
Chapter: **DIRECT OPERATED PROGRAM MANAGEMENT FINANCIAL POLICY**
Title: **DETERMINATION OF FINANCIAL LIABILITY**

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Approved by: 

Chief Executive Officer

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I. ABSTRACT

This policy establishes the standards used by the Macomb County Community Mental Health Agency (MCCMH) to determine financial liability for services rendered and the collection of fees for those services.

II. APPLICATION

This policy shall apply to all directly-operated providers of the MCCMH Board

III. POLICY

It is the policy of the MCCMH Board of Directors that a Responsible Party's financial liability is determined in accordance with the Michigan Mental Health Code, Act 258, 1974, as amended.

IV. DEFINITIONS

A. Ability to Pay

The ability of a Responsible Party to pay for the cost of services, that are not covered by insurance benefits.

B. Ability to Pay Determination

The assessment that determines a Responsible Party's financial liability, according to the Mental Health Code and Administrative Rules when they are not using Medicaid, Healthy Michigan Plan, or MIChild. The Ability to Pay Determination involves an Initial Fee Determination, an Annual Fee Determination, and a New Determination, as applicable.

C. Cost of Services

The total operating and capital costs incurred by the Michigan Department of Health and Human Services or a community mental health services program with respect to, or on behalf of, an individual. Cost of services does not include the cost of research programs or expenses of state or county government unrelated to the provision of mental health services.

D. **Financial Determination**

The documented result of the financial liability analysis.

E. **Financial Liability / Ability to Pay**

The Responsible Party's Ability to Pay for the cost of services, provided to an Individual, that are not met by Insurance Benefits.

F. **Full Financial Review/Income Analysis (Residential/Non-Residential)**

The form(s) used to assess a Responsible Party's Ability to Pay.

G. **Individual**

The person who receives services from the Michigan Department of Community Health and Human Services, or from a community mental health services program, or from a provider under contract with the department or a community mental health services program.

H. **Insurance Authorization Form**

The form used to submit and verify insurance information.

I. **Insurance Benefits**

Payments made in accordance with insurance coverage for the cost of health care services provided to an individual.

J. **Insurance Coverage**

Any policy, plan, program, or fund established or maintained for the purpose of providing for its participants or their dependents medical, surgical, or hospital benefits. Insurance coverage includes, but is not limited to, Blue Cross, Medicaid, Medicare, and Healthy Michigan Plan.

K. **Residential Services**

Twenty-four (24) hour dependent care and treatment services provided by adult foster care facilities under contract to the Michigan Department of Community Health and Human Services or a community mental health services program, or provided directly by a community mental health services program.

L. **Responsible Party**

A person who is financially liable for services furnished to the Individual.

V. **STANDARDS**

A. **Right to Services**

Required services shall be provided to each Individual without regard to his/her ability to pay.

B. Emergency Services

The process of determining financial liability shall not delay the provision of required emergency mental health services.

C. Annual Determination

Ability to Pay Determinations shall be performed annually for all Individuals receiving services through MCCMH,

D. Only One Ability to Pay

There shall be only one Ability to Pay determination in effect for a Responsible Party at any given time.

E. Order of Financial Liability

Insurance Coverage and Ability to Pay shall be determined in accordance with the following order:

1. An Adult Individual: Financial liability is determined for the individual;
2. A Minor Individual: Financial liability is determined for the individual, and then the individual's parent(s) if the individual's Ability to Pay is less than the cost of services and insurance coverage for the services;
3. A Married Individual: Financial liability is determined jointly for the individual and their spouse.

F. No Undue Burden

A Responsible Party's Ability to Pay shall not create an undue financial burden which materially decreases the standard of living of the Responsible Party or his/her dependents which:

1. Deprives them of necessities; or
2. Deprives them of the financial means to maintain or reestablish the Individual in a reasonable and appropriate community-based setting.

G. Minor as Responsible Party

A minor who is 14 years of age or older and who is seeking treatment under Section 707 of the Michigan Mental Health Code shall be considered as the Responsible Party for the determination of Ability to Pay if the parent(s) is(are) not notified of the treatment.

H. Documentation Required

Each Responsible Party shall provide relevant documentation to support his/her income/expense claims. The failure of a Responsible Party to provide relevant financial information shall result in charges for the full cost of services received.

I. Insurance Coverage

1. Any policy, plan, program, or fund established or maintained for the purpose of providing for its participants or their dependents medical, surgical, or hospital benefits. Insurance coverage includes, but is not limited to, Blue Cross, Medicaid, Medicare, and Healthy Michigan Plan.
2. An Insurance Authorization form must be completed with appropriate signatures

for all Individuals who have Insurance Coverage.

3. When available and applicable, an Individual's insurance company shall be billed in full for services rendered.

J. **Failure to Provide Insurance Information**

A Responsible Party who willfully fails to provide relevant insurance coverage information or who willfully fails to apply for Individual insurance benefits coverage of the cost of the services provided shall be charged the full cost of the service and forgo an Ability to Pay Determination. **(MI Mental Health Code 330.1814)**

K. **Responsible Party Financial Liability**

The Individual who **should** sign the Financial Determination and Insurance Authorization forms and held financially liable for the assessed service fee, and is obligated to provide any required information to MCCMH and all third party payors and cooperate fully with them. **(See also MCCMH MCO Policy 4-010, "Provision and Distribution of Information to Individuals.")** The Responsible Party may be the Individual, his/her legally empowered guardian with responsibilities to manage the Individual's funds on his/her behalf (e.g. a plenary guardian or conservator), his/her spouse, or his/her parent (if the Individual is a minor).

L. **Notification to Individual of Ability to Pay**

At first contact, MCCMH Access Center will inform the Responsible Party that an Ability to Pay Determination will be completed at the first meeting with the MCCMH service provider agency for those consumers not using Medicaid, Healthy Michigan Plan, or MICHild. At the first meeting, the Responsible Party must submit supporting financial documentation.

M. **Completion of Financial Determination**

At the first face-to-face contact with the Individual, the MCCMH service provider agency shall make an appropriate determination of the Responsible Party's Ability to Pay, based on documentation provided. And annually thereafter or if there is a significant change.

***Residential Services** – Full Expense Analysis taking into consideration the adult responsible party's total financial circumstances, including, but not limited to, income, expenses, assets and liabilities

***Supported Housing, Non-residential, Outpatient** – Based on taxable income using Public Mental Health System-Ability to Pay Schedule This shall be made available upon request or upon request using the Full Expense Analysis.

N. **Limitation of Spouse's Ability to Pay**

A Spouse's Ability to Pay shall be limited to 730 days of inpatient or residential services during the lifetime of the individual. After 730 days of an Individual's inpatient or residential services, Ability to Pay shall be determined solely for the Individual.

O. **Calculation of Ability to Pay**

The Responsible Party shall be charged for the cost of all services minus that portion

of insurance benefits received by MCCMH from the insurer or the Individual. The net balance shall be computed based upon the Responsible Party's Ability to Pay up to the Allowed Amount or Reasonable and Customary charge whichever is less.

P. Costs in Excess of Insurance Coverage

Financial liability **that is not** met by Insurance Coverage will result in the Responsible Party being charged the lesser of their Ability to Pay or allowed amount.

Q. One Monthly Ability to Pay Amount

Current Individuals who are provided services at multiple sites or by multiple MCCMH providers shall have only one Ability to Pay fee established.

R. Ability to Pay for Persons Receiving Medicaid

1. An Individual receiving Medicaid services shall not be liable for the cost of services provided if MCCMH denies payment of a claim submitted by a MCCMH service provider.
2. The combined Ability to Pay of all responsible parties for services provided to an Individual determined to have a Medicaid deductible (formerly known as spend-down) cannot exceed their ability to pay or the amount of the deductible, whichever is less.
3. The combined Ability to Pay for all Responsible Parties cannot exceed the Medicaid deductible amount.

S. Exceptions to Ability to Pay Determinations

MCCMH shall comply with an Individual's obligation to pay for services pursuant to a court order issued before the individual presented him/herself for services even if that liability is more than what would have been determined in accordance with the Michigan Mental Health Code.

T. Financial Liability Determination Hearing

Each service provider shall have a formal hearing process for appeals by the Responsible Party of the amount assessed in the Financial Determination. This process must be explained to the responsibility party at the time of the Initial and Annual Determination when the dispute cannot be readily resolved through discussions with the Responsible Party.

A Request for Hearing Form shall be made available to every Responsible Party along with their Financial Determination when requested. Should the appellant disagree they must be informed that they have the right to appeal to the Probate Court of Macomb County.

VI. PROCEDURES

- A. Procedures shall be contained in Provider Manuals.

VII. REFERENCES/ LEGAL AUTHORITY

- A. Chapter 8 of the Michigan Mental Health Code, "Financial Liability for Mental Health Services", 1974 PA 258, as revised.
- B. Part 8 of the MDHHS Administrative Rules, "Financial Liability for Mental Health Services".
- C. MCCMH MCO Policy 4-010, "Provision and Distribution of Information to Individuals".