



JENNIFER KENT  
DIRECTOR

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



GAVIN NEWSOM  
GOVERNOR

DATE: March 5, 2019

MHSUDS INFORMATION NOTICE NO.: 19-010

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  
CALIFORNIA STATE ASSOCIATION OF COUNTIES  
CALIFORNIA CONSORTIUM OF ADDICTION PROGRAMS AND PROFESSIONALS  
DIRECT PROVIDERS  
COUNTY ADMINISTRATIVE OFFICERS

SUBJECT: COUNTY RESPONSIBILITY TO PAY FOR CRISIS RESIDENTIAL TREATMENT SERVICES AND ROOM AND BOARD IN CHILDREN'S CRISIS RESIDENTIAL PROGRAMS FOR MEDI-CAL BENEFICIARIES

**Purpose:**

The purpose of this Mental Health and Substance Use Disorder Services Information Notice is to provide clarification to counties regarding their responsibility to pay for the cost of crisis residential treatment services and room and board in children's crisis residential programs (CCRP) for Medi-Cal beneficiaries.<sup>1</sup>

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<sup>1</sup>Welfare and Institutions Code (W&I) Section 11462.011, subdivision (b) requires the Department to "... provide guidance to counties for the provision of children's crisis residential services, including funding for children who are Medi-Cal beneficiaries and who are admitted to a children's crisis residential program."

## **Children’s Crisis Residential Programs**

Assembly Bill (AB) 501 (Chapter 704, Statutes of 2017) authorized the California Department of Social Services (CDSS) to license a Short-Term Residential Therapeutic Program (STRTP) to operate as a CCRP and authorized the Department of Health Care Services (DHCS) to approve the children’s crisis residential mental health program at the CCRP. CCRPs serve children experiencing mental health crises as an alternative to psychiatric hospitalization.<sup>2</sup> CCRPs are a type of community care facility, and are, by definition, non-medical residential facilities.<sup>3</sup>

## **Federal Reimbursement for Children’s Crisis Residential Programs**

The federal government will reimburse California for eligible costs incurred to provide Medicaid covered services to Medi-Cal beneficiaries. CCRPs provide Medicaid covered services, primarily crisis residential treatment services. Eligible costs for crisis residential treatment services are costs for direct practitioners, medical equipment, medical supplies, and overhead; eligible costs do not include room and board.<sup>4</sup>

Costs incurred for room and board in a CCRP are not eligible for federal reimbursement. CMS only provides federal funding for room and board for “inpatient services” provided in medical facilities.<sup>5</sup> Inpatient services include hospital inpatient services<sup>6</sup>, nursing facility services<sup>7</sup>, intermediate care facility services<sup>8</sup>, and inpatient psychiatric services for individuals under age 21.<sup>9</sup> CCRPs are not medical facilities and are not hospitals, nursing facilities, or intermediate care facilities. States may provide inpatient psychiatric services for individuals under age 21 in a psychiatric hospital or a psychiatric facility, including a psychiatric residential treatment facility (PRTF), which meet certain criteria.<sup>10</sup> A CCRP is not a psychiatric hospital and DHCS has determined in consultation with the Centers for Medicare and Medicaid Services that a CCRP would not meet the criteria to qualify as a “psychiatric facility” or for the State to certify it as a PRTF.

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<sup>2</sup> Health and Safety Code Section 1502, subdivision (a)(21).

<sup>3</sup> Health and Safety Code, Section 1502, subdivision (a)(21).

<sup>4</sup> State Plan Amendment 09-004, pages 25-25.1 and 25.11; Title 9, California Code of Regulations, Sections 1840.312(e), 1840.320(b)(2).

<sup>5</sup> See 42 USC 1396b (does not cover room and boards as a separate, coverable benefit); Title 42, Code of Federal Regulations, Section 440.2 (room and board covered in the definition of inpatient). This reflects a longstanding CMS policy. See *State of Texas v. HHS*, 1995 WL 18227494 and SMD #18-011, page 13.

<sup>6</sup> Title 42, Code of Federal Regulations, Section 440.10.

<sup>7</sup> See Title 42, Code of Federal Regulations, Section 440.40(a)(i); See Also Title 42, Code of Federal Regulations, Section 409.31(b)(3).

<sup>8</sup> Title 42, Code of Federal Regulations, Section 440.150.

<sup>9</sup> Title 42, Code of Federal Regulations, Section 440.160.

<sup>10</sup> Title 42, Code of Federal Regulations, Section 440.160, 441.151.

Counties are responsible to pay for the cost of room and board when a CCRP admits a Medi-Cal beneficiary. Counties may pay for the cost of room and board with funds the county receives from the State to provide community mental health services through 1991 realignment or the Mental Health Services Act (MHSA).

### **1991 Realignment Funds**

In 1991, through the Bronzan-McCorquodale Act, the Legislature realigned responsibility for the provision of community mental health services to counties,<sup>11</sup> and provided a dedicated funding source (sales tax and vehicle license fee revenues) for this purpose. The Legislature intended for Counties to use this funding to provide community residential treatment programs,<sup>12</sup> including short-term crisis programs,<sup>13</sup> as well as the cost of room and board and 24-hour care and supervision,<sup>14</sup> to target populations.<sup>15</sup> The target populations include seriously emotionally disturbed children.<sup>16</sup> Accordingly, counties may use 1991 Realignment funds to pay for crisis residential treatment services, room and board and 24-hour care and supervision for eligible persons, including Medi-Cal beneficiaries, in an STRTP operating as a CCRP.

### **Mental Health Services Act**

In 2004, the California voters enacted MHSA by passing Proposition 63. Proposition 63 established a one percent tax on personal income above one million dollars<sup>17</sup>. Counties receive a monthly distribution of revenue collected from this income tax to provide prevention and early intervention services, community mental health services and supports, and to develop innovative mental health programs. Counties must spend these funds consistent with a plan prepared pursuant to a stakeholder process, approved by their Board of Supervisors, and submitted to DHCS and the Mental Health Services Oversight and Accountability Commission.

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<sup>11</sup> W&I Section 5600, subdivision (a).

<sup>12</sup> W&I Sections 5670, 5600.4, subdivision (f).

<sup>13</sup> W&I Section 5671, subdivision (a). [Community residential treatment programs include a “short-term crisis residential alternative to hospitalization for individuals experiencing an acute episode or crisis.....”].

<sup>14</sup> W&I Section 5600.4, subdivision (i).

<sup>15</sup> W&I Section 5600.3.

<sup>16</sup> W&I Section 5600.3. Section 5600.3 defines the target population to include “minors under the age of 18 years” (subdivision (a)(2)) and adults (subdivisions (b)(1), (c)).

<sup>17</sup> Revenue and Taxation Code, Section 17043.

Counties may pay the cost of crisis residential treatment services and room and board provided in a CCRP to children under the Full Service Partnership service category of the Community Services and Supports Component.<sup>18</sup> Counties may pay the cost of crisis residential treatment services, but not the cost of room and board, under the General Service Development service category of the Community Services and Supports Component.<sup>19</sup>

### **Summary**

Counties may use various funding sources, as appropriate, but regardless of the funding sources, counties are responsible for paying for crisis residential treatment services and for room and board in CCRPs for Medi-Cal beneficiaries. Questions regarding this Information Notice may be directed to the DHCS Mental Health Services Division, County Support Unit Liaison for your county. A current list of county assignments can be found at this [link](#).

Sincerely,

Original signed by

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

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<sup>18</sup> Title 9, California Code of Regulations, Section 3620, subsection (a)(1)(A)(ix), (a)(1)(B)(i), (iii).

<sup>19</sup> Title 9, California Code of Regulations, Section 3630, subsection (b)(1)(H).