



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



EDMUND G. BROWN JR.  
GOVERNOR

DATE: March 28, 2016

MHSUDS INFORMATION NOTICE NO.: 16-011

TO: COUNTY BEHAVIORAL HEALTH PROGRAM DIRECTORS  
COUNTY DRUG & ALCOHOL ADMINISTRATORS  
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF CALIFORNIA  
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES  
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS

SUBJECT: ESTABLISHING A COUNTY CONTRACT RATE IN THE SHORT-DOYLE CLAIMING SYSTEM FOR FISCAL YEAR 2016-17

REFERENCE: Welfare and Institutions Code, Section 14708 and 14711; CFR 447.362 and 42 CFR 433.51

EXPIRES: Retain until superseded

The purpose of this information notice is to request that each county mental health plan (MHP) inform the Department of Health Care Services (DHCS) as to whether the MHP will specify a county contract rate for each Medi-Cal Specialty Mental Health service to limit interim payment for services provided by contract providers during Fiscal Year 2016-2017.

Effective July 1, 2012, Assembly Bill (AB) 1297 (Statutes of 2011) directs DHCS to reimburse county MHPs based upon their certified public expenditures that do not exceed their federal upper payment limit (UPL) as defined in 42 CFR 447.362. The county MHP's certified public expenditures for services provided by contract providers are equal to the amount paid by the county MHP to its contract providers. The State will provide interim payments to each county MHP based upon the amount paid by the county MHP to its contract providers. County MHPs should continue to submit Medi-Cal claims based on the different rates paid to individual contract providers.

Given various billing complexities, some county MHPs have requested that DHCS create a state-level billing system edit to limit the amount reimbursed to the county MHP for services provided by contract providers. To mitigate or avoid overpayments, county

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MHPs may request that DHCS enter a county contract rate for each service function into the Short-Doyle claiming and payment system that limits the amount of interim payments. DHCS will reimburse the county MHP for services provided by all of its contract providers. If a county MHP chooses to limit interim payments to a county contract rate, the interim reimbursement to the county MHP will be based upon the lower the claimed amount or the county contract rate. If a county MHP chooses not to limit the interim payments to a county contract rate, the interim reimbursement to the county MHP will be based solely upon the claimed amount. DHCS is asking each county MHP to complete the attached form, indicating whether or not the county MHP intends to establish a county contract rate for each service function to limit interim payments of services provided by its contract providers and, if so, the amount for the rate.

The county contract rate will not be applied to services furnished by a county MHP's county owned and operated providers. Interim rates for services provided by each county owned and operated provider are subject to the methodology described in [MHSD Information Notice 12-06](#).

Interim payments made to the county MHP for services provided by contract providers continue to be subject to the normal cost settlement process. Cost settlement with the county MHP will be based on the aggregate amount paid by the county to contract providers plus the certified public expenditures incurred by the county MHP for county owned and operated providers without exceeding the county MHP's federal upper payment limit as defined in 42 CFR 447.362. The county contract rates will not be applied as a limitation during the cost settlement process.

DHCS is requesting counties that would like to change their county contract rates that are currently in the Short-Doyle/Medi-Cal claiming and payment system to please complete the enclosed form and e-mail a scanned copy to Danette McReynolds, at [Danette.McReynolds@dhcs.ca.gov](mailto:Danette.McReynolds@dhcs.ca.gov) by April 30, 2016. DHCS will accept the enclosed form after April 30, 2016, but cannot guarantee they will be the reported rates input into the Short-Doyle claiming and payment system to be effective July 1, 2016.

Sincerely,

Original Signed By

Karen Baylor, Ph.D., LMFT, Deputy Director  
Mental Health & Substance Use Disorder Services