



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



EDMUND G. BROWN JR.  
GOVERNOR

DATE: March 9, 2018

MHSUDS INFORMATION NOTICE NO.: 18-015

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  
CALIFORNIA OPIOID MAINTENANCE PROVIDERS

SUBJECT: ESTABLISHING A COUNTY CONTRACT RATE IN THE SHORT-DOYLE/MEDI-CAL CLAIMING AND PAYMENT SYSTEM FOR FISCAL YEAR 2018-19

REFERENCE: Welfare and Institutions Code, Section 14708 and 14711;  
Code of Federal Regulations (CFR) 447.362 and 42 CFR 433.51

EXPIRES: Retain until superseded

This Information Notice is to request 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 2018-19.

Effective July 1, 2012, Assembly Bill 1297 (Statutes of 2011) directed 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 provides 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.

MHSUDS INFORMATION NOTICE NO.: 18-015

March 9, 2018

Page 2

To mitigate or avoid overpayments, county MHPs may request DHCS to enter a county contract rate for each service function into the Short-Doyle/Medi-Cal claiming and payment system, limiting 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 of 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 enclosed 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 UPL, as defined in 42 CFR 447.362. The county contract rates will not be applied as a limitation during the cost settlement process.

Counties that would like to change their county contract rates currently in the Short-Doyle/Medi-Cal claiming and payment system, must 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, 2018.

Sincerely,

Original signed by

Brenda Grealish, Acting Deputy Director  
Mental Health & Substance Use Disorder Services

Enclosure