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**Policy Area:** Management & Budget  
**References:**

## County of Financial Responsibility (COFR)

### POLICY

It is the policy of Detroit Wayne Mental Health Authority (DWMHA) that determination of the County of Financial Responsibility (COFR) shall follow the rules and principles outlined in the COFR Technical Requirement contained in the MDHHS/CMHSP Managed Mental Health Supports and Services Contract; and section 306 of the Michigan Mental Health Code.

### PURPOSE

The purpose of this policy is to outline the operating procedures for the authorization of mental health and/or substance abuse services for individuals served under a COFR arrangement. A COFR is all that is needed to facilitate the delivery of service by the serving Prepaid Inpatient Health Plan (PIHP).

### APPLICATION

1. The following groups are required to implement and adhere to this policy: DWMHA Staff, Contractual Staff, Access Center, MCPN Staff, DWMHA Network Providers, external CMHSP Regions and their providers, COPE, Credentialing Verification Organization (CVO).
2. This policy serves the following populations: Adults, Children, I/DD, SMI, SED, SUD, Autism.
3. This policy impacts the following **contracts/service lines**: Medicaid, SUD, Autism, Grants, General Fund

### KEYWORDS

1. Community Mental Health Service Program (CMHSP)
2. County of Financial Responsibility (COFR): The County which is determined to be financially liable for the cost of specialty benefit services provided by a Community Mental Health Services Program (CMHSP).
3. Dependent Living Setting: Includes all of the following:
  - a. An adult foster care facility
  - b. A nursing home licensed under article 17 of the Public Health Code, 1978 PA 368, MCL 333.20101 to 333.22260
  - c. A home for the aged
4. Independent Living: The location in which the the person is residing and is intended to be permanent"

("non-transient") For example, The location in which the person resided prior to moving into a county that was not a boarding school, a facility or a dependent living setting as defined in the Mental Health Code, section 306. Factors used to determine whether a Person is living independently: The location where the Person is residing is not transient, for example, residing in a shelter or in a motel/hotel which is rented by the day or week, or living in a vehicle is not considered living independently. Likewise, placement in a half-way house upon release from jail or prison is not considered living independently

5. Legal Custody: Custodial parent or legal Guardian where the child is currently maintaining residence.
6. Serving Community Mental Health Service Program: The CMHSP who is providing services for an individual residing in their service area, but who is the financial responsibility of another CMHSP.

## STANDARDS

1. Ensure DWMHA and MCPN's follow the requirements of the COFR guidelines established by the Michigan Association of Community Mental Health Boards (MACMHB).
2. MCPN subcontractors and direct contractors shall not delay or deny services as a result of a dispute of payment responsibility between two or more CMHSPs. In the event there is an unresolved dispute between CMHSPs, either party may request involvement of the MACMHB to resolve the dispute and MDHHS will make such determination. Likewise, services shall not be delayed or denied as a result of a dispute of payment responsibility between the CMHSP and another agency.
3. The DWMHA contractors and their service providers shall act ethically when providing services determined to be medically necessary, to eligible beneficiaries as agreed in a COFR contract or when a COFR case is in dispute.
4. When a contract arrangement is agreed, CMHSP's should include the plan for permanent transfer that will be in compliance with the conditions described in letter K. Contract Arrangements of the COFR .
5. For the purchase of residential services in other counties it is the policy of DWMHA to have the MCPNs directly contract with providers of specialty supports and services for DWMHA consumers in other counties, including the local CMHSP, as needed.  
DWMHA staff will determine if DWMHA retains county of financial responsibility (COFR) for the consumer due to the level of residential services needed and other related COFR criteria.
6. Serious Emotional Disturbance Waiver (SEDW) COFR placements:
  - a. Children placed outside of Wayne County who are enrolled in the DWMHA SEDW and for whom DWMHA is the COFR will be managed by the DWMHA SEDW direct contractor who is serving that child/family with oversight from DWMHA. The DWMHA SEDW direct contractor will contract with the out of county provider or local CMHSP providing the SEDW services for the child/family.
  - b. The out of county provider/local CMHSP serving the child/family will submit the required claims and encounters to the DWMHA SEDW direct contractor who will then process the claims and pay the service provider. The DWMHA SEDW direct contractor will then submit claims and encounters as required. SEDW waiver services must be pre-authorized.
  - c. DWMHA staff will monitor the services and relationship between the local CMHSP providing care and the DWMHA SEDW direct contractor serving the child/family. The DWMHA is the holder of the record. The DWMHA SEDW direct contractor must provide DWMHA with the child's clinical file updated at least quarterly.

# QUALITY ASSURANCE/IMPROVEMENT

DWMHA shall review and monitor contractor adherence to this policy as one element in its network management program, and as one element of the QAPIP Goals and Objectives.

The quality improvement programs of MCPNs, their subcontractors, and direct contractors must include measures for both the monitoring of and the continuous improvement of the programs or processes described in this policy.

# COMPLIANCE WITH ALL APPLICABLE LAWS

DWMHA staff, MCPNs, contractors, and subcontractors are bound by all applicable local, state and federal laws, rules, regulations and policies, all federal waiver requirements, state and county contractual requirements, policies, and administrative directives, as amended.

# LEGAL AUTHORITY

1. P.A. 258 Michigan Mental Health Code, Section 306
2. MDHHS CMHSP Contract, specifically attachment C1.3.1 FY 16 and any amendments in succeeding years
3. Michigan Mental Health Code ( Act 258 of 1974 as amended) MCL.330.1700.1712, 1100a.
4. MDCH Medicaid Provider Manual
5. WSA Technical Assistance Manual CWP

# RELATED POLICIES

1. Individual Plan of Service/Person Center Planning
2. Medicaid Fair Hearings
3. Medicare Redetermination/Local Appeals
4. Denial of Service Policy
5. Utilization Management (UM) Provider Appeals Policy

# RELATED DEPARTMENTS

1. Administration
2. Children Services
3. Claims Management
4. Clinical Practice Improvement
5. Compliance
6. Customer Service
7. Information Technology
8. Integrated Health Care
9. Legal

- 10. Managed Care Operations
- 11. Management & Budget
- 12. Purchasing
- 13. Quality Improvement
- 14. Recipient Rights
- 15. Substance Use Disorders
- 16. Utilization Management

## CLINICAL POLICY

NO

## INTERNAL/EXTERNAL POLICY

EXTERNAL

## EXHIBIT(S)

- 1. COFR Technical Requirements from MDHHS CMHSP Contract FY 16 Attachment C1.3.1

### Attachments:

[COFR Technical Requirements FY16 contract attach C1.3.1.pdf](#)

### Approval Signatures

Approver	Date
Jeff Delay: Chief Operating Officer [CM]	10/2016
Allison Smith: Project Manager, PMP	10/2016
Julia Kyle: Director of Integrated Care [AS]	10/2016
Tracey Lee: Director Claims Management [AS]	10/2016
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Ronald Hocking: Chief Operating Officer [AS]	10/2016
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Jody Connally: Director, Human Resources	10/2016

<b>Approver</b>	<b>Date</b>
Chad June: Interim, CIO	10/2016
Stacie Durant: CFO Management & Budget	10/2016
Ronald Hocking: Chief Operating Officer	10/2016

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## **COUNTY OF FINANCIAL RESPONSIBILITY Technical Requirement for CMHSPs**

### **I. INTRODUCTION**

Lack of statutory clarity with respect to establishing County of Financial Responsibility (COFR) has, in some cases, resulted in delays of appropriate services to consumers, protracted disputes and inconsistency of resolution across the state. This is particularly true for consumers who have never received services from a state operated facility and for whom financial responsibility is thus not addressed directly by Chapter 3 of the Mental Health Code. CMHSPs are statutorily responsible for serving persons 'located' in their jurisdiction even when responsibility for payment is in question. This technical requirement provides a contractual basis for determining County of Financial Responsibility and a process for resolving disputes, regardless of funding source.

This technical requirement is based on the following principles:

- Consumers have a right to choose where they live, unless restricted by court order.
- Consumer requests for particular providers, regardless of location, must be considered within the person centered planning process.
- Capitation payments are intended to be a means of funding PIHPs to provide defined benefits to eligible beneficiaries within a system of services. As such, they are not intended as payment for services to any identified individual consumer. Therefore, this Requirement assumes that the receipt of a PEPM payment should not be considered in determining the COFR, nor is specific consideration of the amount of a PEPM a factor in determining the obligation to pay of the COFR.
- Funding for persons served through the Habilitation Services (1915-C) Waiver is intended to support services to named individuals. Thus, such funding should be considered when determining the payment obligation of a COFR when the consumer is served outside the COFR.
- Consumers served according to the terms of this contract must be provided appropriate service without delay resulting from issues of financial responsibility. Community Mental Health Services Programs/Prepaid inpatient Health Plans will act ethically to provide service to consumers meeting eligibility requirements when the COFR is disputed.

### **II. ESTABLISHING COUNTY OF RESPONSIBILITY**

- A. General Rule.** For persons served under the terms of this contract, the financially responsible CMHSP is the one that served them in the county where they last lived independently.
- B. Children.** The COFR will be the county where the child and parents have their primary residence, unless the child (including individuals through age 19) is a temporary or permanent ward of the court. For temporary and permanent wards of the court (including tribal), the COFR is the county served by the 'court of record', which is where the child was made a ward of the court, or where

jurisdiction of the court was transferred upon movement of the child. This court is the 'court of record', which is the 'court of jurisdiction'. For adopted children, once adoption proceedings are completed, the COFR is the county where the adoptive parents have their primary residence.

In the case of divorced parents, the COFR is the county in which the parent with legal and physical custody resides. If the parents have joint legal and physical custody, the COFR is the county of residence of the parent with whom the child lives while attending school.

In the case of a child placed by parents into the custody of a legal guardian with authority to consent, the COFR is the county in which the guardian resides, for the period of the placement. If the parent(s) place the child into the custody of another adult without guardianship, the COFR remains the county where the parent with legal and physical custody resides.

In the case of a voluntary placement of a child by parents into a 24-hour dependent care facility funded by a CMHSP, the COFR is the residence of the parent with legal and physical custody at the time of placement. If the parent(s) move during the placement, upon the children's discharge, the COFR is the county in which the parent with legal and physical custody resides.

A child who is legally emancipated, or reaches age 18, and establishes an independent residence shall be considered a resident of the county where he or she resides. A child who is discharged from a dependent care setting upon reaching age 18, and who is not a ward of the court, and establishes an independent residence shall be considered a resident of the county of that residence. The General Rule (A above) shall apply to a child who attains adult status by reaching the age of 18 or through legal emancipation when discharged into a new dependent setting, or when that adult chooses to remain in the same dependent setting, so long as that individual is no longer a ward of the court.

- C. Adults.** Consumers have the right to choose where they live, unless restricted by a court order.
- The choice shall be considered to be the consumer's/guardian's choice when it is not instigated or facilitated by a service manager or provider. Assistance by service managers or providers in a County to notify another County of the consumer's decision to move shall not be determined to be facilitation of the choice.

When a consumer, who is living dependently, chooses to relocate from County A to County B into a dependent living situation, the COFR shall remain the county in which he/she last lived independently.

When a consumer relocates to a dependent setting in County B from an independent setting in County A, County A shall remain the COFR, under any of the following circumstances:

- There is an existing agreement between County A and County B; or
- County A has continued to provide and pay for Mental Health Services; or
- The consumer requests services from County B within 120 days of relocation

When the CMH (including direct or contracted service providers), or MDHHS office initiates and facilitates the relocation of an adult consumer from County A to County B, County A shall remain the COFR.

When the consumer and/or his/her family wishes to obtain services in county B because services in County A have been determined to be unavailable through a Person-Centered Planning process, County A remains the COFR, with responsibility to authorize and pay for the service, if that service meets eligibility guidelines utilized by County A.

**D. Persons Living in Unlicensed Settings.**

Unlicensed settings are generally considered to be independent living. The COFR is the CMHSP serving the county where the residence is located. If the consumer's Level of Care and Intensity of Service required is equivalent to a dependent living setting, the consumer shall be considered to be in dependent care for the purposes of COFR. Equivalency to dependent care shall be established when the individual's Person Centered Plan provides for provision of eight or more hours of specialized services and/or supports in the residence each day.

**E. Provision of Specialized Mental Health Treatment Services to Persons in Nursing Homes.**

For provision of OBRA Specialized Services, the COFR is the county in which the nursing home is located. For mental health services which are not specialized, financial responsibility shall be assigned as in A. above.

**F. Jail.**

CMHSPs are responsible to provide mental health services to their local county correctional facilities (jails) on the same basis as they provide services to other persons located in their geographical jurisdiction. CMHSPs shall work with Jail personnel to ensure that all reimbursements for health services are pursued, including the county's (not the CMHSP's) responsibility to pay for the costs of health care. If a jailed individual requires State provided inpatient care, the COFR shall be the COFR prior to the individual entering jail. When an individual is released from jail and establishes an independent residence in the county of the jail, the COFR shall be the county in which the residence is located. If the person is released into a dependent setting, the COFR shall be assigned according to the General Rule (A. above).

**G. State Correctional Facility.**



When an individual is released, at the end of his/her sentence or on Parole, the COFR shall be the County in which the individual last lived independently prior to entering the correction facility, under the following circumstances:

- The individual has been receiving *specialized* mental health services in Prison, and is determined to have a continued and immediate need for services; or
- The individual requests specialized services, or is involuntarily committed for specialized services within 30 days of release AND
- Meets the eligibility standards for Medicaid or access standards of the CMHSP for GFfunded services.

#### **H. Extent of Financial Liability.**

The County which is financially responsible shall pay the full cost of authorized services provided beginning on the date the consumer enters the service system.

It is the responsibility of the serving CMHSP to notify the CMHSP which is, or may be determined under this requirement to be, the COFR that a consumer has initiated a request for service or has been served in a crisis situation. Should the consumer's clinical condition prohibit gathering of information to determine COFR, the COFR's liability shall be limited to 30 days prior to notification by the serving board.

#### **I. Standard for Response by COFR.**

Upon notification that a consumer has requested services outside its jurisdiction, the COFR shall respond to a request by the servicing Program/PHP within the Access Standard timelines for all consumers, as specified in this contract.

#### **J. PEPM Payments/Medicaid Residency Status.**

Serving CMHSPs shall work to change Medicaid Residency Status, and the corresponding PEPM payment, where appropriate. However, Medicaid Residency status, and the PIHP receiving the capitated payment are not determining factors in establishing COFR.

#### **K. Contractual Arrangements.**

Nothing in this Requirement precludes a contractual arrangement between CMHSPs/PIHPs which specifies conditions, standards, or protocols other than those contained in this document, so long as those provisions are consistent with statute and regulation and do not violate provisions found elsewhere in this contract. When such arrangements provide for the permanent transfer of responsibility, the following conditions must be met.

1. It is optional; all parties agree to the arrangement
2. It applies to adult consumers only
3. The contract applies to consumers who are in stable, long-term living arrangements outside their 'home' CMHSP, without plans to move
4. The principles underlying the COFR agreement remain intact, including the consumer's right to choose

5. The consumer's service array, based on needs assessment and consumer choice will not be altered as a function of this contract
6. For HSW enrollees, the HSW certificate will be transferred upon MDHHS receipt of documentation from both the 'home' and the 'serving' PIHPs with an effective date of transfer
7. The end date of the contract is the beginning of the fiscal year when the capitation rate of the 'serving' county includes the costs reported

### **III. DISPUTE RESOLUTION**

Good faith efforts to resolve disputes, utilizing principles of ethical conduct, and the standards contained in this document must be made prior to initiating this Dispute Resolution process. In order to facilitate informal dispute resolution, each CMHSP/PHP shall provide the name of a responsible contact person to the manager of this contract and to the MACMHB for publication on its website. This good faith effort shall include documented notification of the Executive Director of each CMHSP regarding the known facts and areas of disagreement within two business days of identification of the disagreement.

When formal Dispute Resolution is required, the following process shall be used:

#### **A. Dispute Resolution Committee.**

A COFR Dispute Resolution Committee, consisting of three persons, shall be constituted annually, at the beginning of the fiscal year. One person shall be appointed by MDHHS and two shall be appointed by the MACMHB. Vacancies on the committee shall be filled within ten days. The Committee shall appoint its chair by consensus. The MACMHB shall appoint a third person who will serve as an alternate representative in cases which would present a conflict of interest for one of the regular representatives.

#### **B. Initiation of Dispute Resolution.**

Either party may initiate dispute resolution by notifying the MACMHB and the MDHHS Contract Manager identified in this contract in writing.

#### **C. Fact Finding.**

The MACMHB shall notify each Board/PIHP, and all members of the Dispute Resolution Committee, within three business days of receiving notification, that a formal dispute has been received. Each CMHSP shall respond to MDHHS and the MACMHB, with a copy to the other CMHSP/PIHP, within three business days with a written response, including

- The facts as each entity sees them;
- The rationale for their position, including documents to support their position. In cases involving a child who is a ward of the court, documents must include a court order which establishes the 'court of record/jurisdiction'. Additional documents may be presented at the hearing.

#### **D. Dispute Resolution Meeting.**

The Dispute Resolution Committee will designate a time and place for a resolution meeting, which will be held no later than 30 days following submission of the facts identified in B. above. At this time

- Each CMHSP's (or PIHP's in cases involving Medicaid) designated responsible representative will attend. Each representative will be provided an opportunity to make a verbal presentation regarding the case. Each CMHSP (PIHP) representative must be empowered by its CMHSP (PIHP) to negotiate a settlement of the dispute.
- Should a negotiated settlement not be reached at this meeting, the committee will meet, without others present, to arrive at a decision reached by majority vote of the Resolution Committee.
- The decision shall be reached, and conveyed to the disputing parties, on the day of the meeting.
- A record of each proceeding, including documentation of the facts and the decision, shall be kept by the MDHHS and by the MACMHB for public review.

#### **IV. DEFINITIONS**

**“Living Independently”.** The following factors will be used to determine whether a person is ‘living independently’:

- The location in which the person is residing is not transient. For example, residing in a motel or hotel which is rented by the day or week, without intent to remain in the community is not considered ‘living independently.’ Likewise, placement in a half-way house upon release from jail or prison is not considered ‘living independently.’ Living in a vehicle is also not considered ‘living independently.’
- Migrant workers shall be considered the responsibility of the CMHSP in which they are housed.
- The intent of the individual to be part of the community shall be considered. For example, persons who are homeless, living on the street or in a shelter shall be considered part of the community, when the intent of the person is to remain in the community.
- The location in which the person resided prior to moving into a county was not a boarding school, a facility, or a dependent living setting as defined in the Mental Health Code and utilized in Section 306 thereof.

**Provider.** As used in Part II, C above, means a provider of specialized behavioral health services or a dependent living site regardless of whether such services are delivered under contract with a CMHSP/PIHP.