Agenda Date: 6/19/2007
Agenda Placement: 6N

NAPA COUNTY BOARD OF SUPERVISORS
Board Agenda Letter

TO:	Board of Supervisors
FROM:	Shelli Brobst for Randolph F. Snowden - Director Health & Human Services
REPORT BY:	Shelli Brobst, Contracts Analyst, 253-4720
SUBJECT:	Budget Transfer for the Mental Health Department

RECOMMENDATION

Director of Health and Human Services requests approval of Budget Transfer No. 72 appropriating $104,493 in the Mental Health budget with offsetting revenues from the Managed Care Trust to fund Fiscal Year 2003-2004 and Fiscal Year 2004-2005 disallowed Short-Doyle/Medi-Cal claims for Fee-For-Service providers. (4/5 vote required)

EXECUTIVE SUMMARY

Approval of the requested action will increase HHSA's budgeted revenue with funds from the Managed Care Trust. The additional revenues will be used for the repayment of the cost of disallowed Short-Doyle/Medi-Cal approved claims for Fee-For-Service providers for Fiscal Years 2003-2004 and 2004-2005.

FISCAL IMPACT

Is there a Fiscal Impact?	Yes
Is it currently budgeted?	No
What is the revenue source?	Mental Health - Managed Care Trust
Is it Mandatory or Discretionary?	Mandatory
Is the general fund affected?	No
Future fiscal impact:	None
Consequences if not approved:	Repayment to the State is a mandated activity. If this action is not approved, HHSA will be unable to repay the cost of disallowed Short-Doyle/Medi-Cal approved claims for Fee-For-Service providers for Fiscal Years 2003-2004 and 2004-2005 from the managed care trust. Instead, the funds would have to be

taken from HHSA's current year operating budget. The County annually receives a managed care allocation from the State, to be used by the County to provide mental health services to Medi-Cal clients. The managed care allocation is placed in the managed care trust. Since the funds in the trust are intended to be used for managed care services, it is appropriate that the funds for the payback should be taken from the trust.

Additional Information: During the course of a fiscal year, if HHSA discovers any Short-Doyle/Medi-Cal billing errors, the procedure for paying the State back is to use the State's electronic Disallow Claim System (DCS), and the payback is simply subtracted from HHSA's current year revenue. Later, the actual costs for that fiscal year are reconciled and settled through the Mental Health Cost Report (MHCR).

In this case, the costs for the two prior years (Fiscal Years 2003-2004 and 2004-2005) have already been settled with the State. The settled costs were lower than the Short-Doyle/Medi-Cal rate that we billed, and HHSA paid back the excess to the State at settlement. If we now disallowed these claims through the DCS system, the system would subtract revenue based on the billed amount, which is too high. Therefore, HHSA is sending a check for the actual costs owed to the State for the disallowed claims.

ENVIRONMENTAL IMPACT

ENVIRONMENTAL DETERMINATION: The proposed action is not a project as defined by 14 California Code of Regulations 15378 (State CEQA Guidelines) and therefore CEQA is not applicable.

BACKGROUND AND DISCUSSION

During the course of an internal audit, HHSA discovered that some Short-Doyle/Medi-Cal claims for services performed by Fee-For-Service providers were submitted to the State without adequate documentation of client participation in the client plan. This documentation is required under the *Reasons for Recoupment* issued by the California Department of Mental Health. Approval of the requested action will enable HHSA to repay the State for the actual cost of these settled claims.

SUPPORTING DOCUMENTS

None

CEO Recommendation: Approve

Reviewed By: Lorenzo Zialcita