separate State-mandated reimbursement method.

*(B) These services are not reimbursed by Medi-Cal.

**NOTICE OF HEARING ON PUBLISHED CHARGES FOR
PATIENT CARE SERVICES FOR FISCAL YEAR 2018-19**

Notice is hereby given that a public hearing will be held by the Board of Supervisors, establishing proposed rates for Fiscal Year (FY) 2018-19. It is proposed that such rates for FY 2018-19 be effective July 1, 2018.

Said hearing will be held on May 22, 2018, 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, Office of the Chief Deputy Director at (213) 738-4920.

Si no entiende esta noticia o si necesita mas informacion favor de llamar a este numero (213) 738-4920.

CELIA ZAVALA
ACTING EXECUTIVE OFFICER
Board of Supervisors