

**COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH**

**F A C T S H E E T**

**APPROVAL OF PAYMENTS TO TWO FEE-FOR-SERVICE NETWORK  
PROVIDERS TO RESOLVE DISPUTED CLAIMS  
FOR FISCAL YEARS 2005-06, 2006-07, AND 2007-08  
(ALL SUPERVISORIAL DISTRICTS)  
(3 VOTES)**

**SUBJECT**

Disbursement of additional payments to two Fee-For-Service Network Providers to resolve disputed provider claims for Fiscal Years 2005-06, 2006-07, and 2007-08, via the Department's Alternate Dispute Resolution process. The additional payments, when combined with prior payments to resolve these denied claims, would exceed the maximum allowable limit of \$5,000 per provider per fiscal year delegated to the Department by this resolution process.

**REQUEST**

Approve and authorize the Director of Mental Health or his designee to disburse \$5,080 to Memorial Counseling Associates Medical Group, Inc. (MCAMG), and \$4,200 to Jill Schmidt, Nurse Practitioner (Schmidt), Department of Mental Health (DMH or Department) Fee-For-Service (FFS) Network Providers to resolve disputed claims for reimbursement.

**PURPOSE/JUSTIFICATION**

The recommended action will enable DMH to disburse the outstanding balance totaling \$9,280 to MCAMG and Schmidt, for Fiscal Years (FY) 2005-06, 2006-07, and 2007-08, in accordance with the final outcome of the review of these claims under the DMH Alternate Dispute Resolution (ADR) process.

On May 14, 2002, your Board delegated authority to DMH to resolve disputes related to small claims for FYs 1998-99 and 1999-00 and thereafter, as long as the aggregate sum of such resolution for any one contractor did not exceed \$5,000 in a fiscal year. The ADR process is a manual procedure that offers FFS Network Providers a method to obtain reimbursement for disputed claims that exceed the six-month Medi-Cal billing limitation. ADR disbursements that exceed \$5,000 per provider per fiscal year require Board approval for disbursement authority.

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The total settlements amounts for MCMAG and Schmidt, including both payments paid earlier to these providers and these additional payments, will exceed the maximum allowable limit of \$5,000 per provider per fiscal year via the ADR process.

DMH received and previously settled small claims from MCAMG and Schmidt with payments of \$5,000 to each provider. However, MCAMG and Schmidt continued to dispute that resolution and claimed they should receive an amount exceeding the \$5,000, because of the untimely delay in configuring the nurse practitioner (NP) taxonomy in the Department's claims processing system.

The genesis of this problem started over 10 years ago when DMH first created specialized codes and associated procedures for FFS Medi-Cal managed care, when it assumed responsibility from the State as the fiscal intermediary for Medi-Cal specialty mental health services. At that time, DMH did not include NPs in the group of disciplines for which reimbursement would be approved for services rendered to patients 21 years of age and older. That decision was made because NPs, as nurses, could bill the services under existing codes for nurses.

After the State Department of Mental Health terminated the acceptance of non-HIPAA (Health Insurance Portability and Accountability Act) compliant electronic claim submission on June 30, 2006, and all providers were required to submit claims through DMH's billing system (Integrated System [IS]), DMH became aware that providers could no longer submit claims and receive reimbursement for NP services. A HIPAA-compliant claim requires a specialized code (taxonomy code) that identifies a clinician's discipline and is tied to a rate for services provided. The IS was not configured with the NPs' taxonomy code because of the previous decision by DMH, as mentioned above. Therefore, claims submitted by MCAMG and Schmidt for the NPs with service dates from January 1, 2006 and forward were initially denied.

### **BACKGROUND**

On August 7, 2007, DMH completed the necessary changes to the IS including configuration of the NP taxonomy, which allows NPs to submit claims and be reimbursed for services. Therefore, this issue is no longer a problem for DMH, as all NPs in the FFS Network are able to submit claims electronically and receive timely reimbursements.

On August 8, 2007, MCAMG and Schmidt, accepted DMH's offer to retrieve all outstanding NP claims during the period January 1, 2006 through August 24, 2007, and enter the data at DMH. State Medi-Cal rules allow FFS Network Providers to

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submit claims after the six-month billing limit and up to one-year from the service date with a valid late code. For this reason, the providers' claims which contained service dates in FYs 2005-06, 2006-07 and 2007-08 were impacted. Claims that were previously paid as part of the \$5,000 payment via the ADR process were excluded from this later process.

DMH completed its last claim submission, reconciliation of claims, and payment disbursement via the ADR process for MCAMG and Schmidt in December 2007.

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