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IMCU PPL 16-002

DATE: 12-28-2016

TO: COUNTY REPRESENTATIVES

**SUBJECT: NONFEDERAL SHARE OF FEE-FOR-SERVICE MEDI-CAL SERVICES
AND ADMINISTRATIVE COSTS FOR THE MEDI-CAL COUNTY
INMATE PROGRAM**

The purpose of this Policy and Procedure Letter (PPL or Letter) is to provide information regarding participating counties' responsibility to reimburse the Department of Health Care Services (DHCS) for the nonfederal share of costs incurred by DHCS for fee-for-service (FFS) medical services provided to Medi-Cal County Inmate Program (MCIP) eligible county inmates¹ and DHCS' MCIP administrative costs.²

Background

MCIP constitutes the following three programs:

- Adult County Inmate Program (ACIP) authorized in Welfare and Institutions Code section 14053.7, provides Medi-Cal coverage to eligible adult county inmates.
- Juvenile County Ward Program (JCWP) authorized in Welfare and Institutions Code section 14053.8, provides Medi-Cal coverage to eligible juvenile county inmates (i.e. county wards).
- County Compassionate Release Program (CCRP) and County Medical Probation Program (CMPP) authorized Government Code sections 26605.6, 26605.7, and 26605.8, permits county sheriffs to grant medical release or medical probation in lieu of jail time, if certain conditions are met.

Without MCIP, a county is responsible for arranging for and paying for medical care for its inmates. MCIP allows the county to create budgetary savings for MCIP services provided to its MCIP-eligible inmates. DHCS' ability to draw federal funds for allowable

¹ For purposes of this Letter, "inmate" shall refer to an individual who is eligible to receive MCIP services under ACIP, JCWP, CCRP, or CMPP.

² This Letter is published with the authority of a regulation pursuant to the Administrative Procedure Act exemption specified in Welfare and Institutions Code sections 14053.7 and 14053.8 and Government Code sections 26605.6, 26605.7, and 26605.8. This Letter governs should there be a conflict between this Letter and any previous letter or regulation issued by DHCS impacting MCIP.

services allows counties to have a budget savings for costs they would have otherwise incurred, consistent with federal law. Under MCIP, Medi-Cal providers receive reimbursement at the applicable Medi-Cal FFS rate/methodology using the same claiming process for non-inmate FFS Medi-Cal beneficiaries. In order to be covered as a MCIP service, a service must be a Medi-Cal service covered under ACIP, JCWP, CRPP, or CMPP, provided to a MCIP-eligible inmate while off the grounds of the county correctional facility. For ACIP and JCWP, the allowable inpatient hospital services are inpatient services, including inpatient psychiatric services, and physician services, resulting in an expected stay of more than 24 hours. CCRP and CMPP provides full-scope Medi-Cal coverage. MCIP service claims will be submitted to DHCS for payment, consistent with standard FFS Medi-Cal claiming. Only MCIP inmate aid codes shall be used for provider claiming. Providers shall comply with the TAR/utilization review requirements for their particular provider type and the FFS MCIP service type.

Voluntary Participation in MCIP

Counties may voluntarily choose to participate in MCIP by entering into the MCIP agreement with DHCS, which will include maximum payable amounts for the county's nonfederal share of expenditures for both MCIP services and the county's apportioned share of DHCS' MCIP administrative costs based on Addendum A to the Program Agreement. MCIP services shall be invoiced quarterly and DHCS' MCIP administrative costs shall be separately invoiced on an annual basis to each participating county. MCIP service invoices will specify the total federally claimable cost, including a breakout of: the federal and nonfederal share portion by aid code and federal medical assistance percentage (FMAP).

Nonfederal Share of FFS MCIP Services

After the execution of the MCIP Agreement between the county and DHCS, a Medi-Cal provider shall submit claims directly to DHCS for MCIP covered services provided to MCIP-eligible county inmates for the Medi-Cal provider to receive the applicable Medi-Cal rate of reimbursement. For all MCIP services, except those provided by a public provider that incurs the nonfederal share pursuant to a certified public expenditure (CPE) reimbursement methodology, the following shall occur:

- DHCS will receive the federal reimbursement for the federal share of MCIP services; and,
- The county will reimburse DHCS for the nonfederal share of the amount paid to the Medi-Cal provider for MCIP services provide to the county's MCIP-eligible inmates.

DHCS shall not reimburse the MCIP provider in excess of the applicable Medi-Cal rate of reimbursement for the county inmates' MCIP services. The County may pay an MCIP provider amounts in addition to the Medi-Cal payment, to the extent required by

or otherwise permitted by state and federal law. Such additional amounts shall be paid entirely with County funds, and shall not be matched with federal financial participation.

For public providers that incur the cost of the nonfederal share of MCIP services through a CPE reimbursement methodology, the public provider will claim allowable expenditures for certain MCIP services that are reimbursable through the federally-approved and state authorized CPE reimbursement methodology. Under the CPE reimbursement methodology, public providers incur the costs of the nonfederal share for expenditures for these certain MCIP services. Since there is no nonfederal share outlay by DHCS in these instances, DHCS will not recoup the nonfederal share from the public provider for MCIP services claimed through the CPE reimbursement methodology. DHCS will claim the federal financial participation and distribute it to the public provider, in accordance with the approved CPE reimbursement methodology.

If the Centers for Medicare & Medicaid Services (CMS) determines DHCS claimed a higher federal medical assistance percentage (FMAP) rate than is allowed and it is reduced by CMS for the MCIP services provided to a county's MCIP-eligible inmate for MCIP services, then the county shall hold DHCS harmless for the return of the federal financial participation (FFP) to CMS.

If CMS determines an overpayment has occurred for a payment made to a MCIP provider for MCIP services provided to the county's MCIP-eligible inmate, then DHCS shall seek the overpayment amount from the provider and return the collected FFP to CMS and return the collected nonfederal share of the overpayment to the county. In the event DHCS cannot collect the overpayment from the MCIP provider, DHCS shall be held harmless by the county and the county shall reimburse DHCS for the FFP.

MCIP Administrative Costs

Counties electing to participate in MCIP are responsible for reimbursing DHCS for the nonfederal share of DHCS' administrative costs associated with administering MCIP, pursuant to Welfare and Institutions Code section(s) 14053.7(j) and 14053.8(h) and Government Code sections 26605.6(c)(1)(B)(ii) and 26605.7(e)(1)(B)(ii). Participating counties will be invoiced their share of DHCS' MCIP administrative costs, beginning in State Fiscal Year 2014-15, based on a methodology specified in Addendum A.

DHCS' MCIP administrative costs include, but are not limited to, providing counties with paid claim analysis report, collecting the nonfederal share of expenditures for MCIP services, analyzing provider reports, and legal work related to MCIP.

MCIP Services Nonfederal Share County Payment Process

County Role

Counties must determine an inmate's Medi-Cal eligibility. An inmate's Medi-Cal eligibility is determined when county eligibility workers complete eligibility

determinations on applications forwarded from county correctional facilities. This often occurs after Medi-Cal covered services are provided. Eligibility determinations for inmates determined Medi-Cal eligible as part of the retroactive expenditure reimbursement option will be made using existing Medi-Cal eligibility rules and requirements. All eligible inmates must be in a Medi-Cal inmate aid code.

DHCS' Role

DHCS is responsible for submitting a quarterly invoice for the nonfederal share of expenditures for MCIP services to the responsible county. The following describes DHCS' responsibilities:

- I. DHCS shall generate a quarterly paid claims data report that includes the following information:
 - a. **Provider Number:** 10 digit National Provider Identifier (NPI) for provider where services were rendered must be registered to a Medi-Cal provider to be considered an allowable facility.
 - b. **Provider Name:** Facility name where MCIP services were rendered.
 - c. **Service Begin Date:** Service begin date must be before the service end date. If there are multiple reported expenditures for a single beneficiary, the next service begin date must not overlap with last service end date.
 - d. **Service End Date:** Service end date must be after the service begin date. If there are multiple reported expenditures for a single beneficiary, the end date must not overlap with the next service begin date.
 - e. **Recipient Last Name**
 - f. **Recipient First Name**
 - g. **Recipient Birth Date**
 - h. **Recipient Client Index Number (CIN)**
 - i. **Recipient Aid Category Code:** Recipient aid code must be a Medi-Cal inmate aid code.³
 - j. **County Code w Desc:** The county code indicates the county of incarceration.
 - k. **Medi-Cal Reimbursement Amount**

³ If the Medi-Cal inmate aid code was in development during the date of service then the relevant Medi-Cal aid code may be used.

- II. DHCS will provide a copy of the paid claims report to the responsible county with each quarterly invoice three months from the close of the quarter.
- III. To the extent services do not match across the county's records and DHCS' paid claims report, DHCS and the county will confer to resolve any discrepancies.
- IV. DHCS provides the county with payment memorandum and invoice for the nonfederal share of expenditures for MCIP services, which will include a DHCS generated Excel file containing the relevant MCIP services claims and directions on how to remit the nonfederal share.

DHCS is required to encrypt the file in a manner consistent with use of a Federal Information Processing Standards (FIPS) 140-2 certified algorithm that is 128 bit or higher, such as Advanced Encryption Standard (AES). The file will contain data that constitutes Protected Health Information (PHI), which is subject to the provisions of the Health Insurance and Portability and Accountability Act of 1996 (HIPAA). Appropriate safeguards must be established to protect the confidentiality of the data to prevent unauthorized use or access of the data. The data will be used to solely for the purpose of recouping the nonfederal share of MCIP services. Before DHCS may send the file, the county must execute the MCIP Agreement with DHCS enabling the county to participate in MCIP.

If you need additional information on MCIP, or have any questions regarding this Letter, please submit an email to DHCSIMCU@dhcs.ca.gov.

For eligibility related questions regarding ACIP, JCWP, CCRP, or CMPP, please contact the Medi-Cal Eligibility Division at MCIEP@dhcs.ca.gov.

If you need additional information on designated public hospitals claiming under MCIP, please submit an email to HFRMailbox@dhcs.ca.gov.

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