



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 2, 2005

DMH LETTER NO.: 05-03

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 REQUIREMENTS FOR AID PAID PENDING (APP)

REFERENCE: Title 42, Code of Federal Regulations, Section 438.420(b)

The Department of Mental Health (DMH) is issuing this Policy Letter to provide information and direction to Mental Health Plans (MHPs) and stakeholders regarding a change in policy and procedures pertaining to the MHP beneficiary problem resolution process including changes in beneficiary access to Aid Paid Pending (APP) and state fair hearings. These changes are effective **July 1, 2005.**

Background:

In California's fourth Medicaid 1915(b) waiver renewal application, the State requested waivers of several individual provisions of Title 42, Code of Federal Regulations (CFR), including a waiver of Title 42, CFR, Section 438.420(b). The State proposed to provide continuing services (referred to in California as "Aid Paid Pending" or APP) through state fair hearings in accordance with the state regulations at Title 9, California Code of Regulations (CCR), Section 1850.215, rather than using the system provided under Title 42, CFR, Section 438.420(b). The Centers for Medicare and Medicaid Services (CMS) issued a letter on April 26, 2005 approving California's fourth waiver renewal request, but denied the request for a waiver of Title 42, CFR, Section 438.420(b). CMS included a requirement that the State implement the requirements of this provision as part of the Terms and Conditions of the approval of the waiver renewal.

Effective July 1, 2005:

- The current option for beneficiaries to file for a state fair hearing at any time before, during or after the MHP problem resolution process will cease. Beginning July 1, 2005, beneficiaries will be required to exhaust the MHP's problem resolution process prior to filing for a state fair hearing.
- As of July 1, 2005, MHPs are required to provide APP to beneficiaries who want continued services and have filed a timely request (10 days from the date the Notice Of Action (NOA) was mailed, or 10 days from the date the NOA was personally given to the beneficiary, or before the effective date of the change, whichever is later), for an appeal or state fair hearing. The beneficiary must either have an existing service authorization which has not lapsed and the service is being terminated, reduced, or denied for renewal by the MHP; or have been receiving specialty mental health services under an *exempt pattern of care¹. This action will permit a beneficiary to continue to receive their existing services until the period covered by the existing authorization expires, the date an appeal is resolved or a hearing decision is rendered, or the date on which the appeal or state fair hearing is otherwise withdrawn or closed, whichever is earliest.

Please note: A beneficiary may file an appeal or state fair hearing whether or not a Notice of Action (NOA) has been issued.

The MHP is required to issue NOAs in specified situations. The MHP can fulfill this requirement by using the new forms, which are provided as enclosures.

MHPs should remember that state fair hearing requests involving a NOA generally do not include the front of the NOA as part of the request. Therefore, when the MHP receives a notice that the beneficiary has requested a fair hearing, the MHP is responsible for determining if the hearing request involves aid paid pending. If the criteria specified above for aid paid pending are met, the MHP is required to provide the aid paid pending.

¹ * Denial of a provider's request to continue a pattern of care that has been exempt from authorization by the MHP and would require an NOA. An exempt pattern of care may exist in a situation when a county has a policy that permits a predetermined amount of services to be provided without prior authorization. An MHP allows providers 3 visits without prior authorization. A provider subsequently requests authorization for an additional 3 visits.

DMH CONTACTS

MHPs are encouraged to consult with DMH as needed to resolve any questions or concerns regarding this letter. Please contact your Medi-Cal contract manager in the County Operations Section below:

DMH County Operations Medi-Cal Contract Managers

Bay/Central Region

Ruth Walz (707) 252-3168
Contra Costa, San Mateo, Solano

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Peter Best (916) 657-3487
Alameda, Monterey, Napa, San Benito, San Francisco

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Harold Curtis (916) 654-1206
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Lori Hokerson (916) 651-6296
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Troy Konarski (916) 654-2643
Kern, Riverside, San Bernardino, San Luis Obispo, Santa Barbara

** Temporary Assigned Counties*

Sincerely,

Original signed by
Robert L. Garcia for

STEPHEN W. MAYBERG, Ph.D.
Director

Enclosures

cc: California Mental Health Planning Council
Chief County Operations