

Bulletin ID: No. 45 - Authorization of Local Dollar Services

In the ongoing effort to improve system responsiveness and to address barriers to payment, the Department of Mental Health (DMH) has been evaluating all aspects of the claims reimbursement operation. One critical disconnect is the level of authorizations for local services versus the amount claimed for local services.

A system wide analysis of local claims indicates that an overall average of 43% of the dollars authorized by contract providers for local only services have actually been billed and paid out in claims. This is consistent with data from FY 2007 which shows that for Community Support, which is the highest claimed service for the system, an average of 28% of the units authorized by contract providers were actually paid out in claims.

Clearly this data indicates that there are inconsistencies throughout the system between the number of units encumbered and the actual units delivered. While the reasons may be different among providers, they manifest themselves in a number of agencies requesting additional local fund allocations where the data indicates that the real issue is over encumbrance of units of service.

To address this issue, DMH will modify system parameters so that authorization requests will no longer be denied when units exceed provider allocation limits. However, DMH will continue to monitor units against agreement limits. This change will become effective July, 1 2008 and remain in effect until further notice. Please note, providers shall continue to be governed for reimbursement by the amount of their Purchase Orders. The receipt by a provider of a unit of authorization to provide a service shall not constitute a de jure contract, or be used as the basis for payment if it exceeds the amount of operating funds allocated to that provider for that fiscal year.

Providers will have claims rejected for payment if they exceed the amount on their Purchase Order. Therefore, it is the responsibility of the provider to ensure that they are managing the funds that have been allocated to them and that they are claiming for services appropriately. If conditions warrant, DMH has the option to allocate additional funds to providers or to reduce the allocations based on program decisions.

This process will remain in effect until such time as DMH develops more specific guidelines regarding authorization based on the utilization patterns for specific services.

If you have any additional questions, please do not hesitate to contact your Provider Relations representative.

Thank you.