

File No. 130261

Committee Item No. 6

Board Item No. \_\_\_\_\_

## COMMITTEE/BOARD OF SUPERVISORS

### AGENDA PACKET CONTENTS LIST

Committee: Budget and Finance Committee

Date: 05/8/2013

Board of Supervisors Meeting

Date: \_\_\_\_\_

#### Cmte Board

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| <input type="checkbox"/>            | <input type="checkbox"/> | Motion                                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Resolution                                   |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Ordinance                                    |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Digest                           |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Budget and Legislative Analyst Report        |
| <input type="checkbox"/>            | <input type="checkbox"/> | Legislative Analyst Report                   |
| <input type="checkbox"/>            | <input type="checkbox"/> | Youth Commission Report                      |
| <input type="checkbox"/>            | <input type="checkbox"/> | Introduction Form (for hearings)             |
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | Department/Agency Cover Letter and/or Report |
| <input type="checkbox"/>            | <input type="checkbox"/> | MOU  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Information Form                       |
| <input type="checkbox"/>            | <input type="checkbox"/> | Grant Budget                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Subcontract Budget                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Contract/Agreement                           |
| <input type="checkbox"/>            | <input type="checkbox"/> | Form 126 – Ethics Commission                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Award Letter                                 |
| <input type="checkbox"/>            | <input type="checkbox"/> | Application                                  |
| <input type="checkbox"/>            | <input type="checkbox"/> | Public Correspondence                        |

OTHER (Use back side if additional space is needed)

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Completed by: Victor Young

Date May 3, 2013

Completed by: Victor Young

Date \_\_\_\_\_

1 [Health Code - Retroactive Increase in Patient Rates for Certain Mental Health Services]

2  
3 **Ordinance amending the Health Code Section 128, to retroactively increase patient**  
4 **rates charged for certain mental health services.**

5 NOTE: Additions are *single-underline italics Times New Roman*;  
6 deletions are ~~*strike-through italics Times New Roman*~~.  
7 Board amendment additions are double-underlined;  
8 Board amendment deletions are ~~strikethrough normal~~.  
9 Asterisks (\* \* \* \*) indicate the omission of unchanged Code provisions.

10 Be it ordained by the People of the City and County of San Francisco:

11 Section 1. The Planning Department has determined that the actions contemplated in  
12 this ordinance comply with the California Environmental Quality Act (California Public  
13 Resources Code Section 21000 et seq.). Said determination is on file with the Clerk of the  
14 Board of Supervisors in File No. 130261 and is incorporated herein by reference.

15 Section 2. The rates for certain mental health services are retroactive to reflect the  
16 State's increases in reimbursement for these services.

17 Section 3. The Health Code is hereby amended by amending Section 128, to read as  
18 follows:

19 **SEC. 128. PATIENT RATES.**

20 (a) The Board of Supervisors of the City and County of San Francisco does hereby  
21 determine and fix the proper reasonable amounts to be charged persons for services  
22 furnished by the Department of Public Health as follows, which rates shall be effective for  
23 services delivered as of July 1, 2012 through June 30, 2014.

24 \* \* \* \*

1	TYPE OF SERVICE	UNIT	AMOUNT	
			2012-13	2013-14
2				
3	* * * *			
4	POPULATION HEALTH & PREVENTION			
5	Community Mental Health Services			
6	24 – Hour Service			
7	Inpatient	24 Hours	4,777	5,255
8	Skilled Nursing	24 Hours	1,580	1,738
9	Psychiatric Health Facility (PHF)	24 Hours	739	783
10	Crisis Residential	24 Hours	431	457
11	Residential	24 Hours	210	222
12	Day Services			
13	Day Rehabilitation	Full Day	165	166
14	Day Rehabilitation	Half Day	106	107
15	Day Treatment Intensive	Full Day	255	257
16	Day Treatment Intensive	Half Day	181	183
17	Day Treatment Intensive (Children)	Full Day	372	375
18	Day Treatment Intensive (Children)	Half Day	266	269
19	Crisis Stabilization	Hour	226	248
20	Socialization	Hour	54	54
21				
22				
23				
24				
25				

1 Outpatient Services

2 Case Management Brokerage	Hour	<del>154</del> <u>185</u>	<del>155</del> <u>185</u>
3 Mental Health Services	Hour	<del>202</del> <u>245</u>	<del>204</del> <u>245</u>
4 Therapeutic Behavioral Services	Hour	<del>202</del> <u>245</u>	<del>204</del> <u>245</u>
5 Medication Support	Hour	<del>361</del> <u>475</u>	<del>364</del> <u>475</u>
6 Crisis Intervention	Hour	<del>302</del> <u>375</u>	<del>305</del> <u>375</u>

7 Other Services Special Price List

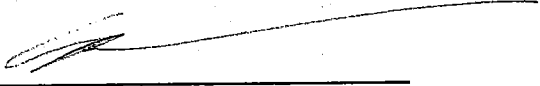
8 \* \* \* \*

9  
10 Section 4. Effective Date. This ordinance shall become effective 30 days from the  
11 date of passage.

12 Section 5. Scope of Ordinance. In enacting this ordinance, the Board of Supervisors  
13 intends to amend only those words, phrases, paragraphs, subsections, sections, articles,  
14 numbers, letters, punctuation marks, charts, diagrams, or any other constituent parts of the  
15 Health Code that are explicitly shown in this ordinance as additions, deletions, Board  
16 amendment additions, and Board amendment deletions in accordance with the "Note" that  
17 appears under the official title of the ordinance.

18  
19 APPROVED AS TO FORM:  
20 DENNIS J. HERRERA, City Attorney

21 By:

22   
23 ALEETA M. VAN RUNKLE  
24 Deputy City Attorney

25 n:\health\as2013\1300317\00831794.doc

**LEGISLATIVE DIGEST**

[Health Code - Retroactive Increase in Patient Rates for Certain Mental Health Services]

**Ordinance amending the Health Code to retroactively increase patient rates charged for mental health care.**

Existing Law

Section 128 of the Health Code sets the reasonable amounts to be charged to persons for services furnished by the Department of Public Health.

Amendments to Current Law

The proposed amendments to Section 128 increase certain rates retroactively to reflect the State's change in methodology for calculating reimbursements for certain mental health services.

Background Information

Patient rates are being revised mid-fiscal year due to a change in the rate methodology used by the State to reimburse Short Doyle Medi-Cal mental health services. In the past, Short Doyle Medi-Cal mental health services were capped at a State Maximum Allowed (SMA) reimbursement. The Department of Health Care Services recently published a new rate methodology using county-specific interim reimbursement rates which are based on historical costs. Interim rates for San Francisco for outpatient mental health services are significantly higher than the prior year SMA. As a result, the patient rates for these services require amendment for fiscal years 2012-13, and 2013-2014, retroactive to July 1, 2012. Patient rates are the Usual and Customary Rates (UCR) used for Community Behavioral Health Services.

**Item 6**  
**File 13-0261**

**Department:**  
Department of Public Health (DPH)

## EXECUTIVE SUMMARY

### Legislative Objectives

- The proposed ordinance would retroactively amend Section 128 of the City's Health Code to allow the City, through the Department of Public Health (DPH) to (a) charge the State higher reimbursement rates in FY 2012-13 and FY 2013-14 for outpatient mental health services, and (b) be consistent with the State's recently revised reimbursement method.

### Key Points

- The State reimburses DPH for mental health services provided to Short-Doyle Medi-Cal beneficiaries. In October, 2011, the Governor signed AB 1297, which changed the method by which the State sets reimbursement rates. The new method allows DPH to claim reimbursement for the lesser amount of (1) DPH's actual incurred costs or (2) the Upper Payment Limit, which is a federally-defined reimbursement cap imposed at the state level. As a result of the change, DPH can claim a higher reimbursement from the State.
- DPH is eligible for reimbursement for mental health services under the new reimbursement methodology, retroactive to July 1, 2012. Because DPH will not know its actual cost for providing these services until 18 months after the end of the fiscal year, DPH may file claims at the interim reimbursement rate, which will subsequently be reconciled based on DPH's actual costs.

### Fiscal Impact

- The proposed ordinance would increase outpatient mental health service reimbursement rates by between 20.1 and 31.6 percent.
- DPH estimates that the proposed ordinance would increase the amount that the State will reimburse the Department by approximately \$1,323,321 or 17.5 percent in FY 2012-13, from \$7,555,277 under the prior rates to \$8,878,598 under the new rates.

### Recommendation

- Approve the proposed ordinance.

## MANDATE STATEMENT / BACKGROUND

### Mandate Statement

In accordance with Section 2.105 of the City's Charter, any amendments to the City's Health Code are subject to approval by ordinance of the Board of Supervisors.

### Background

The State reimburses the City, through the Department of Public Health (DPH), for outpatient mental health services provided to Short-Doyle Medi-Cal beneficiaries<sup>1</sup>. Prior to FY 2012-13, DPH could not claim more than the State Maximum Allowed (SMA) which is less than DPH's actual costs of providing these services.

In October 2011, the State enacted AB 1297, which requires the State Department of Health Care Services (DHCS) to reimburse DPH at a rate that more closely approximates the actual costs incurred by DPH.

The new annual State reimbursement method allows DPH to claim reimbursement for the lesser amount of (1) DPH's actual incurred costs or (2) the Upper Payment Limit (UPL), which is a federally-defined reimbursement cap imposed at the State level.<sup>2</sup>

DPH is eligible for State reimbursement for outpatient mental health services under the new reimbursement method, retroactive to July 1, 2012. Because DPH will not know its actual cost for providing these services until 18 months after the end of the fiscal year, DPH will file claims using the State's interim reimbursement rate in FY 2012-13 and FY 2013-14.

The State has published interim rates for each county, which are based on a reasonable approximation of the counties' actual costs.<sup>3</sup> The State will reconcile the difference between the interim claims submitted by DPH based on these rates and DPH's actual costs after the close of the fiscal year.

### DETAILS OF PROPOSED LEGISLATION

The proposed ordinance would amend Section 128 of the City's Health Code retroactive to July 1, 2012 to allow DPH to charge the State DHCS higher reimbursement rates in FY 2012-13 and FY 2013-14 for outpatient mental health services, consistent with the interim rates established by the State. The State notified DPH of the revised reimbursement methodology in August 2012. According to Ms. Anne Okubo, DPH Deputy Financial Officer, DPH is only now submitting legislation to the Board of Supervisors to increase DPH rates for outpatient mental health services because DPH was waiting for additional, official guidance from the State DHCS. DPH is submitting the ordinance now to codify the rates in Section 128 of the City's Health Code before the close of the fiscal year.

Table 1 below summarizes the proposed reimbursement rates to be paid to the City for the City's provision of outpatient mental health services.

<sup>1</sup> The State enacted the Short-Doyle Act in 1956. As a result, local governments are eligible for a 50 percent reimbursement on costs of providing services to people with mental health issues. The State reimburses the City using Medi-Cal funds, which is the State's Medicaid pass-thru program. The overall effect is a Federal reimbursement to local governments for mental health service costs.

<sup>2</sup> Since the UPL method was previously not applied to mental health services, the DPH does not know what its UPL will be.

<sup>3</sup> When the claim for reimbursement is for a service provided by a contract provider, DPH must pay the contractor prior to submitting the claim for reimbursement to the State.

**Table 1: Proposed FY 2012-13 and FY 2013-14 Reimbursement Rate Funding From State for Costs of Providing Outpatient Mental Health Services**

<b>FY 2012-2013</b>				
<b>Outpatient Services</b>	<b>Current Rate / Hour</b>	<b>Proposed Rate / Hour</b>	<b>Increase Amount</b>	<b>Percent Change</b>
Case Management Brokerage	\$154	\$185	\$31	20.1%
Mental Health Services	202	245	43	21.3%
Therapeutic Behavioral Services	202	245	43	21.3%
Medication Support	361	475	114	31.6%
Crisis Intervention	\$375	\$375	-	0.0%
<b>FY 2013-2014</b>				
<b>Outpatient Services</b>	<b>Current Rate / Hour</b>	<b>Proposed Rate / Hour</b>	<b>Increase Amount</b>	<b>Percent Change</b>
Case Management Brokerage	\$155	\$185	\$30	19.4%
Mental Health Services	204	245	41	20.1%
Therapeutic Behavioral Services	204	245	41	20.1%
Medication Support	364	475	111	30.5%
Crisis Intervention	\$305	\$375	\$70	23.0%

**FISCAL IMPACT**

Based on the State's new interim reimbursement rates, DPH would realize estimated increased FY 2012-13 revenues of \$1,323,321, as shown in Table 2 below.

**Table 2: Estimated FY 2012-13 Increase in Revenues If Proposed Ordinance is Approved**

<b>Outpatient Services</b>	<b>Current Estimated Revenues Under State Reimbursement Rate</b>	<b>Proposed Estimated Revenues</b>	<b>Estimated New State Revenues</b>	<b>Percent Change</b>
Case Management Brokerage	\$1,655,139	\$ 1,934,579	\$ 279,439	16.9%
Mental Health Services	3,324,794	3,831,743	506,949	15.2%
Therapeutic Behavioral Services	-	-	-	-
Medication Support	2,287,007	2,805,227	518,219	22.7%
Crisis Intervention	288,337	307,050	18,713	6.5%
<b>Total</b>	<b>\$7,555,277</b>	<b>\$8,878,599</b>	<b>\$1,323,320</b>	<b>17.5%</b>



Ms. Okubo advises that the State DHCS may increase the interim FY2012-13 reimbursement rate again prior to the end of the fiscal year.

Approving the proposed resolution would result in maximizing State reimbursements to DPH for outpatient mental health services. DPH will request Board of Supervisors funding approval for any future increases to State reimbursement rates.

### **RECOMMENDATION**

Approve the proposed ordinance.

BOARD of SUPERVISORS



City Hall  
Dr. Carlton B. Goodlett Place, Room 244  
San Francisco 94102-4689  
Tel. No. 554-5184  
Fax No. 554-5163  
TDD/TTY No. 554-5227

# MEMORANDUM

TO: Planning Department  
Environmental Review Officer

FROM: Angela Calvillo, Clerk of the Board *by mj*

DATE: April 2, 2013

SUBJECT: REFERRAL FROM BOARD OF SUPERVISORS  
Budget and Finance Committee

The Board of Supervisors Budget and Finance Committee has received the following, which is being referred to the Planning Department for determination as to whether the proposed legislation and fee increase will impact the environment.

**Please provide your findings within 10 days from the date of referral.**

**File: 130261**

Ordinance amending the Health Code, Section 128, to retroactively increase patient rates charged for certain mental health services.

Please return this cover sheet with the Commission's response to Victor Young, Clerk, Budget and Finance Committee.

- c: Monica Pereira, Environmental Planning
- Joy Navarrete, Environmental Planning

\*\*\*\*\*

RESPONSE FROM PLANNING DEPARTMENT - Date: April 4, 2013

- No Comment
- Recommendation Attached

*Statutory Exemption  
pursuant to CEQA  
Guide Lines Section 15293,  
"Rates, Dols, Fees and  
Charges."*

*Marnie R. Farrell for*  
Sarah Jones, Environmental Review Officer

OFFICE OF THE MAYOR  
SAN FRANCISCO



EDWIN M. LEE  
MAYOR

TO: Angela Calvillo, Clerk of the Board of Supervisors  
FROM: *for* Mayor Edwin M. Lee *EL*  
RE: Health Code - Retroactive Increase in Patient Rates for Certain Mental Health Services  
DATE: March 19, 2013

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Attached for introduction to the Board of Supervisors is the ordinance amending the Health Code to retroactively increase patient rates charged for certain mental health services.

I request that this item be calendared in Budget and Finance Committee.

Should you have any questions, please contact Jason Elliott (415) 554-5105.

RECEIVED  
BOARD OF SUPERVISORS  
SAN FRANCISCO

2013 MAR 19 PM 2:17

13026/v

