

CHAPTER Fiscal Management	CHAPTER 06	SECTION 003	SUBJECT 130
SECTION Reimbursement		DESCRIPTION Ability to Pay Determination	
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APPLICATION:

☒ CMH Staff	☐ Board Members	☐ Provider Network	☒ Employment Services Providers
☐ Employment Services Provider Agencies	☒ Independent Contractors	☐ Students	☒ Interns
☐ Volunteers	☒ Persons Served		

POLICY:

As a state-funded agency, Lapeer County Community Mental Health (LCCMH) makes a concerted effort to collect fees for services from the persons served or responsible party who have an ability to pay. Within their capacity, individuals and/or their responsible party have an obligation to pay for the cost of mental health services.

STANDARDS:

- A. Ability to pay determination is based on the Mental Health Code of 2005, Chapter 8, Sections 1818 and 1819.
- B. Ability to pay determination is not required for persons served who are enrolled in the following Medicaid covered plans; Full Medicaid, MI Child, Freedom to Work or Healthy Michigan plan.
- C. A Medicaid Deductible (otherwise known as spend down) is considered "No Medicaid" until the deductible has been met. Therefore, an ability to pay determination is established. Persons served are not asked to pay more than their ability to pay. LCCMH utilizes additional funding to cover the difference between the ability to pay and the Medicaid spend down.

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- D. No individual is denied a medically-necessary service because of an inability to pay.
- E. The ability to pay determination is subsequent to the admission of the individual to any agency program.
- F. Ability to pay determination is in effect for the service year commencing on the date of the individual's first service, rather than on a calendar year.
- G. Persons served are not billed for the difference between the ability to pay and LCCMH posted rate. LCCMH utilizes additional funding to cover the difference.
- H. Persons served enrolled in Medicaid are not held liable for covered services provided to the person for which the PIHP does not pay LCCMH. LCCMH doesn't pay the individual or health care provider who furnished the services under a contractual, referral or other arrangement.
- I. If persons served have commercial insurance and a covered Medicaid plan, the commercial insurance is billed first and Medicaid is the payer of last resort.

PROCEDURES:

- A. LCCMH follows the procedures as determined by the Department of Health and Human Services (Michigan Mental Health Code, Chapter 8, Sections 330.1800 - 330.1844 and Administrative Rules).
- B. Persons served complete the Financial Responsibility Agreement upon intake and annually.
- C. Verification of enrollment in a covered Medicaid plan is documented in the electronic health record annually or as needed. If the individual is denied Medicaid, a copy of the denial is submitted and scanned into the electronic health record.
- D. Individuals who do not have a covered insurance plan apply for Medicaid benefits. If the individual refuses to apply, they are liable for the full cost of all services. If the individual has a monthly ability to pay amount of \$500 or greater, they are not required to apply for Medicaid and are liable up to their determined ability to pay amount.

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E. The person served by the agency, or their responsible party, who do not have a covered Medicaid plan are required to bring in all relevant financial information (W2, paystubs, Social Security letter, and/or bank statements), all health insurance coverage or benefits, and parenting agreement, if applicable, upon intake and when re-determination of ability to pay is necessary.

1. The person served has the right to refuse to submit financial information.
2. If person served elects to refuse to submit financial information, they are liable for the full cost of services received:
 - a. Until their ability to pay is determined
 - b. Financial information has been received
 - c. Signature of the person served is obtained

F. The LCCMH finance staff are responsible to:

1. Meet with persons served who are not enrolled in a covered Medicaid plan. Meetings are held in office or by phone with the persons served or guardian.
2. Obtain documentation of monthly income from person served or guardian.
3. Enter the monthly income into the Financial Determination Form in the electronic health record of the person served. The electronic health record auto calculates the monthly ability to pay.
4. Enter or update all health insurance coverage as applicable in the electronic health record.
5. Review the ability to pay determination with the person served to assure they understand the charge for service.
6. Obtain the signature of the person served or guardian. A copy of this form is offered to the person served.
7. Waive the fee assessment of a Veteran with a referral form from the Veterans Administration (VA) in accordance with LCCMH Policy 02.004.215 Veteran's Care Pathway.

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8. Refer any person served who has no insurance and are determined to have no ability to pay to the Department of Health and Human Services to apply for Medicaid.
 9. Review the payment process, including payment due at time of service, with the person served or guardian.
 10. Submit all obtained financial documentation into medical records/front desk mailbox to be scanned in the electronic health record.
- G. The person served has the right to appeal a determination of financial liability.
1. If filing an appeal, the request by the individual must be submitted to finance staff within 30 calendar days of initial determination.
 2. The request must include all financial information needed to complete the appeal.
 3. If the re-determination of ability to pay is not acceptable to the individual, they may appeal in writing to the Chief Financial Officer within 30 calendar days of notification of the re-determination.
- H. All persons served must report any changes in income, employment, address, insurance coverage, etc. to LCCMH staff.
- I. An individual's ability to pay is reviewed at least annually for continuing services.
- J. Re-determination of ability to pay is made when the individual's financial situation changes or when they meet the requirements for a full fee assessment (Form 183e) or upon the request of the individual or clinician.
- K. For persons served refusing to pay for services which they are financially liable for, refer to LCCMH Policy 06.003.110 Delinquent Accounts.

DEFINITIONS:

Ability to Pay: the ability of a responsible party to pay for the cost of services, as determined under Sections 818 and 819 of the Mental Health Code (Section 330.1800(a)).

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Cost of Services: the total operating and capital costs incurred by the Department 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. (Section 330.1800(b)).

Income: earned and unearned funds.

Individual: the individual, minor, or adult, who receives services from the department or a community mental health services program or from a provider under contract with the department or a community mental health services program. (Section 330.1800(c)).

Insurance Benefits: payments made in accordance with insurance coverage for the cost of health care services provided to an individual. (Section 330.1800(e)).

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, Medicaid or Medicare; policies, plans, programs, or funds maintained by nonprofit hospital services and medical care corporations, health maintenance organizations, and prudent purchaser organizations, commercial, union, association, self-funded, and administrative service policies, plans, programs, and funds. (Section 330.1800(f)).

Parents: the legal father and mother of an unmarried individual who is less than 18 years of age. (Section 330.1800(h)).

Responsible Party: a person who is financially liable for services furnished to the individual. Responsible party includes the individual, and, as applicable, the individual's spouse and parent or parents of a minor. (Section 330.1800(j)).

Spouse: the legal marriage partner of the individual.

Medicaid Covered Plans: full fee Medicaid, MI Child, Freedom to Work Medicaid, Healthy Michigan Plan

Medicaid Spend Down: Medicaid Spend Down policy is classified as a Medicaid deductible. This Medicaid policy is classified as no Medicaid until the deductible has been met.

REFERENCES:

Ability to Pay Forms # 183e
LCCMH Policy 02.004.215 Veteran's Care Pathway

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LCCMH Policy 06.003.110 Delinquent Accounts
Michigan Mental Health Code of 2005, Chapter 8, Sections 1818 and 1819.
Michigan Department of Health and Human Services Administrative Rules
LCCMH Financial Responsibility Agreement

EM:lr

Supersedes #07/11029 #0205010 dated 2/23/2005