



State of California—Health and Human Services Agency
Department of Health Care Services



EDMUND G. BROWN JR.
GOVERNOR

DATE: February 10, 2015

MHSUDS INFORMATION NOTICE NO.: 15-008

TO: COUNTY BEHAVIORAL HEALTH PROGRAM DIRECTORS
COUNTY DRUG & ALCOHOL ADMINISTRATORS
COUNTY BEHAVIORAL HEALTH DIRECTOR'S ASSOCIATION
CALIFORNIA COUNCIL OF COMMUNITY MENTAL HEALTH
AGENCIES
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS

SUBJECT: REPORTING AND CLAIMING FOR BENEFICIARIES IN
INSTITUTIONS FOR MENTAL DISEASES

RESCINDS: DMH LETTER NO.: DMH Letter 10-02 and DHCS Memorandum dated
August 13, 2009

REFERENCE: United States Code, Title 42 Section 1396d(a)(29)(B); Code of Federal
Regulations, Title 42, Sections 435.1009, and 441.13; California
Welfare and Institutions Code Section 14053; California Code of
Regulations, Title 22, Section 50273 and Title 9, Sections 1840.312
and 1840.210

The former Department of Mental Health (DMH) Letter 10-02 and the Department of Health Care Services (DHCS) 2009 Memorandum regarding billing procedures for medical ancillary services (Memorandum), which is enclosed, state that counties are financially responsible for ancillary services provided to individuals residing as inpatients in an Institution for Mental Disease (IMD) and that counties are to be billed directly for the services. In *County of Colusa vs. Douglas* the Sacramento Superior Court enjoined the State from applying DMH Letter 10-02 and the Memorandum. Accordingly, the State is now financially responsible for ancillary outpatient services provided to eligible individuals, age 21 through 64, who are residing as inpatients in an IMD.

This Information Notice rescinds DMH Letter 10-02 and the 2009 DHCS Memorandum. Effective immediately, ancillary services, such as laboratory, X-ray, or other medical services performed off-site, provided to an individual residing as an inpatient in an IMD must be billed to the DHCS.

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Please note that the following shall remain in effect in regards to Medi-Cal beneficiaries who are a patient in an IMD:

Pursuant to the United States Code, Title 42, Section 1396d(a)(29)(B), Code of Federal Regulations, Title 42, Part 435 Section 435.1009 and Part 441, Section 441.13, California Welfare & Institutions Code Section 14053, the California Code of Regulations, Title 22, Section 50273 and Title 9, Sections 1840.312 and 1840.210, Federal Financial Participation is not available for expenditures incurred to provide services to individuals under age 65 who are patients in an IMD, as defined by the Code of Federal Regulations, Title 42, Part 435, Section 435.1010, unless they are under age 22 and are receiving inpatient psychiatric services under the Code of Federal Regulations, Title 42, Part 440, Section 440.160. The IMD exclusion does not apply during the part of the month in which the individual is not a patient in an IMD. An individual on conditional release or convalescent leave from an IMD is not considered to be a patient in that institution.

DHCS has contracted with Mental Health Plans (MHP) to provide specialty mental health services to all Medi-Cal beneficiaries who meet medical necessity criteria. As such, MHPs are responsible to provide and pay for specialty mental health services provided to residents of an IMD including referrals for crisis intervention, crisis stabilization, or other specialty mental health services necessary to address the client's urgent or emergency psychiatric condition (crisis services) even when those beneficiaries are residents of an IMD and Federal Reimbursement is not available.

If you have questions about this Information Notice, please contact the County Customer Services Section at (916) 650-6525 or by e-mail at MedCCC@dhcs.ca.gov.

Sincerely,

Original Signed By

Karen Baylor, Ph.D., LMFT, Deputy Director
Mental Health and Substance Use Disorder Services

Enclosures