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

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Chief Executive Officer Date

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County Executive Office Date

I. ABSTRACT

This policy establishes the standards of Macomb County Community Mental Health (MCCMH), an official agency of the County of Macomb, to determine financial liability and fee collection for services rendered.

II. APPLICATION

This policy shall apply to all directly-operated and contract network providers of MCCMH.

III. POLICY

It is the policy of MCCMH that a responsible party's financial liability is determined in accordance with the Michigan Mental Health Code, Act 258, 1974, as amended. For the purposes of this policy and its application the ability to pay and sliding fee calculation are the same as allowed under the Michigan Mental Health Code and administrative rules referenced above.

IV. DEFINITIONS

A. Ability to Pay/Sliding Fee

The ability of a responsible party to pay for the cost of services.

B. Ability to Pay/Sliding Fee Determination

The assessment that determines a responsible party's financial liability according to the Mental Health Code Chapter 8, 330.1818 and Administrative Rules. The ability to pay/sliding fee determination involves an initial fee determination, an annual fee determination, and a new determination, as applicable.

C. CCBHC

A demonstration program to improve community mental health services funded using a Prospective Payment System (PPS) rate for qualifying encounters provided to Medicaid

beneficiaries.

D. 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. The 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.

E. Family Size

Family size is defined as a group of two people or more (one of whom is the householder) related by birth, marriage, or adoption who reside together. All such people (including related subfamily members) are considered as members of one family.

F. Financial Determination Review

The form used to assess a responsible party's ability to pay.

G. Financial Determination

The documented result of the financial liability analysis.

H. 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.

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

The form(s) used to assess a responsible party's ability to pay.

J. Income

Income includes gross wages; salaries; tips; income from business and self-employment; unemployment compensation; workers' compensation; Social Security; Supplemental Security Income; veterans' payments; survivor benefits; pension or retirement income; interest; dividends; royalties; income from rental properties, estates, and trusts; alimony; child support; assistance from outside the household; and other miscellaneous sources.

K. Inpatient Services

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

L. Insurance Authorization Form

The form used to submit and verify insurance information.

M. Insurance Benefits

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

N. 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.

O. Nominal Fee

Individuals with incomes above 100 percent of poverty, but at or below 200 percent poverty will be charged a nominal fee according to the posted sliding fee schedule and based on their family size and income. However, individuals will not be denied services due to an inability to pay. The nominal fee is not a threshold for receiving care, and thus is not a minimum fee or co-payment.

P. Patient Pay Amount

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

Q. Residential Services

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

R. Responsible Party

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

S. 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. Required services shall be provided to all individuals without regard to their ability to pay.
- B. The process of determining financial liability shall not delay the provision of required emergency services.
- C. Ability to pay determinations shall be performed annually for all individuals receiving services through MCCMH but not using Medicaid or Healthy Michigan Plan.
- D. There shall be only one ability to pay determination in effect for a responsible party at any given time.
- E. Insurance coverage and ability to pay shall be determined in the following manner:
 - 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. Discounts will be based on income and family size only. MCCMH does not require individuals to apply to Medicaid/health insurance or do asset testing to qualify for the sliding fee discount program. Applicants may provide one of the following: prior year W-2, two most recent pay stubs, letter from employer, or Form 4506-T (if W-2 not filed). Self-employed individuals will be required to submit detail of the most recent three months of income and expenses for the business. Adequate information must be made available to determine eligibility for the program. Self-declaration of income may be used. Individuals who are unable to provide written verification may provide a signed statement of income.
- G. 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 and deprives them of necessities or deprives them of the financial means to maintain or re-establish the person in a reasonable and appropriate community-based setting.
- H. 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 (ATP) if the parent(s) is(are) not notified of the treatment. If the minor continues past the allowable confidential treatment episode, and parents become involved/the responsible party, the costs of treatment prior to parental involvement will not be assessed to the parent. The ATP for the minor will be separately calculated and clearly documented. Should the parents become involved at a later date, a separate ATP will be calculated, and compensation will not be sought from the parents for previous treatment.
- I. 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.
- J. An adjusted ability to pay determination may be made only with the approval of the MCCMH Chief Executive Officer or Chief Operations Officer.
- K. Insurance Coverage
 - 1. An individual's benefits from insurance coverage are considered part of the responsible party's benefits and Medicaid will be billed as the payer of last resort in accordance with the law.
 - 2. An insurance authorization form may 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.
- L. A responsible party who willfully fails to provide the requested information shall be charged the full cost of the service and forgo an ability to pay determination.
- M. The individual who should sign 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 payers and cooperate fully with them. 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).

- N. At first contact, the MCCMH Managed Care Operations Division (MCO) 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 individuals not using Medicaid or Healthy Michigan Plan. At the first meeting, the responsible party must submit supporting financial documentation.
- O. 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 the documentation provided.
- P. 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.
- Q. 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.
- R. 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.
- S. Individuals who have insurance coverage shall not be charged more than their inpatient patient-pay amount.
- T. 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 cost of service.
- U. Current individuals provided services at multiple sites or by multiple MCCMH providers shall have only one monthly ability to pay fee established.
- V. 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.
- W. 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.
- X. 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 sliding fee scale, 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.

Y. Ability to Pay for Individuals 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 an 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 Medicaid 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 an individual who is a resident of a long-term care facility at any location.

Z. MCCMH shall comply with an individual's obligation to pay for services pursuant to an issued court order 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.

AA. 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.

BB. The sliding fee scale shall be published on the MCCMH website at www.mccmh.net. It shall also be posted in every clinic lobby. The sliding fee schedule is updated during the first quarter of every calendar year with the latest Federal Poverty Line Guidelines.

VI. PROCEDURES

Procedures shall be contained in Provider Manuals.

VII. REFERENCES/ LEGAL AUTHORITY

- a. Michigan Mental Health Code, P.A. 258 of 1974, in effect and as amended.
- b. Administrative Procedures Act, P.A. 306 of 1969, in effect and as amended.
- c. MCCMH MCO Policy 4-004, "Due Process System"
- d. MCCMH MCO Policy 4-010, "Provision and Distribution of Information to Individuals"

- e. MCCMH MCO Policy 4-020, “Medicaid and Non-Medicaid Notice of Adverse Benefit Determination”