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Chapter: **FINANCIAL PROCEDURES**  
Title: **DETERMINATION OF FINANCIAL LIABILITY**

Prior Approval Date: 8/06/2009  
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Approved by:  \_\_\_\_\_  
Executive Director Date

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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 and contract network service providers of MCCMH.

## 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.

### B. Ability to Pay Determination

The assessment, for individuals not using Medicaid, Healthy Michigan Plan, or MICHild, that determines a Responsible Party's financial liability according to the Mental Health Code and Administrative Rules. 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 Community Health 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 Review**

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

E. **Financial Determination**

The documented result of the financial liability analysis.

F. **Financial Liability**

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

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

The form(s) used to assess a Responsible Party's Ability to Pay. (See Exhibits A and B.)

H. **Inpatient Services**

Twenty-four (24) hour care and treatment services provided by a state facility or a licensed hospital that exceeds sixty (60) days.

I. **Individual**

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

J. **Insurance Authorization Form**

The form used to submit and verify insurance information.

K. **Insurance Benefits**

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

L. **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.

M. **Patient Pay Amount**

The portion of the Individual's monthly income that goes toward paying for services provided to the Individual.

N. **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 or a community mental health services program, or provided directly by a community mental health services program.

O. **Responsible Party**

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

P. **Adjusted Ability to Pay Determination**

A change in the Ability to Pay Determination that is not based on financial information provided by the Responsible Party. An Adjusted Ability to Pay Determination may be requested by an Individual, a responsible party, or a staff member.

V. **STANDARDS**

A. **Right to Services**

Required services shall be provided to each Individual without regard to his/her ability or inability 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, but are not using Medicaid, Healthy Michigan Plan, or MICHild.

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 the 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. Adjusted Ability to Pay**

An Adjusted Ability to Pay Determination may be made only with the approval of the MCCMH Executive Director or Deputy Director.

**J. Insurance Coverage**

1. An Individual's benefits from insurance coverage are considered a part of the Responsible Party's ability to pay.
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 the service rendered.

**K. 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.

**L. Responsible Party Financial Liability**

The Individual who signs the Financial Determination and Insurance Authorization forms is 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).

**M. 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.

**N. Completion of Financial Determination**

At the first face-to-face contact with the Individual, the MCCMH service provider agency shall make a determination of the Responsible Party's Ability to Pay, based on documentation provided. An Ability to Pay Schedule (Exhibit C) shall be made available upon request.

**O. Failure to Submit Required Documentation and Forms**

An Ability to Pay Determination shall not be processed unless the required documentation and forms are submitted including, by way of example and without limitation, the appropriate Full Financial Review/Income Analysis form and the Insurance Authorization form.

**P. 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.

**Q. 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.

**R. Inpatient Patient-Pay Amount**

Individuals who have Insurance Coverage shall not be charged more than their inpatient patient-pay amount.

**S. 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 the Cost of Services.

**T. One Monthly Ability to Pay Amount**

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

**U. Financial Analysis Documentation**

The Residential Full Financial Review Income/Expense Analysis document is used for residential services. The Fee Determination Information Sheet is used for initial documentation of inpatient services other than psychiatric services less than 61 days and the calculation of minor's ability to pay.

**V. Disputed Ability to Pay Non-Residential**

The non-Residential Full Financial Review Income/Expense Analysis document allows a Responsible Party to comprehensively document his/her Ability to Pay the assessed fee when there is a dispute in the Ability to Pay calculation of inpatient services other than psychiatric services less than 61 days and the calculation of minor's ability to pay.

**W. Respite Services**

1. The Responsible Party's Ability to Pay for respite services, for a full day or any portion thereof, shall be determined by dividing the Ability to Pay amount, as determined from the Ability to Pay Schedule (Exhibit C), by 30 and rounding up to the nearest dollar, but shall not be more than the cost of services.
2. Respite fees charged to a Responsible Party during a calendar month shall not be, in aggregate, more than the monthly Ability to Pay amount determined from the schedule.

**X. 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. When a child who is determined under the Medicaid Program to be Medicaid eligible receives inpatient psychiatric services, the combined Ability to Pay of the child and his/her parent(s) cannot exceed the Medicaid deductible amount.
4. The combined Ability to Pay for all Responsible Parties cannot exceed the Medicaid deductible amount for a person who is a resident of a long-term care facility at any location.

**Y. 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 section 818 or 819 of the Michigan Mental Health Code.

**Z. Financial Liability Determination Hearing**

Each network service provider shall have a formal hearing process for appeals by the Responsible Party of the amount assessed in the Financial Determination when the dispute cannot be readily resolved through discussions with the Responsible Party.

**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 MDCH Administrative Rules, "Financial Liability for Mental Health Services".
- C. Chapter 4 of the Administrative Procedures Code, "Procedures in Contested Cases", 1969 PA 306, as revised.
- D. MCCMH MCO Policy 4-010, "Provision and Distribution of Information to Individuals".