



STATE OF MICHIGAN
DEPARTMENT OF HEALTH AND HUMAN SERVICES
LANSING

RICK SNYDER
GOVERNOR

NICK LYON
DIRECTOR

MEMORANDUM

DATE: March 31, 2017

TO: Community Mental Health Services Program Directors
and Finance Staff

FROM: Farah Hanley *FH* Senior Deputy Director
Financial Operations Administration

SUBJECT: Implementation of New County 10% Billing Process

The Michigan Department of Health and Human Services (MDHHS) began to use a calculated daily rate to meet Section 302 of the Mental Health Code (MHC), effective in Fiscal Year 2012. This change was driven largely by an approximately two-year backlog of billing resulting from a change in the MDHHS billing system. This daily rate and related methodology was intended to be a temporary solution to address the billing challenges at the time. MDHHS subsequently purchased an integrated medical records and billing system, which was implemented in 2015 for all state operated hospitals. This implementation of the new billing system has now positioned MDHHS to revert to the billing methodology that was utilized prior to FY12, effective for all service dates beginning October 1, 2016.

The methodology beginning October 1, 2016 determines actual services provided, applies all payments received from insurances and first party payers such as patients, patients' spouses or parents. Ten percent of the remaining unpaid charges is then billed to the county.

The county 10% billing will be issued to the CMHSP and will include a county breakdown on the billing. Two additional sub reports will be included to provide additional information you may find useful in both understanding and verifying the billing. We will include additional information with your first billing to help you understand the new billing. The new billing will include the following:

- Itemized Billing for Patients by Facility Report
- Monthly Census by County Sub-report
- Patient Leave of Absence List Sub-report

Due to some reorganization and re-alignment of functions, the area of MDHHS that is responsible for your billing will also change beginning October 1, 2016. The Psychiatric Facility Reimbursement Division will now be responsible for your county 10% billing. If you have questions or concern, you may direct them to Richard Miles at MilesR1@michigan.gov or 517-335-8477 or Rosettus Weeks at Weeksr@michigan.gov or 517-284-9340.

cc: Lynda Zeller
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