



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

Mental Health

1600 9th Street, Sacramento, CA 95814
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August 27, 2003

DMH INFORMATION NOTICE NO.: 03-08

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

SUBJECT: CHANGES IN RATE SETTING FOR FEE-FOR-SERVICE/
MEDI-CAL (FFS/MC) HOSPITALS AS A RESULT OF HEALTH
INSURANCE PORTABILITY AND ACCOUNTABILITY ACT
(HIPAA) TRANSACTION CODING REQUIREMENTS

The State Department of Health Services (DHS) is making changes in the FFS/MC payment system administered by the Medi-Cal fiscal intermediary, Electronic Data Systems (EDS), to comply with HIPAA transaction coding requirements. The changes, which will be effective for dates of service on or after September 22, 2003, will affect claiming and rate-setting for psychiatric inpatient hospital services provided by FFS/MC hospitals.

Effective with dates of service on or after September 22, 2003, DHS will only accept hospital claims that use national revenue codes. Most of the accommodation codes currently used by FFS/MC hospitals for psychiatric inpatient hospital services are national revenue codes: 114—Room and Board, Private (Medical or General), Psychiatric, 124—Room and Board, Semi-Private 2 Bed (Medical or General), Psychiatric, 134—Room and Board, Semi-Private 3-4 Bed (Medical or General), Psychiatric, 154—Room and Board, Ward (Medical or General), Psychiatric, and 204—Intensive Care, Psychiatric. Two codes, 098—Administrative Days and 097—Psychiatric Acute (Adolescent and Child), are not national revenue codes and are being replaced.



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The code for administrative days (098) is being replaced with national revenue code 169—Room and Board, Other. There will be no change in the rate setting process for administrative days. Providers will need to begin using the new code for claims for dates of service on or after September 22, 2003.

The code for Psychiatric Acute (Adolescent and Child) (097) is being replaced with national revenue codes 114, 124, 134, and 154 plus an age criterion that will be applied only to FFS/MC hospitals that have a rate on file at DHS for accommodation code 097. (Please note that revenue code 204 is not included. When revenue code 204 is billed, the negotiated or regional rate for revenue code 204 will be paid.) DHS has provided information on the basic changes to accommodation codes 097 and 098 to all Medi-Cal providers via the June 2003 Medi-Cal Update (copy enclosed), page 28. Details on the age criterion, however, are not included in the update and are described below.

For psychiatric inpatient hospital services delivered by FFS/MC hospitals providing services authorized by MHPs, the default age criterion is that the beneficiary receiving the services is under age 18. MHPs and FFS/MC hospitals should continue to negotiate rates for accommodation code 097 when the MHP and the FFS/MC hospital have agreed that a separate rate for adolescents and children is appropriate. If the MHP and the FFS/MC hospital determine that a different age criterion should be used, the MHP must report the agreed upon criterion and the desired effective date to Ms. Lana Teves, Medi-Cal Policy and Support Section, Department of Mental Health, 1600 9th Street, Room 100, Sacramento, CA 95814, or to Ms. Teves by fax at (916) 654-5591. A hospital-specific age criterion may not include beneficiaries who are 21 years of age or older. Implementation of hospital-specific age criterion requires approximately 30 days processing time at DHS before it will become effective.

DHS has indicated that it intends to request the establishment of a national revenue code for Psychiatric Acute (Adolescent and Child). The procedures described above will remain in place until the new code is adopted. In addition, DMH will be temporarily suspending the automatic establishment of a regional rate for accommodation code 097, since the 097 rate will pay for any revenue code other than 204 for any beneficiary who meets the age criterion, whether or not the hospital has a separate unit or program for children and adolescents. DMH will establish a regional rate for FFS/MC hospitals if the hospitals provide DMH with information indicating that the hospital does have a separate unit or program for children and adolescents under age 21.

If you have questions or need additional information, please contact your contract manager in the County Operations Sections below.

DMH County Operations Contract Managers

Bay Area Region	Ruth Walz	(707) 252-3168
Central Region	Vivian Lee	(916) 651-6281
Northern Region	Jake Donovan	(916) 651-9867
Southern Region	Eddie Gabriel	(916) 654-3263

Sincerely,

Original signed by

STEPHEN W. MAYBERG, Ph.D.
Director

Enclosure

cc: California Mental Health Planning Council
Chiefs, County Operations Sections