July 22, 2014

Marin County Board of Supervisors
3501 Civic Center Drive
San Rafael, CA  94903

SUBJECT:  Department of Health and Human Services, Division of Mental Health and Substance Use Services (MHSUS) requests adoption of a Resolution revising the Schedule of Charge Rates for community mental health system of care services for FY 2014-15.

Dear Supervisors:

RECOMMENDATION: Authorize President to adopt a Resolution revising the rate/charge schedule for the community mental health system of care treatment services for FY 2014-15 provided by the Division of Mental Health and Substance Use Services (MHSUS).

SUMMARY: MHSUS conducted a fee analysis that indicates the current charge rates for mental health services system of care are below the projected cost of services for FY 2014-15. The analysis was based on the latest mental health cost report, adjusted by 3.5% increase each fiscal year based on average percentage of historical cost increases in the past fiscal years. The current rate schedule for MHSUS was approved on July 30, 2013. The proposed rate revision ensures that the MHSUS maximizes its Medi-Cal and other health coverage revenues.

Please note that very few mental health clients will actually pay the rates reflected in the revised rate schedule. The State requires that clients who are not full scope Medi-Cal or are not insured by other health benefits be charged on a State established sliding fee schedule, based on income, family size, and other factors which determine a client’s ability to pay.

COMMUNITY BENEFIT: The rates adjustment will allow MHSUS to maximize potential revenues from Medi-Cal and other health coverage.

FISCAL/STAFFING IMPACT: The proposed rate adjustments will not impact the majority of clients as they will continue to be charged based on a State-established sliding fee schedule. The proposed rate adjustments, which more accurately reflects the cost of services, ensure MHSUS maximizes its Medi-Cal reimbursement from the State through its annual cost report process. As the cost settlement process operates several fiscal years in arrears, there will not be a FY 2014-15 revenue increase associated with the proposed rate change. MHSUS will work with the CAO to make the appropriate adjustments should additional revenue be received in a future fiscal year. There is no increase in net County cost associated with this request.
Sincerely,

Larry Meredith, Ph.D.
Director