CALIFORNIA DEPARTMENT OF
Mental Health

State of California
Pete Wilson
Governor
Health and Welfare Agency

September 30, 1998

DMH INFORMATION NOTICE NO.: 98-14

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

SUBJECT: HEALTHY FAMILIES PROGRAM

The Healthy Families Program (HFP) provides health insurance for uninsured children and youth one year old up to their 19th birthday who are not eligible for no cost, full scope federal Medi-Cal and whose family income is between 100 percent and 200 percent of the federal poverty level. It is anticipated that 580,000 children and youth eventually will become enrolled in HFP. (Attachment 1 provides additional information on eligibility for this program.) The basic health insurance will be provided by health plans who have a contract with the Managed Risk Medical Insurance Board (MRMIB), the state's lead agency for this program. In addition, there is a supplemental mental health benefit for children with serious emotional disturbance (SED) that will be managed by county mental health programs. HFP was implemented statewide on July 1, 1998. Based on total enrollment estimates by MRMIB, the State Department of Mental Health (DMH) estimates that approximately three percent of the HFP enrollees may be SED. The statewide maximum estimated enrollment for Fiscal Year 1998/99 of children with SED is 9,000.

This letter includes an overall description of the mental health benefits and the responsibilities of county mental health programs in this important new program for children.

Overview of Basic Benefits

The provider of the basic health care benefit will be the health plans who have been selected by MRMIB through a competitive bidding process.

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Twenty-five (25) health plans have contracts with MRMIB to provide health care under the HFP. The state's contract with each health plan specifies the counties in which that plan will provide services. Efforts have been made to give enrollees a choice of health plans, but in eight (8) rural counties only one plan is available. In each county, there will be a health plan that will be designated as the community plan provider. The premiums for HFP enrollees for these community plan providers are less than for other contracted health plans.

A list of the health plans and the counties those health plans serve is included in the Healthy Families Handbook. Copies of the handbook as well as HFP applications have been mailed under separate cover by the Department of Health Services to county mental health directors and children's services coordinators.

The menu of basic benefits under this program is identical to the benefit package available through the California Public Employees Retirement System (CalPERS). For mental health, the health plans are responsible for 20 outpatient visits per year for evaluation, crisis, and treatment for conditions that can show benefit from relatively short-term intervention. The health plan is also responsible for medication and laboratory services to treat those mental health conditions. The basic benefit also includes 30 days psychiatric inpatient hospitalization per year. Depending on the terms of the contract signed between the health plan and MRMIB, inpatient and outpatient days may be traded for more days of intensive community support services, such as day or residential treatment at the discretion of the health plan.

SED Benefit

An additional part of the benefit package for the HFP is mental health services to enrollees with SED. Upon determination by a county mental health program that the enrollee has SED, the full range of medically necessary services available through the Medi-Cal Rehabilitation Option and Targeted Case Management programs will be provided to the extent resources are available. Evaluating a child enrolled in the HFP to determine if they are SED may occur as a result of a referral from a health plan or their providers, from a self referral or from a referral from other community resources, i.e., schools, child welfare agencies, etc. Additionally, counties may make the determination that children enrolled in the HFP currently receiving services in their system are SED with or without a referral.

The service requirements and lockouts, the provider selection criteria, services to dually diagnosed persons under 21 years, and the quality management requirements for Medi-Cal specialty mental health services apply to the SED benefit under the HFP. (These descriptions and

requirements are specified in Title 9 California Code of Regulations, Chapter 11.) Any provider enrolled to provide Medi-Cal specialty mental health services will be enrolled for the SED benefit under the HFP.

The county mental health program will receive federal financial participation (FFP) from Title XXI for eligible HFP services at the following rates: for services provided 7/1/98 through 9/30/98--65.86 percent and for services provided 10/1/98 until further notification--66.09 percent. County mental health programs will use realignment or other local funds as the match for the FFP. DMH anticipates that the cost per child will be consistent with the historic costs for the population with SED under the Short-Doyle/Medi-Cal (SD/MC) program.

When a child has been determined to be SED by county mental health, the responsibility for mental health services is as follows:

- The health plan remains responsible for all components of the annual thirty-day psychiatric inpatient hospitalization benefit, including the bed rate, ancillaries, professional services, medications, and laboratory services. The health plan may choose to trade the psychiatric inpatient hospital benefit for additional day or residential treatment services as specified in their contract. Health plans will authorize services, select providers, and negotiate rates and payment arrangements for these services.
- County mental health is responsible for psychiatric inpatient hospital benefits, including the bed rate, professional services, medications, and laboratory services that exceed the annual thirty-day limit. In addition, county mental health is responsible for all medically necessary treatment, medication, and laboratory services provided on an outpatient basis for the SED condition.
- Once a child has been determined to be SED under this program, the health plan is not responsible for providing the 20 outpatient visit benefit.

County mental health programs must document in the clinical record that the recipient has been identified as SED. Counties may choose the specifics of how this will be documented and be prepared to inform MRMIB, DMH, or other agencies providing oversight of this program where such documentation is located.

Memoranda of Understanding (MOU) Between County Mental Health and Health Plans

The contract which health plans have signed with MRMIB requires that an memorandum of understanding (MOU) be developed between each health plan serving HFP enrollees within any given county and that county's mental health program. The intent of the MOU is to identify major

issues that should be addressed in such an MOU while leaving the development of specific procedures and agreements up to the county mental health programs and the health plans. The boilerplate MOU, with a cover letter dated June 9, 1998, was sent to all county mental health directors. The MOU requires the appropriate signatures for both the health plan and the county.

Enrollment

MRMIB has contracted with Electronic Data Systems (EDS) as the administrative contractor for the HFP. They will establish and administer the enrollment processes. Completed applications will be submitted to EDS, who will then make the determination of eligibility. Once a child is enrolled, that information will be entered on the Medi-Cal Eligibility Data System (MEDS) file and each enrollee will be assigned a Client Index Number (CIN) and given an aid code of 9H. Enrollment and eligibility information will be provided to county mental health programs in electronic format and will be updated weekly. Each weekly file will be a replacement file containing all records statewide.

To obtain the CIN to verify eligibility, county mental health programs will need to locate the CIN on the MEDS file using five data elements: birth name, gender, date of birth, place of birth and mother's first name. These data elements are required for the Client and Services Information (CSI) System. Counties may obtain a waiver from collecting any new data elements for the purpose of CSI, however, they will be needed for HFP enrollment verification and reimbursement.

The state will pay a $25 administrative fee to organizations or individuals who assist a family who is determined eligible with completion of the enrollment forms. Application assistants must complete a certification process which includes training to receive these funds. Upon completion of the certification process, county mental health programs will be eligible to receive these funds. Information on this training has been provided in previous mailings.

The HFP requires payment of premiums and co-payments for enrollees. The premiums range from $4 to $9 per month per enrolled child with a maximum monthly family amount of up to $27. The actual premium depends on the number of children enrolled, family income, and the health plan which is selected. If the required HFP premium is not paid for sixty days after the due date, the family is disenrolled retroactively to the due date of the payment. Since the children of that family who were enrolled in HFP would have shown as eligible on the MEDS file during that sixty day period, this potentially puts the county mental health program at risk of not receiving FFP for sixty days of services provided when it appeared that the child was eligible. Families are

responsible for paying for the cost of services provided during the period of retroactive disenrollment. The family will not be eligible to participate in the HFP for six months following disenrollment due to nonpayment of premiums.

In addition to the monthly premiums, a co-payment is required for some health plan services. No individual co-payment will exceed $5. There is a maximum $250 co-payment limit for a family each benefit year under the HFP. There are no co-payments for services under the SED benefit. There are also no co-payments for services provided to non-SED children which do not require prior authorization. County mental health programs may charge co-pays of $5 per visit for basic benefits provided under contract with the health plan or if there is an arrangement in which the plan and/or its providers utilize the county mental health crisis services for urgent care in non-emergency cases, unless the family can demonstrate that the annual maximum $250 co-payment has been satisfied.

County mental health programs do not need to complete the Uniform Method for Determining Ability to Pay (UMDAP) for HFP enrollees.

Claims Processing, Financial Reconciliation

Reimbursement to the counties will be based on claims for services actually provided to the eligible population. The claims processing system used for the SD/MC program is the preferred system to use to process claims for all HFP SED services. This will require certain modifications to the SD/MC claims processing system. Claims submitted by county mental health programs for HFP SED services will be held for processing until the necessary modifications are in place. Unfortunately, the necessary modifications cannot be made prior to January 1999.

Upon implementation of the claims processing system, all the edits in place for SD/MC would be applied to the HFP claims. A certification from county mental health programs that claims for HFP reimbursement are for enrollees with SED and that the services provided were for the HFP SED benefit will be required. For this purpose, revisions will be made to the Medi-Cal claims certification currently in use and sent to county mental health programs under separate cover.

Each county will be issued a new, single provider number to be used for billing for HFP for psychiatric inpatient hospital services for hospitals who normally bill Medi-Cal through Electronic Data Systems (EDS). Inpatient hospital services and related professional services will be claimed through the SD/MC claims processing system and the counties' cost reports for HFP SED services under that single provider number for these hospitals.

Claim lines for HFP SED services will be held until the state can assure there is no retroactive disenrollment for that child. The specific time period that these claims will be held is still under discussion, but is expected to be 90 days or less after the date of service.

The statewide maximum allowances, negotiated rate and cost settlement provisions of the Medi-Cal specialty mental health program apply to the SED benefits provided through the HFP.

Counties will be eligible to claim for 10 percent of their administrative costs to a statewide maximum of $600,000 for all counties in FY 1998/99. (DMH does not expect the allowable administrative claims to exceed the maximum funding amount. However, in the unlikely case that it happens, each county's amount will be reduced proportionately.) According to information provided by MRMIB, allowable administrative costs for HFP are for administrative activities that support the operation of the program. Further specifications will be distributed as they become available. In the meantime, county mental health programs should use the SD/MC administrative specifications as set out in DMH Policy Letter 94-01. Payments for allowable HFP administrative activities should not duplicate payments that are included and paid as part of another payment mechanism. In no case should there be reimbursement for more than the actual costs incurred.

Counties under contract with a health plan to provide the mental health services under the "basic benefit" are required to establish a system to internally monitor and separately track the basic and SED benefits. The system may be reviewed by MRMIB and/or DMH.

All mental health services, including the SED benefit and the basic benefit provided under this program by county mental health programs or their contractors, must be reported to the new CSI.

A more detailed description of the claims processing system is in Attachment 2, including changes that county mental health programs will need to make internally. Additional information will be provided as needed.

Oversight

MRMIB has primary responsibility for oversight of the HFP. They may do an annual review to ensure that the services billed to the state meet the criteria for the SED benefit, i.e., the subscriber was enrolled in the HFP, the child was determined to be SED, and the services were SED benefit services. In addition, MRMIB may review the claims submitted and the monitoring/tracking systems set up by county mental health programs who are under contract with the health plan to provide mental health services under the basic benefit. DMH may review the

quality management system for HFP as part of their oversight responsibilities. Oversight efforts by MRMIB and DMH are not necessarily limited to the above.

Additional Information

If you want additional programmatic information, please contact Nancy Mengebier, Managed Care Implementation, at (916) 654-3486 or (209) 722-6618. For general information, you may contact your regional Training and Technical Assistance liaison as listed below:

Ruth Walz (Bay): (707) 252-3168

Dee Lemonds (Central): (916) 654-3001

Anne Tracy (Southern): (916) 654-2643

Jack Tanenbaum (Superior): (530) 224-4724

Sincerely,

GARY M. PETTIGREW
Deputy Director
Systems of Care

Enclosure
cc: Chief, Technical Assistance and Training
California Mental Health Planning Council

ATTACHMENT 1

ELIGIBILITY INFORMATION [1]

The Healthy Families Program provides health, dental and vision insurance to eligible children who do not have health insurance and are not eligible for no-cost Medi-Cal.

Who Can Apply

- If you are a parent or legal guardian, you may apply for insurance for your eligible child.
- If you are a step-parent, foster parent, or caretaker relative who lives with a child, you may apply for the Healthy Families Program for your child.
- If you are 18 years old, you may be eligible to apply for your own insurance.

Who Is Eligible

- Children one year old up to their 19th birthday.
- Family income must be at or below 200 percent of the federal income guidelines.
- The child must not be covered by employer sponsored health insurance for the previous three months.
- Child is not eligible for no-cost Medi-Cal.
- Child has no other health insurance.
- Child is a US citizen or eligible qualified alien. [2]
- Child lives in California.
- Child is not an inmate of a public correctional institution or a patient in a public institute of mental disease. [3]

Transition from Medi-Cal to Healthy Families

If a child's Medi-Cal coverage is ending, the application for Healthy Families coverage may be made up to 3 months in advance if one of the following is going to occur:

- The child turns one year old (coverage begins on the child's first birthday); or
- A child turns six years old and loses benefits under the Medi-Cal 133 percent Program (coverage begins on the child's 6th birthday); or
- A child's no cost full scope Medi-Cal benefits end.

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[1] The Healthy Families Handbook, pages 2 and 3

[2] Information on the different classifications for qualified aliens can be found in the Handbook on page 10 and reference section 4 Citizenship/Immigration Status of the Healthy Families Application

[3] California Code of Regulations, Title 10, Chapter 5.8, Article 2, Section 2699.6600 (c) 2 (X)

ATTACHMENT 2

HEALTHY FAMILIES PROGRAM (HFP) CLAIMS PROCESSING INFORMATION

1. Short Doyle/Medi-Cal (SD/MC) claiming remains the same.
2. SD/MC claims shall continue to be submitted with the Medi-Cal eligibility data systems (MEDS) identification or the county Medi-Cal identification number.
3. Service functions, rates and edits for Healthy Famlies Program (HFP) are the same as those used in the SD/MC claims processing system.
4. The Explanation of Balances process remains the same and includes HFP claims.
5. Since HFP is not Medi-Cal, the SD/MC processing will be modified to include the processing and payment of non-Medi-Cal claims.
6. Only children between the ages of one year old to their 19th birthday who are being assessed or treated for a serious emotional disturbance (SED) are eligible for HFP claiming through the SD/MC claims processing system.
7. Upon enrollment, all HFP subscribers will carry a 9H aid code on the MEDS system no matter what service is provided by their health, vision, or dental plan. 9H, when used on claims submitted through the SD/MC claims processing system, certifies that the claim is for an SED child and the service is related to assessment or treatment of SED.
8. HFP claims shall be submitted with the client index number (CIN), which is to be obtained through the MEDS inquiry screen or the HFP eligibility file. The MEDS ID or the county Medi-Cal identification number will not be used for HFP claiming.
9. The totals on the SD/MC monthly claim for reimbursement of treatment costs form (MH 1982) that accompanies the SD/MC file will be cumulative totals for SD/MC and HFP claims. HFP subtotals are not required.
10. In the short term, claims with errors will be suspended. Requests have been received from county mental health programs by the Department of Mental Health to deny all claims, SD/MC and HFP, when there is an error, rather than suspend the claims. This request is still under consideration at this time.
11. Claim lines for HFP SED services will be held until the state can assure there is no retroactive disenrollment for that child. The specific time period that these claims will be held is still under discussion, but is expected to be 90 days or less after the date of service. A new error code 17, will be created and used for HFP claims when the specified time period (90 days or less) has not yet passed. This suspension process is in lieu of an annual retroactive denial process, which would have verified HFP eligibility for HFP claims which had already been paid.
12. After suspension, the HFP claims will be checked for HFP eligibility. If the recipient is HFP eligible on the date of service, then the claim will be processed as an HFP claim. If the recipient is not HFP eligible, then Medi-Cal eligibility will be checked. If the recipient is Medi-Cal eligible, then the claim will be processed as a SD/MC claim. If the recipient is not

eligible for either HFP or Medi-Cal, then the claim will be suspended (as done now for Medi-Cal ineligibility).

13. The revised control total will indicate the number and dollars of claims submitted as HFP claims and found to be Medi-Cal, rather than HFP. Claims submitted as HFP and approved as Medi-Cal will have the aid code changed from 9H (the HFP aid code) to the appropriate Medi-Cal aid code.

14. Control totals will be modified to include a counter where applicable for HFP claims.

15. Additional reports will identify HFP Approved Claims, Suspended Claims, and Denied Claims.