



SUMMARY REPORT

Agenda Date: 10/4/2022

To: County of Sonoma Board of Supervisors
Department or Agency Name(s): Department of Health Services
Staff Name and Phone Number: Roy Dajalos, 707-565-4774
Vote Requirement: Majority
Supervisory District(s): Countywide

Title:
Behavioral Health Rates

Recommended Action:

Adopt a resolution establishing amended fiscal year 2022-2023 Published Charges for billing the general public, insurers, and other non-Title XIX payers for mental health services provided by clinics operated by the Department of Health Services as permitted by law.

Executive Summary:

The Department of Health Services (DHS, or the "Department") is proposing amended rates for services associated with Behavioral Health for fiscal year 2022-2023. Approval of the amended rates will enable DHS to establish Published Charges consisting of a reasonable approximation of actual costs for specialty mental health services rendered. It is necessary for DHS to reassess its rates annually in order to ensure that the Published Charges, defined as the usual and customary charges prevalent in the public mental health sector that are used to bill the general public, insurers, and other non-Title XIX payers, are not less than the final rates based on reasonable and allowable cost resulting from the cost settlement with the California state Department of Health Care Services (DHCS). Non-Title XIX payers are individuals who are not eligible for state Medicaid. The proposal for amended rates is necessary to ensure the Department recovers actual costs allowed for specialty mental health services rendered from Medi-Cal billing during the cost settlement process with the DHCS.

Staff's proposed rate adjustments for five services including Crisis Stabilization Services, Mental Health Outpatient Services, Case Management/Brokerage, Crisis Intervention, and Medication Support are decreasing on average by 5 percent, except for Crisis Stabilization Services which are increasing by 67 percent.

Discussion:

The California State Plan provides that Short-Doyle/Medi-Cal System services are to be paid at the lower of actual costs or customary charges, which is consistent with federal Medicare rules. The State has implemented such provision in California Code of Regulations, Title 9, Section 1840.105 and in its cost reporting instructions. The term customary charges is synonymous with the term Published Charges, which is defined as the usual and customary charges prevalent in the public mental health sector that are used to bill the general public, insurers, and other non-Title XIX payers (Code of Federal Regulations, Title 42, Parts 447.271 and 405.503 (a)).

The Sonoma County Health Services department contracts with the California Department of Health Care Services as the local Mental Health Plan to provide specialty mental health services to Medi-Cal beneficiaries

under a section 1915(b) waiver. The California Department of Health Care Services claims federal reimbursement for Medi-Cal specialty mental health services based on public expenditures certified by the Mental Health Plans, such as the one provided by DHS.

Consequently, the interim claim for reimbursement of services rendered by county-owned and operated providers will be based upon a reasonable approximation Interim Rates, which are set by the Department of Health Care Services and based on the most recent certified cost report submitted by the county operated Mental Health Plan. The California Department of Health Care Services will settle these interim payments to actual cost when our county's Mental Health Plan files its certified cost report and the State concludes the audit of the cost report. If at final audit monies are owed back to the State based upon actual expenditures lower than cost settlement, the Department will utilize the Behavioral Health Fee Stabilization fund, which was set up for such instances. The Behavioral Health Fee Stabilization fund has a projected fund balance of \$24.5 million at the end of fiscal year 2022-2023.

The Department's Published Charges are determined annually based on the most recent Annual Cost Report, projected cost increases, estimated service delivery, and are adjusted by the Centers for Medicare and Medicaid Services [Market Basket Index Levels <https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareProgramRatesStats/MarketBasketData>](https://www.cms.gov/Research-Statistics-Data-and-Systems/Statistics-Trends-and-Reports/MedicareProgramRatesStats/MarketBasketData). This methodology uses the preliminary cost report's calculated interim rates (including an inflator percentage based on the Market Basket Index attached). Sonoma County's published rates might be slightly higher than the State rates to accommodate any unforeseen actual cost increases prior to state reconciliation.

Rates being revised for fiscal year 2022-2023 can be found on Attachment 2 and include the following: 1) Mental Health - Crisis Stabilization Services (60 minutes); 2) Mental Health - Mental Health Outpatient Services; Assessment & Testing, Group Therapy/Rehabilitation, Individual Therapy/Rehabilitation, Collateral, Plan Development (60 minutes); 3) Other Services; Case Management/Brokerage (60 minutes); 4) Other Services; Crisis Intervention (60 minutes); and 5) Other Services; Medication Support (60 minutes).

All Fees are calculated based upon State Interim rate plus 5.5 percent cost increase and a 15 percent inflator to cover additional costs such as increased staffing levels, or contractual services costs within Behavioral Health in fiscal year 2022-2023 to ensure the Department is able to recover actual costs of doing business. The 15 percent inflator is an arbitrary percentage to ensure that the published rates are not lower than actual costs as cost settlement with the State will settle to the lower of actual cost or published rates.

Prior Board Actions:

On June 8, 2021, the board adopted a resolution establishing amended fiscal year 2017-2018 through 2021-2022 Published Charges for billing the general public, insurers, and other non-Title XIX payers for mental health services provided by the Department of Health Services operated clinics as permitted by law.

On May 9, 2017, the Board adopted a resolution establishing new and amended rates to recover the reasonable cost of providing services including fees associated with Environmental Health and Safety, Public Health Laboratory, Animal Services, and Behavioral Health for DHS effective July 1, 2017. Note that the Department did not revise Behavioral Health rates for fiscal years 2018-2019 through 2020-2021.

FISCAL SUMMARY

Expenditures	FY 22-23 Adopted	FY 23-24 Projected	FY 24-25 Projected
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Budgeted Expenses	\$13,534,723		
Additional Appropriation Requested			
Total Expenditures	\$13,534,723		
Funding Sources			
General Fund/WA GF			
State/Federal	\$13,534,723		
Fees/Other			
Use of Fund Balance			
Contingencies			
Total Sources	\$13,534,723		

Narrative Explanation of Fiscal Impacts:

The California State Plan provides that Short-Doyle/Medi-Cal System services are to be paid at the lower of actual costs or customary charges, which is consistent with Federal Medicare rules.

It is necessary for the Department to reassess its rates annually in order to ensure that the Published Charges defined as the usual and customary charges prevalent in the public mental health sector that are used to bill the general public, insurers, and other non-Title XIX payers are at or above the anticipated interim billing rates from the state for claims submitted for reimbursement for specialty mental health services rendered to Title XIX payers funded with Federal Financial Participation (FFP) and local revenues.

If the FY 22-23 proposed Published Charges are not approved at the proposed level, the County would be at-risk of not meeting the requirement that the Published Charges be at or above the anticipated interim rates, thereby not fully recovering the Federal Medicaid portion of the cost of providing these mandated services, which may require the use of additional funding sources, such as realignment, to cover these costs.

The fiscal table in Attachment 2 includes FY 21-22 adopted County Services FFP funding and recommended FY 22-23 County Services Federal Financial Participation Rate, as the rate and subsequent funding are based on costs and estimated units of service, which are unknown at this time there is no estimate for FY 23-24 currently.

Estimated revenue for FY 22-23 is based on projected units of service and the state approved interim rate. Published rates will be used to bill non-title XIX providers and 3rd party insurers. Units of service for non-title XIX providers and 3rd party insurers are unknown at this time.

Staffing Impacts:			
Position Title (Payroll Classification)	Monthly Salary Range (A-I Step)	Additions (Number)	Deletions (Number)

Narrative Explanation of Staffing Impacts (If Required):

N/A

Attachments:

Agenda Date: 10/4/2022

Attachment 1 - Resolution

Attachment 2 - Behavioral Health Division Rate Chart

Attachment 3 - Centers for Medicare and Medicaid Services Market Basket Index Levels

Related Items “On File” with the Clerk of the Board:

None