



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
(916) 654-2309

Date: December 13, 2006

DMH INFORMATION NOTICE: 06-18

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

SUBJECT: MEDI-CAL REIMBURSEMENT FOR SERVICES PROVIDED TO
CHILDREN AND YOUTH IN THE ADOPTION ASSISTANCE
PROGRAM

REFERENCE: DMH INFORMATION NOTICE NO.: 05-08

This information notice provides guidance regarding the new reimbursement methodology for services provided to Medi-Cal eligible children and youth in the Adoption Assistance Program (AAP) who are receiving specialty mental health services under the Early and Periodic Screening, Diagnosis and Treatment (EPSDT) benefit. Section 16120 of the Welfare and Institutions Code (W&I) Code (Enclosure 1) outlines a child's eligibility requirements for AAP. Because of the barriers to adoptive placement for these children, financial subsidies, including Medi-Cal eligibility, are provided to assure the provision and reimbursement of medically necessary services for the child. In addition, current law requires county Mental Health Plans (MHPs) to ensure access to EPSDT specialty mental health services for any child who has been placed outside their county of responsibility. Section 50125, Title 22 of the California Code of Regulations (Enclosure 2) clarifies the county of responsibility as the placing county for children placed by a county agency in foster or adoptive care.

Background

EPSDT specialty mental health services were expanded in 1995 by the Department of Health Services (DHS) in accordance with federal regulations and statutes that require states to provide any medically necessary health and/or mental health treatment services needed to correct or ameliorate the mental or physical health condition of a full-scope Medi-Cal beneficiary under the age of 21. To provide DMH and local mental health agencies with the funding necessary to meet this mandate, DHS estimated the State General Fund (SGF) dollars and Federal Financial Participation (FFP) dollars needed to provide medically necessary EPSDT specialty mental health services. SGF amounts for

counties for expanded EPSDT services were determined after a baseline was established representing the county's responsibility to maintain their mental health services funding levels prior to EPSDT expansion (maintenance of effort). This baseline represents the fiscal year 1994-95, Short Doyle/Medi-Cal (SD/MC) allowable cost report settlement amounts adjusted for cost of living (home health market basket indicator) and for the amount allocated to MHPs for Fee-for-Service Medi-Cal services to this population under the specialty mental health managed care program. Local funds are used as match for FFP up to baseline levels. Beginning with FY 2003-04, DMH initiated a monthly distribution of 95 percent of the SGF for EPSDT based on SD/MC approved claims data for the MHP.

Although a monthly distribution of EPSDT SGF is made to MHPs as previously described, final payment continues to be part of the cost report settlement process. MHPs submit claims for services through the SD/MC claims processing system for reimbursement of the FFP portion of the service. The current DMH cost settlement methodology for settling costs for SD/MC is used for all reimbursement of EPSDT specialty mental health services. It should be noted that, currently, the SGF expenditure for expanded EPSDT services may only be claimed by the county of responsibility for purposes of cost settlement.

Reimbursement Methodology

The payment and cost settlement process outlined above for EPSDT mental health services required that county MHPs establish procedures to reimburse the host county for the SGF portion of the cost above the baseline for EPSDT services provided to their beneficiaries when they are placed out-of-county. In some cases, implementation of these procedures resulted in the delay of SGF reimbursement to the host county. In order to expedite the SGF reimbursement of services provided to a child under an AAP aid code, DMH will redirect the SGF to the county serving the adoption assistance child and submitting the claim. **This process will apply only to children with Medi-Cal eligibility under the following aid codes:**

- 03 - Full Benefits - No Share - Cost - AAP. Covers children receiving federal cash grants under Title IV-E to facilitate the adoption of hard-to-place children who would require permanent foster care placement without such assistance.
- 04 - Full Benefits - No Share - Cost - AAP/Aid for Adoption of Children (AAP/AAC). Covers children receiving cash grants under the state-only AAP/AAC program.
- 4A - Full Benefits - No Share - Cost - Out-of-State AAP. Covers children for whom there is a state-only AAP agreement between any state other than California and adoptive parents.

The new methodology eliminates the need for MHPs to develop SGF reimbursement mechanisms for services provided children/youth who are Medi-Cal eligible under the AAP aid codes when those individuals are either placed out of their county of responsibility or adopted by families living outside their county of responsibility. The new reimbursement methodology will be used for all AAP claims approved after **January 1, 2007**. This

methodology does not change any of the current authorization requirements for the county of responsibility. The county of responsibility is responsible for making authorization determinations for the health services provided to their children/youth by the host county. Audit and review responsibilities also remain unchanged.

Tracking Expenditures

MHPs may track all EPSDT mental health services provided to their children/youth by host counties, including services for the AAP population, by accessing their Explanation of Balances (EOB) – County of Financial Responsibility (CFR) file, available through the DMH Information Technology Web Services (ITWS). Technical assistance is also available to county MHPs needing help using the system or understanding the file layout by contacting ITWS staff at the following phone number or email address:

ITWS Helpdesk: (916) 654-2482, email address: itws@dmh.ca.gov

Cautions

DMH recommends that MHPs review existing contract agreements currently held between MHPs or providers for reimbursement of services provided to the AAP child or youth who is placed or adopted out-of-county and amend the contract as necessary in order to prevent duplicate SGF payments.

If you have questions, please contact County Operations at (916) 654-3168 or your county operations liaison. The county liaison list can be found at www.dmh.ca.gov/CountyOps/contact.asp.

Sincerely,

Original signed by:

STEPHEN W. MAYBERG, Ph.D.
Director

Enclosures

cc: California Mental Health Planning Council
Kathy Seay, Interim Chief, Medi-Cal Oversight
John Lessley, Chief, County Operations (South)
Rebecca Kirby, Chief, County Operations (North/Bay)
Anthony Sotelo, Chief, Medi-Cal Operations
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