

DATE: January 13, 2023

Behavioral Health Information Notice No: 23-034

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 Social Rehabilitation Agencies  
California Consortium of Addiction Programs and Professionals  
California Council of Community Behavioral Health Agencies  
California Hospital Association  
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

SUBJECT: Instructions for Reporting Rates Negotiated for Psychiatric Inpatient Hospitals Services Contracts for Fiscal Year 2023-24

PURPOSE: 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) 2023-24 and instruction for reporting rates to DHCS.

REFERENCE: Title 9, California Code of Regulations (CCR) [§1810.375\(c\)](#), [§1820.115](#), [§1810.430\(a\)](#), and [§1810.430\(c\)](#); [BHIN 23-019](#)

**POLICY:**

Title 9, California Code of Regulations (CCR) §1810.375(c) requires MHPs to report the rates they have negotiated with FFS/MC hospitals to the Department of Health Care Services (DHCS) by June 1 of each year to be implemented by July 1. If a MHP submits rates to DHCS after June 1, 2023, those rates will be deployed in the payment system 30 days from the date received. If the rates were to be effective from a date prior to their implementation in the payment system, DHCS will process an Error Payment Correction (EPC) for any claims occurring after the effective date that were paid at the previous rate, provided that the claims are within the one year claiming time limit (claims may

only be submitted for payment for up to one year after the date of service). Please be advised that EPCs may take up to eight months to process after an EPC request has been submitted. DHCS utilizes these rates to establish non-negotiated FFS/MC hospital rates in accordance with Title 9, CCR §1820.115.

Title 9, CCR §1810.430(a) requires MHPs to contract with Disproportionate Share Hospitals (DSH) and traditional hospital providers that meet provider selection criteria, as defined in the regulations, unless DHCS grants the MHP an exemption from contracting. The process for requesting an exemption is described in Title 9, CCR §1810.430(c), which can be found in Enclosure 1. DSH providers serve a disproportionate share of low-income people, as determined annually by DHCS. 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 MHPs beneficiaries. A listing of both DSH and traditional hospital providers per county based on FY 2021-22 payment data can be found in Enclosure 2.

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

1. Facility name
2. Facility address
3. National Provider Identifier number
4. Effective date of the negotiated rate
5. Negotiated rate for any or all of the following inpatient revenue/accommodation codes that will be used and indicate whether the rate is adolescent/child and/or adult:

CODE	DESCRIPTION
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 not included since it is established by DHCS in accordance with the regulations and need not be reported by MHPs. The Administrative Day Rates are as follows for the below time periods. Please refer to [BHIN 23-019](#) for more information.

- August 1, 2022, to May 11, 2023: \$883.71
- May 12, 2023, until superseded: \$817.64

DHCS will not be approving any rates above the rate limits per Attachment 4.19-A, pages 41-45.6 in the current state plan. If an MHP submits a negotiated rate that exceeds the rate limit, DHCS will return the negotiated rate submission to the MHP for correction. Rate limits are listed in Enclosure 3.

MHPs shall do the following:

- In the event that the MHP has negotiated a rate, but not entered into a contract by June 1, 2023, report the negotiated rate. It is not necessary to wait until the Board of Supervisors finalizes the hospital contract.
- If negotiations are pending, report the rate once it is contracted.
- If a hospital declines to enter into a negotiated rate contract with the MHP, please state the reason for the refusal in writing so that DHCS may assign the regional rate.

Please email the negotiated rate information to the Behavioral Health Financing Branch, Invoicing and Operations Unit at [BHFSOps@dhcs.ca.gov](mailto:BHFSOps@dhcs.ca.gov)

Sincerely,

Original signed by

Brian Fitzgerald, Chief  
Local Governmental Financing Division

Enclosures