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DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



GAVIN NEWSOM  
GOVERNOR

DATE: March 2, 2020

Behavioral Health Information Notice No.: 20-008  
([Supersedes 18-008](#))

TO: California Alliance of Child and Family Services  
California Association for Alcohol/Drug Educators  
California Association of Alcohol & Drug Program Executives, Inc.  
California Association of DUI Treatment Programs  
California Association of Public Hospitals  
California Children's Hospital Association  
California Consortium of Addiction Programs and Professionals  
California Council of Community Behavioral Health Agencies  
California Opioid Maintenance Providers  
California State Association of Counties  
Coalition of Alcohol and Drug Associations  
County Behavioral Health Directors  
County Behavioral Health Directors Association of California  
County Drug & Alcohol Administrators  
Hospital Association of Southern California  
Private Essential Access Community Hospitals

Subject: County responsibility to pay for acute psychiatric inpatient hospital services provided in an institution for mental disease (IMD) and clarification about funding sources for patients in IMDs no longer requiring an inpatient level of care.

Purpose

This Information Notice (IN) clarifies responsibility to pay for acute psychiatric inpatient hospital services provided in an IMD and clarifies funding sources for patients in IMDs no longer requiring an inpatient level of care. This IN refers to two populations receiving services in an IMD:

1. Medi-Cal beneficiaries under the age of 21 or 65 years or older
2. Eligible low-income residents of the county without Medi-Cal with a serious mental disorder

## References

Bronzan-McCorquodale Act (Welfare & Institutions Code § 5600 et. seq.)

[MHSUDS IN 15-008](#)

[MHSUDS IN 18-008](#)

## Background

Psychiatric inpatient hospital services provided in an IMD to Medi-Cal beneficiaries under the age of 21 or 65 years or older are Medi-Cal benefits<sup>1</sup> and federal financial participation is available for counties, as appropriate. Due to the IMD exclusion, federal financial participation is not available for psychiatric inpatient hospital services provided in an IMD to Medi-Cal beneficiaries who are 21 and older and under 65<sup>2</sup>.

## Policy:

### Psychiatric Inpatient Services in IMDs funded by 1991 Realignment

In 1991, through the Bronzan-McCorquodale Act, the Legislature realigned responsibility for the provision of community mental health services to counties<sup>3</sup> and provided a dedicated funding source – sales tax and vehicle license fee revenues. Counties are expected to use this funding to provide an array of community mental health services, including acute psychiatric inpatient hospital services provided in Institutions for Mental Diseases (IMDs)<sup>4</sup>, to the target populations, which include eligible low-income adults with a serious mental disorder,<sup>5</sup> whether or not they are Medi-Cal beneficiaries. In accordance with the Bronzan-McCorquodale Act, *the Department expects every county to pay for these services for its eligible residents, including Medi-Cal beneficiaries under the age of 21 or 65 years or older, unless a county can demonstrate, to the Department's satisfaction, that it does not have adequate funding.*<sup>6</sup>This obligation has existed since 1991, and neither this IN nor superseded IN 18-008 established a new obligation.

### Services in IMDs Provided to Patients in an IMD Awaiting Placement in a Residential Facility

There are instances when an individual receiving treatment services in an IMD described above no longer requires inpatient level of care for psychiatric services, but is

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<sup>1</sup> Acute inpatient psychiatric hospital services provided in an IMD to a beneficiary who was receiving such services in the period immediately preceding the date on which he or she attains age 21 may be covered by Medi-Cal until the beneficiary attains age 22. (Welf. & Inst. Code, § 14053, subs. (a), (b)(3))

<sup>2</sup> 42 U.S.C. § 1396d, subs. (a)(29)(B), (a)(14), (16); 42 C.F.R. §§ 441.13, subd. (a) & 435.1009.

<sup>3</sup> See Welf. & Inst. Code, § 5600, subd. (a).

<sup>4</sup> Welf. & Inst. Code, § 5600.4, subd. (f), § 5600.5, subd. (e), § 5600.6, subd. (e) & § 5600.7, subd. (e)

<sup>5</sup> Welf. & Inst. Code, § 5600.3, subd. (b).

<sup>6</sup> See Welf. & Inst. Code, §§ 5600.6, subd. (e), 5600.7, subd. (e), 5601, subd. (c) & 14714, subd. (j).

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awaiting discharge to a lower level of care. In such cases, counties may use realignment funds as appropriate to pay for those services.<sup>7</sup>

Questions regarding this Information Notice may be directed to [Kelly.Pfeifer@dhcs.ca.gov](mailto:Kelly.Pfeifer@dhcs.ca.gov), or to the DHCS Medi-Cal Behavioral Health Division, County Support Unit Liaison for your county. A current list of county assignments can be found at: <http://www.dhcs.ca.gov/services/MH/Pages/CountySupportUnit.aspx>.

Sincerely,

Original signed by

Kelly Pfeifer, M.D.  
Deputy Director  
Behavioral Health

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<sup>7</sup> W&I Code, §§ 5600.4, subd. (f), 5600.6, subd. (e) and 5600.7, subd. (e).