



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



EDMUND G. BROWN JR.
GOVERNOR

DATE: December 6, 2017

MHSUDS INFORMATION NOTICE NO.: 17-065

TO: COUNTY BEHAVIORAL HEALTH 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
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM EXECUTIVES, INC.
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES

SUBJECT: CERTIFIED EXPENDITURE PROTOCOL SUPPLEMENTAL REIMBURSEMENT CLAIMING PROCESS

On February 16, 2016, the Centers for Medicare & Medicaid Services approved California State Plan Amendment (SPA) 09-004. This SPA made revisions to the reimbursement methodologies for the Short-Doyle/Medi-Cal acute inpatient services and Short-Doyle/Medi-Cal outpatient, rehabilitation, case management and other services.

The effective date of this SPA was January 1, 2009. Therefore, it covers the cost-reporting period from January 1, 2009, through June 30, 2009, for fiscal year (FY) 2008-09; and the cost reporting period from July 1, 2009, through June 30, 2010, for FY 2009-10. A copy of SPA 09-004 is available on the Department of Health Care Services' (DHCS) [website](#).

This information notice provides guidance to eligible public agencies on how to claim supplemental reimbursement for those uncompensated costs for FY 2008-09 and FY 2009-10. In addition, this notice provides counties with the necessary certification forms, instructions, and process to be used to claim this supplemental reimbursement.

Eligible Agencies

Welfare and Institution Code Section 14723 allows an eligible public agency providing Specialty Mental Health Services (SMHS) to Medi-Cal beneficiaries to receive supplemental reimbursement for actual and allowable uncompensated costs of providing these services. SMHS are provided through a 1915(b) waiver utilizing a

Prepaid Inpatient Health Plan (PIHP) delivery system. Mental Health Plans (MHP) are considered PIHPs. Federal regulations prohibit the State from making payments directly to providers for services rendered through a PIHP. Therefore, only MHPs are eligible.

To claim for the supplemental reimbursement, a cost report must have been filed and settled for each fiscal year claimed. Additionally, DHCS must be in receipt of a fully completed supplemental claim reimbursement certification form no later than 30 days after the posting of this Information Notice in order for the fiscal year to be reimbursed.

I. Supplemental Reimbursement of Uncompensated Specialty Mental Health Costs

Each MHP is eligible to claim supplemental reimbursement of its certified public expenditures for specialty mental health inpatient services and outpatient services not reimbursed through the interim payment process, interim settlement process, or some other mechanism and do not exceed the MHP's non-risk upper payment limit.

The claim for supplemental reimbursement is based upon the difference between the MHP's certified public expenditures and the Statewide Maximum Allowances for specialty mental health inpatient services and outpatient services provided to Medi-Cal beneficiaries.

Each MHP submitting a claim for supplemental reimbursement must certify it has made a total funds expenditure in the amount claimed, and that the amount claimed is eligible for federal financial participation.

Total payments made to a MHP through the interim payment process, interim reconciliation process, and the supplemental reimbursement process may not exceed the upper payment limit calculated for the MHP pursuant to 42 CFR 447.362.

II. Final Reconciliation of Interim Medi-Cal Payments

The State will audit the reconciled cost report and supplemental claim for reimbursement to determine whether the income, expenses, and statistical data reported on the mental health cost report are reasonable, allowable, and in accordance with State and federal rules, regulations, and Medicare principles of reimbursement issued by the Department of Health and Human Services and Centers for Medicare and Medicaid Services. The audit will also determine if the county's mental health cost report accurately represents the actual cost of operating the Medi-Cal Specialty Mental Health program in accordance with the program's Cost and Financial Reporting System (CFRS), Generally Accepted Accounting Principles, Title 42, Code of Federal Regulations, Office of Management and Budget Circular A-87, Generally Accepted Auditing Standards, Generally Accepted

Governmental Auditing Standards as published by the Comptroller General of the United States and other State and federal regulatory authorities.

III. Supplemental Reimbursement Claiming

DHCS has developed three claiming forms, which counties must use to request reimbursement of uncompensated costs eligible for supplemental reimbursement. The first form covers inpatient costs for both county and non-county legal entities. The second form covers outpatient costs for county legal entities. The third form covers outpatient costs for non-county legal entities. Counties may report costs in all three categories to determine if they qualify for the supplemental reimbursement. Please follow the accompanying instructions on how to accurately report costs on each form. The claim forms and instructions are enclosed and posted on DHCS' Information Technology Web Services (ITWS) website. ITWS can be accessed via the following link: <https://itws.dhcs.ca.gov/default.asp>. Once inside ITWS, the claim forms and instructions are located in the *forms* section under the CFRS tab.

If you have any questions, please contact your CFRS analyst. A list of CFRS analysts and county assignments is available at the following link:
<http://www.dhcs.ca.gov/provgovpart/Pages/MentalHealthPlanCostReporting.aspx>

Sincerely,

Original signed by

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