

COUNTY OF LOS ANGELES – DEPARTMENT OF MENTAL HEALTH

F A C T S H E E T

APPROVAL OF REQUEST TO DISBURSE PROVISIONAL PAYMENTS TO FEE-FOR-SERVICE PROVIDER OF SPECIALTY MENTAL HEALTH SERVICES FOR FISCAL YEAR 2003-2004

**(ALL SUPERVISORIAL DISTRICTS)
(3 VOTES)**

REQUEST:

Authorize the Director of Mental Health or his designee to prepare, sign and execute amendments, to provide disbursement of provisional payments to Fee-For-Service Specialty Mental Health Providers (FFS Providers) from October 16, 2003 until the Department of Mental Health's (DMH) Integrated System (IS) is fully functional. This will allow DMH to make provisional payments to FFS Providers pending State adjudication of their claims and ensure that these providers receive adequate cash flow while DMH continues its efforts to implement the Health Insurance Portability and Accountability Act (HIPAA) compliance IS. The Amendment will be effective October 16, 2003 until the IS is fully functional.

CONTRACTORS:

The State Department of Mental Health (SDMH) entered into contract with DMH to implement and administer Mental Health Managed Care for Medi-Cal eligible residents of Los Angeles County under the Local Mental Health Plan (LMHP).

On June 1, 1998 upon Board approval, the County of Los Angeles implemented Phase II consolidation of Fee-For-Service Medi-Cal Specialty Mental Health Services as the LMHP by entering into Agreement with individual and group providers of specialty mental health services.

INTENT:

Board approval of contract amendments with FFS Providers will allow DMH to make provisional payments to FFS Providers pending State adjudication of their claims providing them with much needed cash flow to continue uninterrupted services to consumers. The provisional payment shall be from October 16, 2003 until the IS is fully functional.

JUSTIFICATION:

In 1996 HIPAA was signed into Federal law. On October 16, 2003, DMH's HIPAA compliant IS was to be implemented. FFS Providers were to be paid upon State's approval of their claims submitted both in electronic and manual formats. However, due

to delays in: 1) the implementation of DMH's IS; 2) the State's certification that DMH has successfully transmitted HIPAA compliant claims; and 3) the State's ability to accept HIPAA compliant claims for adjudication. The State has yet to process any HIPAA compliant claims. This lapse in State approvals and non-payment of claims to FFS Providers has created cash flow problems.

DMH will use existing appropriation to finance the provisional payments, which are included in the Adopted Budget. Given that, Federal Financial Participation (FFP) Medi-Cal funds will not be received from the State, until the State is able to approve HIPAA compliant claims, the appropriation used will be financed with County General Funds (CGF). CGF will be repaid to the County upon receipt of FFP Medi-Cal funds from the State for the services provided. State funds allocated via Contract No. 03-73029-00 between SDMH and DMH have been received from the State and have been recognized as revenue to mitigate the use of the CGF. The Department's Adjusted Allowance for Fiscal Year 2003-2004 includes \$67,456,000 in State allocation funds for this program and reflects the maximum amount to be paid to all service providers. There will be no net County cost, since the CGF disbursed to FFS Providers will be repaid with State allocated funds and FFP Medi-Cal funds.

CONTRACTING PROCESS:

DMH shall amend FFS Provider agreements in order to maintain current service levels pending final implementation of DMH's IS.