

Attachment F – Supplement 4
Funding and Reimbursement Protocol for Claiming Against the Safety Net Care Pool
Determination of Allowable Costs to Uninsured Individuals for Mental Health Services
(Requires Revision for the Current Demonstration Period DY 6 – DY 10)

II. CERTIFIED PUBLIC EXPENDITURES – DETERMINATION OF ALLOWABLE COSTS FOR COUNTY MENTAL HEALTH SERVICES PROVIDED TO UNINSURED INDIVIDUALS OTHER THAN IN COUNTY HOSPITALS

A. Cost Finding Methodology

California counties, which receive federal and state funds for providing public mental health services, are required to submit a fiscal year-end (July to June) Mental Health Cost Report with the Department of Mental Health (“DMH”) by December 31 following the close of each fiscal year. The cost report forms, cost determination, and allocation methodologies are approved by the State and are in compliance with the Federal Medicaid regulations.

County total mental health costs are reported in four primary groups of service categories:

- Administrative Costs.
- Research & Evaluation Costs.
- Utilization Review Costs.
- Direct Service Costs.

The eligible SNCP costs are direct service costs funded by the State, county, or local government funding and subsidies that are incurred by each county for the furnishing of mental health services allowable under Section 1905(a) of the Social Security Act to uninsured individuals. Costs associated with providing non-emergency services to non-qualified aliens cannot be claimed against the SNCP. A ~~17.79~~13.95 percent reduction factor is applied to the total certified SNCP expenditures before costs are claimed.

B. Summary of Mental Health Cost Report

The Mental Health Cost Report includes:

- Detail Cost Report: Detail forms for each legal entity, including county and contract providers.
- Summary Cost Report: Aggregate county mental health costs for the Fiscal Year.

Legal entity means each county mental health department or agency and each private provider furnishing public mental health services under contract with the county department or agency.

The allowable mental health costs include expenditures made by counties for mental health services furnished by other providers. The allowable expenditures for inpatient, outpatient, clinic and other mental health services provided to uninsured individuals by providers through a contract with the county will be based on the payment methodology set forth in the contract.

Direct service costs are reported by Modes of Service (“MS”) and Service Functions (“SF”). MS describes a classification of service types. SF identifies the specific type of service received under a MS. Allowable SNCP costs are captured by the following MS and SF (which represent specialty mental health services that would be covered by Medi-Cal if furnished to Medi-Cal recipients):

- 05 (Hospital Inpatient and other 24 Hour Services).
 - SF 10-18: Local Hospital Inpatient
 - SF 19: Hospital Administrative Days
 - SF 20-29: Psychiatric Health Facility
 - SF 40-49: Adult Crisis Residential
 - SF 65-79: Adult Residential

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- 10 (Less than 24 Hour Day Treatment Program Services)
 - SF 20-29: Crisis Stabilization
 - SF 81-89: Day Treatment Intensive
 - SF 91-99: Day Rehabilitative

- 15 (Outpatient Services) All SFs.

All MS 05, 10 and 15 services provided by county hospitals will be reported on the hospital's Medi-Cal 2552-96 cost report and in its Interim Hospital Rate Workbook, and will be paid under Attachment F. The above MS and SF do not include any service that is subject to the Institutions for Mental Disease (IMDs) exclusion per Section 1905(a) of the Social Security Act.

MH 1901 Schedule B (Worksheet for Units of Service and Revenue by Mode & Service Function)
The individual legal entity's worksheet for units of service by MS and SF codes under the following categories:

- Medi-Cal Units:
 - Regular Medi-Cal
 - Medicare/Medi-Cal Crossover
 - Enhanced Medi-Cal (Children and Refugees)
 - Healthy Families

- Non Medi-Cal Units

MH 1901 Schedule C (Allocated costs to Mode of Service & Service Function) The individual legal entity's supporting documentation to distribute the direct service costs to MS and SF.

MH 1960 (Calculation of Program Costs)

The individual legal entity's worksheet to identify the allowable costs for allocation applicable to the four major service categories.

MH 1966 (Allocation of Costs to Service Function – Mode Total)

The individual legal entity's worksheet to compute the cost per unit and the allocation of costs to SFs. The units of service are derived from MH 1901 Schedule B; the total allocated costs are derived from MH 1901 Schedule C.

MH 1992 (Funding Sources)

The individual legal entity's total mental health costs by funding sources and service categories.

MH 1992 SUM (Summary Funding Sources)

The county total mental health costs (from all reporting legal entities) by funding sources and service categories.

C. Interim Claiming

1. The process of determining the allowable SNCP costs eligible for FFP begins with the use of the most recently filed Mental Health Cost Report. The period covered by this most recently filed cost report will serve as the base period for interim payment computation.
2. Cost per unit for each SF will be computed by using the total direct service costs from MH 1901 Schedule C divided by the total units of service from MH 1901 Schedule B.

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Non Medi-Cal units of service from MH 1901 Schedule B will be adjusted, using additional auditable county and provider records, to determine the uninsured units of service.

Cost per unit will be multiplied by the number of uninsured units of service computed above for each eligible SF to determine the total uninsured costs. If a legal entity has a contract with the county limiting its cost per unit and the contracted cost per unit is lower than the cost per unit computed in the cost report, the lower contracted cost per unit will be used to determine the total uninsured costs for the legal entity.

3. The total uninsured costs computed above can be trended to current year based on Market Basket update factors(s) or other related indices approved by CMS.

4. Any self-pay or third party payments made by or on behalf of uninsured individuals to the county mental health plan for services of which the costs are included in the uninsured cost computation described above should be offset against the computed uninsured-eligible costs. For purposes of the preceding sentence, State and county funds payments and other funding and subsidies made by a state or a unit of local government (e.g., state-only, local-only, or joint state-local health programs) to a county mental health plan for mental health services provided to uninsured individuals shall not be considered a source of third party payment. The offset should also include funds that have been matched under maintenance of effort (MOE) and other matching requirements, if applicable.

5. Interim certified public expenditures for mental health services are the allowable SNCP costs computed above reduced by ~~17.79~~13.95 percent to account for non-emergency care furnished to non-qualified aliens.

6. Interim claiming for federal reimbursement will be made based on the interim certified public expenditures as computed above.

D. Interim and Final Reconciliations of Interim Claiming

The interim certified public expenditures for mental health services will be first reconciled based on the Mental Health Cost Reports for the applicable fiscal years accepted by DMH.

The interim certified public expenditures for mental health services will also be subject to a final reconciliation based on Mental Health Cost Reports for the applicable fiscal years as settled and audited by DMH. The final reconciliation will follow the same cost methodology as used for interim claiming, as set forth in Section II.C above, except that the final reconciliation will be based on the Mental Health Cost Reports for the applicable years as settled and audited by DMH.

If legal entities costs are not fully reimbursed by the county, such as the application of legal entity contract limits, thereby reducing actual expenditures incurred by the county below legal entity costs, such reduction must be proportionately applied to the allowable SNCP costs. If, at the end of the final reconciliation process, it is determined that SNCP funding was over-claimed, the overpayment will be properly credited to the federal government.