



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

June 16, 2008

DMH INFORMATION NOTICE NO.: 08-14

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

SUBJECT: INSTRUCTIONS FOR REPORTING RATES NEGOTIATED FOR
PSYCHIATRIC INPATIENT HOSPITAL SERVICES CONTRACTS

REFERENCE: Sections 1820.110, 1820.115, 1810.375(c), and 1810.430, Title 9,
California Code of Regulations; Section 5778(o), Welfare and
Institutions Code; supersedes DMH Information Notice No. 07-09

EXPIRES: June 30, 2009

The purpose of this letter is to provide Mental Health Plans (MHPs) in each county with the current list of Fee-For-Service/Medi-Cal (FFS/MC) hospitals that MHPs are required to contract with in Fiscal Year (FY) 2008-2009. Also, as required by Title 9, California Code of Regulations (CCR), §1810.375(c) MHPs must report the rates they have negotiated with FFS/MC hospitals to the Department of Mental Health (DMH) by **June 1 of each year.** DMH relies on the information from the negotiated rates reported by MHPs to establish non-negotiated FFS/MC hospital rates according to Title 9, CCR, §1820.115. Timely submission of negotiated rate information by MHPs ensures that DMH establishes non-negotiated rates expeditiously, so that non-negotiated rate FFS/MC hospitals can be notified of their rates by the beginning of the new fiscal year.

According to Title 9, CCR, §1810.430(a), MHPs are required to contract with Disproportionate Share Hospitals (DSH) and traditional hospital providers that meet provider selection criteria as defined in the regulations, unless DMH grants the MHP an exemption from contracting. DSH providers serve a disproportionate share of low-income people as determined annually by the Department of Health Care Services in accordance with Welfare and Institutions Code, §14105.98. Traditional hospitals are defined in regulation as accounting for five percent or \$20,000, whichever is more, of the total FFS/MC psychiatric inpatient hospital payments for the MHP's beneficiaries.

California Code of Regulations, Title 9, §1810.430(c) is enclosed in the mailing and describes the process for requesting an exemption (Enclosure 1). Requests for exemptions must be in writing and must be received by June 30, 2008. Additionally, the enclosed table provides a listing of both DSH and traditional providers for your county based on FY 2006-07 payment data (Enclosure 2).

The following information on negotiated FFS/MC hospital rates must be submitted to DMH:

- 1) Name of facility
- 2) HSM provider number and facility address
- 3) Negotiated rate for any or all of the following accommodation (inpatient revenue) codes that will be used.

| <u>CODE</u> | <u>DESCRIPTION</u> |
|-------------|---|
| 097 | Psychiatric Acute (Adolescent and Child) |
| 114 | Room and Board – Private, Psychiatric |
| 124 | Room and Board – Semi-Private 2 Bed, Psychiatric |
| 134 | Room and Board – Semi-Private 3 or 4 Bed, Psychiatric |
| 154 | Room and Board – Ward (Medical or General), Psychiatric |
| 204 | Intensive Care, Psychiatric |

The rate for code 169, Administrative Day, is established by DMH in accordance with the regulations and need not be reported by MHPs. The current administrative rate for most hospitals as of August 1, 2007, is \$318.19 per day.

In the event that the MHP has negotiated a rate but not entered into a contract by June 1, 2008, please report the negotiated rate. If negotiations are incomplete, submit once the rate is negotiated. It is not necessary to wait until the hospital contracts are finalized by the Board of Supervisors. If a hospital refuses to enter into a contract with the MHP, please report the status of the hospital's refusal in writing no later than **June 30, 2008**. DMH must finalize the regional rates for non-negotiated rate hospitals prior to **July 1, 2008** to ensure proper payment. Information on negotiated rates received after **June 30, 2008** may not be considered in developing these regional rates.

DMH INFORMATION NOTICE NO.: 08-14
June 16, 2008
Page 3

Please send the negotiated rate information to:

Department of Mental Health
Attn: Marcia Jones
Local Program Financial Support
1600 Ninth Street, Room 120
Sacramento, CA 95814-6414

Should you have any questions or need additional information, please call Marcia Jones at (916) 654-3254.

Sincerely,

Original signed by

STEPHEN W. MAYBERG, Ph.D.
Director

Enclosures

cc: California Mental Health Planning Council
Chief, County Operations
Chief, Program Compliance