DEPARTMENT OF MENTAL HEALTH
1600 - 9TH STREET
SACRAMENTO, CA 95814

November 4, 1995

DMH LETTER NO.: 95-07

TO: LOCAL MENTAL HEALTH DIRECTORS
LOCAL MENTAL HEALTH PROGRAM CHIEFS
LOCAL MENTAL HEALTH ADMINISTRATORS
COUNTY ADMINISTRATIVE OFFICERS
CHAIRPERSONS, LOCAL MENTAL HEALTH BOARDS

SUBJECT: 1994-95 FISCAL YEAR COST REPORT SETTLEMENT POLICY

EXPIRES: Retain Until Superseded

This letter outlines the submission and reporting requirements for the FY 1994-95 cost report. To the extent that there are differences between this letter and other Department publications, the requirements contained in this letter will prevail.

I. SUBMISSION REQUIREMENTS

A. Single Cost Report Submission

For FY 1994-95 and subsequent fiscal years there is a single cost report submission which consolidates the former Cost Reporting/Data Collection (CR/DC) and Short-Doyle/Medi-Cal (SD/MC) cost reports. This revised single cost report must be completed by all legal entities in your county.

B. Cost Report Submission Deadline

The submission date for the 1994-95 SD/MC cost report package is November 30, 1995.

In order to prevent delays in receiving claim payments, one original and three paper copies of the cost report, plus floppy disks, if appropriate, should be sent to the following address:

Department of Mental Health
County Cost Reporting and Data Collection Unit
1600 9th Street, Room 250
Sacramento, CA 95814

C. Incomplete Cost Reports

Counties which submit an incomplete cost report will be notified of the information, data, or forms needed. In order to avoid delays in receiving claim payments, counties should make every effort to complete requirements within 30 days of notification.

D. Cost Report Forms

Counties that do not use the Department's printed cost report forms must submit facsimiles identical to the Department's forms. Draft copies should be submitted in advance to the Department for approval. As indicated above, FY 1994-95 SD/MC cost report forms have been modified to reflect consolidation of the former CR/DC and SD/MC cost reports. Major changes to the 1994-95 Fiscal Year cost report are as follows:

1. Portions of the former CR/DC cost report are included in the SD/MC cost report, e.g., MH 1940, MH 1949, MH 1909, MH 1946.

2. Four forms from the former CR/DC cost report are eliminated, i.e., MH 1942, MH 1943, MH 1944, and MH 1945.

3. Two new MH 1966 forms for non-SD/MC services (Mode 45 and 60) and a new form, MH 1992 (funding sources), are added.

4. Legal Entity Numbers are assigned to each legal entity.

5. Medi-Cal/Medicare crossover data are identified in the cost report.

Attachment A displays the CR/DC matrix by mode and service function for FY 1994-95. The CR/DC matrix differs from 1993-94 only to the extent that crisis stabilization is now separated into "Emergency Room" and "Urgent Care" services and codes.

E. Amendments or Revisions

Amendments or revisions to the SD/MC cost report are not appropriate after November 30, 1995. However, corrections identified by the Department which are necessary to facilitate processing or to prevent undue hardship to counties can be made. Unapproved revisions made after November 30, 1995 will be placed in the county's cost report file for audit purposes.

F. Supporting Documentation

The list of supporting documents necessary for the FY 1994-95 SD/MC cost report is as follows:

1. Reference to the page(s) of the county's Auditor-Controller's Report containing mental health data used in the SD/MC cost report. The Auditor-Controller's Report itself is not required.

2. An explanation of the "Other Adjustment" item on form MH 1960.

We believe that the above minimum documentation will meet HCFA standards, ensure counties of the continued availability of FFP, and enable CR/DC staff to perform a desk review.

II. COST REPORT POLICY

A. Inpatient Administrative Days

Inpatient administrative day costs must be reflected in Mode of Service 05, Service Function Code 19 only. Additional instructions for completion of MH 1966 for administrative day costs are presented on Attachment C. The per diem Medi-Cal rate in Section 51511 (a) (2) of Title 22 for administrative days for July 1994 was $209.97. The rate for August 1994 through June 1995 was $214.90.

Form MH 1991 was developed to calculate the SD/MC maximum allowance plus ancillary and physician costs for administrative days delivered in July 1994 and for those delivered during the rest of the fiscal year. All legal entities with hospital administrative days should complete MH 1991. Costs for ancillary and physician services related to patients on administrative day status should be detailed on MH 1991 and included in the adjusted gross costs (line 3) on MH 1966. Lines 12, 13, and 14 will all include physician and ancillary charges.

The amount for ancillary and physician services is limited to the amount claimable under Section 51511(c), Title 22 of the California Code of Regulations. Since counties have not been reimbursed for ancillary and physician services provided to inpatients on administrative day status during the fiscal year, reimbursement for these services will be made through the cost report settlement process. Reflecting administrative day costs and related ancillary and physician service charges in Service Function Code 19 is presently the only procedure available to seek SD/MC reimbursement.

B. Categorical Funding

The Department will control expenditures to the categorical allocations shown on the final approved FY 1994-95 allocation. Categorical funds must be used for the purpose for which they were appropriated. Accordingly, Special Education Pupil funds (AB 3632) may only be used for assessment, treatment, and case management services. Costs in inappropriate modes (e.g., Administration or Outreach) will be adjusted or the cost report will be returned to the county for correction.

Form MH 1909 identifies AB 3632 categorical fund expenditures and units of service by provider, mode, and service function. A separate MH 1909 should also reflect additional non-categorical realignment or other funds expended for AB 3632 services. The non-categorical MH 1909 will assist the State Controller's Office in documenting mandate costs claimable through the SB 90 claim process.

DMH Letter No. 94-12 specified the procedure for reporting AB 3632 funds used as a match for Federal Financial Participation (FFP). Please include a completed MH 1909 form with your cost report package to assist the Department in properly accounting for AB 3632 match funds in the correct Budget Act appropriation. Special Education Pupil funds used as match for FFP do not require county matching funds.

C. Realignment Funds

The county's realignment funds (sales tax receipts, Vehicle License funds, and local program maintenance of effort funds per Welfare and Institution Code Section 17608.5) should be identified on form MH 1992, line 15.

D. Transaction Service Period

Units of service and related revenues reported on the FY 1994-95 cost report must reflect services and transactions occurring during the period of July 1, 1994 through June 30, 1995 only.

E. Reimbursement Limitation Policy

In accordance with State laws and regulations, the Department established maximum reimbursement limits for FY 1994-95 (DMH Letter 94-18). These limits apply to all SD/MC eligible services. Please refer to Attachment B.

Negotiated Rate Legal Entities: Negotiated rate legal entities will be controlled to their negotiated contract rates which in no case should be greater than the maximum reimbursement limits established by the Department. As in FY 1993-94, FFP collected by counties in excess of actual costs will be recouped and split with the federal government.

F. Federal Financial Participation

The FFP matching ratio for FY 1994-95 is generally 50 percent. The FFP matching ratio for skilled professional medical personnel engaged in quality assurance oversight is 75 percent. These ratios must be used in preparing the cost report.

G. Reporting of Revenues

Medicare and all other third party revenues should be reported on an accrual basis in the SD/MC cost report.

Medicare Crossover Revenues: By agreement between the Department, the Health Care Financing Administration (HCFA) and the California Mental Health Director's Association, the practice of claiming simultaneously through Medicare and SD/MC for eligible beneficiaries (crossover clients) was prohibited as of February 1, 1995. Beginning February 1, 1995 claims to SD/MC for services provided to Medicare beneficiaries and paid in part by Medicare are to be claimed after Medicare reimbursement/denial documentation is received. Please refer to DMH Letter 94-24 and DMH Letter 95-01 regarding requirements.

The 1994-95 Fiscal Year cost report is designed to identify and remove Medicare crossover revenues claimed after February 1, 1995 from the determination of net SD/MC direct service reimbursement (FFP and State Match) for inpatient and outpatient services. Counties should identify crossover beneficiaries separately in their records and account for crossover revenue since February 1, 1995 in the 1994-95 cost report according to cost report instructions.

III. FEDERAL BLOCK GRANTS

A. Federal Block Grant Cost Reports

Counties receiving Federal Block Grants are required to submit separate cost reports for these Federal funds. Such cost reports will be settled in the manner identified in the Department's policy and Federal Block Grant letters. Specific Federal Block Grant cost report instructions will be addressed in a future letter.

B. SD/MC Cost Report

Although a separate cost report is required to settle Federal Block Grant reimbursement, Federal Block Grant amounts must also appear in the SD/MC cost report, form MH 1992, on the appropriate grant line.

C. Federal First Dollar Policy

The "Federal First Dollar" policy outlined in DMH Letter 90-07 continues to apply in FY 1994-95. DMH Letter 94-03 contains information regarding the reporting of FFP in Substance Abuse and Mental Health Services Administration grant (SAMHSA) funded programs.

If you have any questions, please call your CR/DC liaison.

LINDA A. POWELL
Deputy Director
Administrative Services

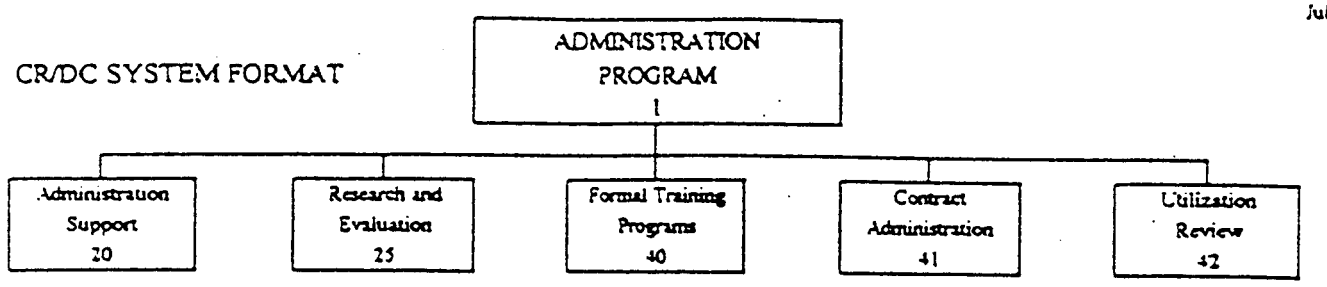
Attachments

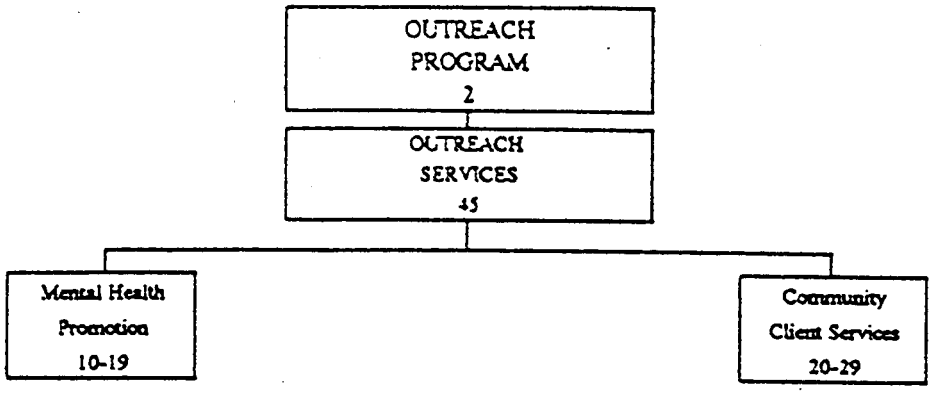
ATTACHMENT A

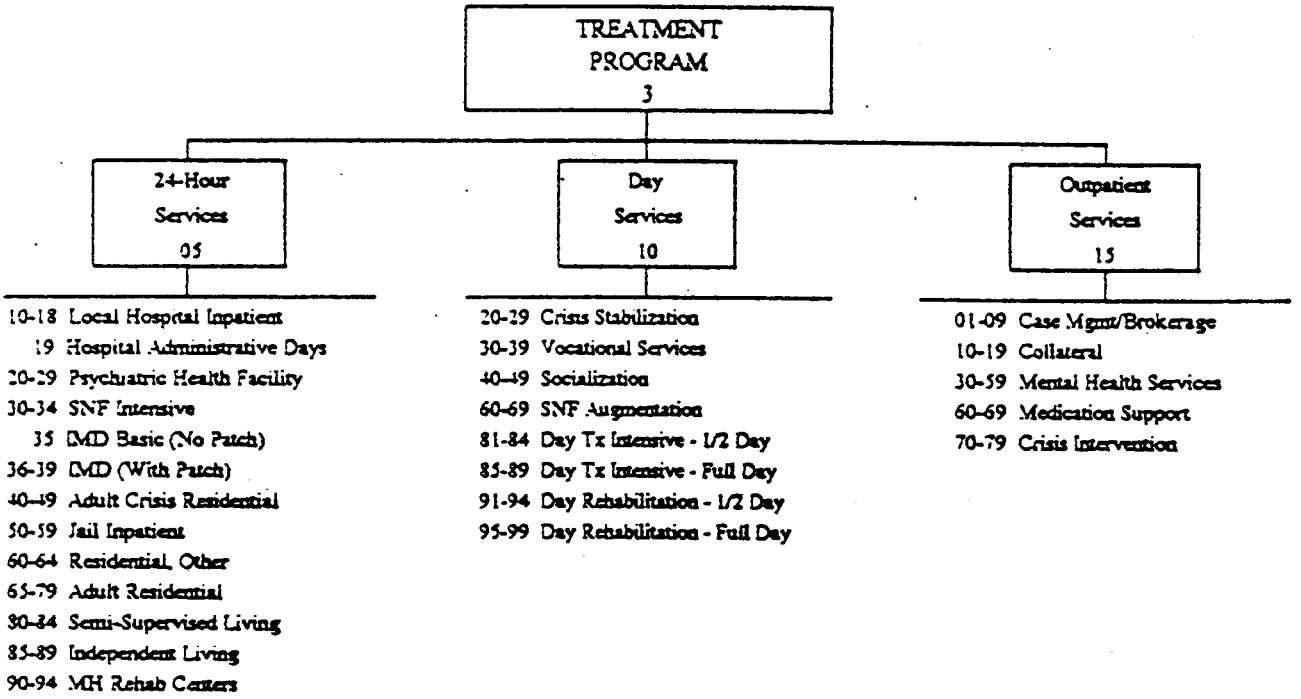
State of California - Health and Welfare Agency

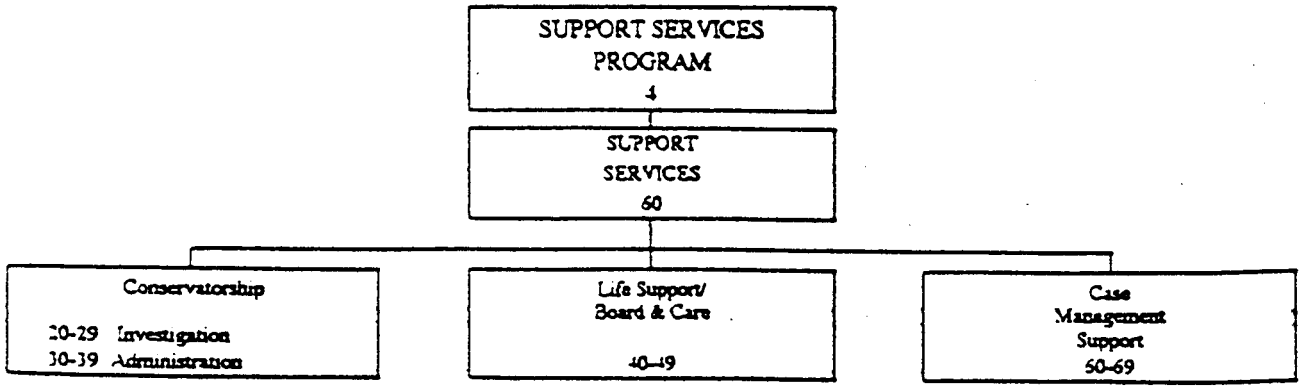
Department of Mental Health
July 1993

CR/DC SYSTEM FORMAT









FISCAL YEAR 1994-95

SHORT-DOYLE/MEDI-CAL
MAXIMUM REIMBURSEMENT RATES

July 1, 1994 through June 30, 1995

SERVICE FUNCTION	MODE OF SERVICE CODE	SERVICE FUNCTION CODE	TIME BASE	SHORT-DOYLE/ MEDI-CAL MAXIMUM ALLOWANCE
A. 24-HOUR SERVICES	05:			
Hospital Inpatient		10-18	Client Day	$629.66
Hospital Administrative Day				
July 1, 1994 - July 31, 1994		19	Client Day	$209.97
August 1, 1994 - June 30, 1994		19	Client Day	$214.90
Psychiatric Health Facility (PHF)		20-29	Client Day	$356.10
Adult Crisis Residential		40-49	Client Day	$200.80
Adult Residential		65-79	Client Day	$97.93
B. DAY SERVICES	10:			
Crisis Stabilization				
Emergency Room		20-24	Client Hour	$62.34
Urgent Care		25-29	Client Hour	$62.34
Day Treatment				
Half Day		81-84	Client 1/2 Day	$95.03
Full Day		85-89	Client Full Day	$133.46
Day Rehabilitative				
Half Day		91-94	Client 1/2 Day	$55.44
Full Day		95-99	Client Full Day	$86.53
C. OUTPATIENT SERVICES	15:			
Case Management, Brokerage		01-09	Staff Minute	$1.33
Mental Health Services		10-19		
		30-59	Staff Minute	$1.71
Medication Support		60-69	Staff Minute	$3.18
Crisis Intervention		70-79	Staff Minute	$2.57

ATTACHMENT MH 1966

MH 1966A & B
For Mode 5, Service Function 19 - HOSPITAL ADMINISTRATION DAYS

Complete Form MH 1991. Complete Lines 1 through 4 as per instructions. Note that Line 3 should include physician and ancillary costs related to patients on administrative day status (these costs are limited to the amount claimable under Section 51511(c), Title 22 of the California Code of Regulations)

Leave Line 5 blank.

Complete Lines 6, 7*, 8, 9, 10, 11 as per instructions.

For Line 12, enter Column 12 from MH 1991.

For Line 13, multiply Line 6 by Line 8, then Add Column 10 and Column 11 from MH 1991. Enter this Total in Line 13 of MH 1966.

For Line 14*, multiply Line 7 by Line 8, then Add Column 10 and Column 11 from MH 1991. Enter this Total in Line 14 of MH 1966.

** If two negotiated rates are used during the fiscal year, leave Line 7 blank and compute Line 14 by using Form MH 1991 and modifying Columns 3 and 6 to the negotiated rates. Enter Column 12 from the MH 1991 in Line 14 of MH 1966.*