



C A L I F O R N I A D E P A R T M E N T O F

Mental Health

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April 2, 2003

DMH INFORMATION NOTICE NO.: 03-01

TO: LOCAL MENTAL HEALTH DIRECTORS
LOCAL MENTAL HEALTH PROGRAM CHIEFS
LOCAL MENTAL HEALTH ADMINISTRATORS
COUNTY ADMINISTRATIVE OFFICERS
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: Therapeutic Behavioral Services Maximum Rate Methodology

REFERENCE Code of Federal Regulations (CFR) Section 447.201(b)

Reimbursement under the Short-Doyle/Medi-Cal (SD/MC) program is subject to the lowest of costs, charges, or the Schedule of Maximum Allowance (SMA), or, in the case of negotiated rate legal entities, the lowest of negotiated rates, charges, or SMA. To date, the Department had not developed a specific SMA for Therapeutic Behavioral Services (TBS). As an interim measure, the SMA established for mental health services has been applied to TBS.

Beginning in Fiscal Year (FY) 2003/04, DMH intends to establish a separate and distinct SMA for TBS. This Department of Mental Health (DMH) Information Notice describes the methodology used to compute the SMA for TBS. The methodology is similar to the methodology used to compute the SMA for other mental health services. The only difference being that because TBS is a new service there is a lack of historical data from settled cost reports. Paid claims were used to compute the SMA for TBS while settled cost reports were used to compute the SMA for other mental health services.

FY 2001/02 SD/MC paid claims were compiled for each legal entity for TBS (service function 58 under mode 15). The statewide weighted average paid claims per minute was computed, with each legal entity's paid claims per minute weighted based on units of time. Legal entities above and below one standard deviation from the statewide weighted average were excluded as outliers. Another ten percent of the remaining legal entities with the highest paid claims per minute were excluded to allow for cost containment and audit adjustments. The remaining legal entities were used to compute the weighted average paid claims per minute, again with the weighting based on units of time.

The resulting weighted average paid claims per minute was adjusted to allow for cost settlement. FY 1999/2000 paid claims and settled cost report data showed that 94.3 percent of the paid claim amounts were ultimately settled through the cost report. Thus,



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94.3 percent was applied to the weighted average paid claims per minute to allow for cost settlement. The resulting paid claims per minute serves as the FY 2001/02 base year amount. Subsequent SMAs for TBS will be computed by applying the Home Health Agency Market Basket Index (HHAMBI) to the base year paid claims per minute to compute the SMA for the relevant year. **Table 1**, enclosed, shows the base year calculation and the preliminary computation of FY 2003/04 SMA for TBS (subject to revisions in the HHAMBI).

DMH will be issuing subsequent Notices to provide additional clarification on TBS. Should you have any questions regarding the TBS SMA rate methodology, please contact Rita McCabe-Hax, Chief, Managed Care Implementation at (916) 654-5722.

Sincerely,

Original signed by W. David Dawson for

STEPHEN W. MAYBERG, Ph.D.
Director

Enclosure