

Local Inpatient Purchase of Service (LIPOS)  
Manual

Department of Behavioral Health and Developmental Services  
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## Local Inpatient Purchase of Service (LIPOS)

This manual is designed to explain the expectations of the LIPOS program funding. Efforts have been made to ensure consistency among the DBHDS performance contract exhibit H, this manual and core taxonomy 7.3 definitions.

Regions may develop regional protocols regarding LIPOS. However, they may not supersede any rules outlined in this manual or the performance contract.

### Purpose of LIPOS

LIPOS funding is a restricted program funding designed to divert individuals from admission to state hospitals when clinically appropriate, and expand the availability of local inpatient psychiatric hospital Services. Priority for LIPOS funding should be given to individuals who are under a Temporary Detention Order (TDO) in efforts to divert from state psychiatric facilities.

### LIPOS Eligible Individuals

- A. LIPOS funding is may be utilized for individuals under a TDO, CMA (Court Mandated Admission) and as last resort voluntary status. Individuals with a substance use diagnosis as primary may be supported for psychiatric hospitalization under a TDO with LIPOS as a diversion from state facilities.
- B. Any specialized use of LIPOS funds for other populations or augmentation to a psychiatric bed day must be reviewed and approved by DBHDS to ensure it meets budgetary language and can be tracked.

### Administration of LIPOS

As of FY22 LIPOS will be allocated based on expenditures by region to ensure effective and efficient utilization of funds for intended purposes. These funds will be approved by DBHDS and submitted to the regions through quarterly payments.

- A. All regional state mental health LIPOS funds allocated within the region shall be managed by the regional management group (RMG) and the regional utilization management and consultation team (RUMCT) on which the CSB participates in accordance with Appendices E and F of Core Services Taxonomy 7.3.
- B. The CSB, through the RMG and RUMCT on which it participates, shall ensure that other funds or resources such as pro bono bed days offered by contracting local hospitals and Medicaid or other insurance payments are used to offset the costs of local inpatient psychiatric bed days or

beds purchased with state mental health LIPOS funds so that regional state mental health LIPOS funds can be used to obtain additional local inpatient psychiatric bed days or beds.

- C. LIPOS allocations are distributed to the regional fiscal agent. The RMG/ RUMCT and Regional fiscal agent retain responsibility to ensure equitable access to the regional allocation by CSB and report to DBHDS any funding deficits or re allocation by CSB. Funding for regions will be determined by DBHDS in collaboration with the region based on regional spending from previous year.
  - For initial allocation to be distributed within 15 day of the beginning of the fiscal year DBHDS will allocate the higher of: either Average spending for previous fiscal year quarters 1, 2 and 3 OR the highest quarter spent.
  - For the quarters 2, 3 and 4 of the fiscal year determination of the allocation will be based on the previous quarter amount spent. For example: Quarter 2 funding is a reimbursed amount of quarter 1 LIPOS spending.
- D. Reimbursements are based on the quarterly reporting by the region.
- E. Any balance of LIPOS funds at the end of quarter 4 shall be accounted for in the following FY allocation. Unspent balances are not to be utilized without approval from DBHDS.

## Contracting or MOU expectations

- A. CSBs and/or regions are expected to maintain contracts or memorandum of agreement with local facilities.
- B. Regions/CSB's may utilize current contracting or MOU mechanisms with local facilities, but will ensure that at minimum the agreement specifies the following
  - a. funding is to be utilized as funding of last resort
  - b. authorization procedures,
  - c. timeliness of invoicing
  - d. the rate and any other limitations
- C. These contracts or MOU's shall be available to DBHDS upon request for review.
- D. Regions and CSB's are expected to maintain authorization and LIPOS invoices at the local level. These should be available to DBHDS upon request or audit.

## LIPOS Program Administration Fee

- A. Administration fees for LIPOS are based on the following:
  - a. The Regional Fiscal Agent is entering into a subcontract with another entity which will allow the third party to administer the service or program, the Regional Fiscal Agent may retain up to 5% of the allocation/expenditures for Administrative Costs.
  - OR**
  - b. The annualized cost of the employed Regional manager.
- B. The determination of which administration fee methodology utilized will be discussed and documented by regional leadership and DAP specialist with DBDHS. Should the region choose the 5% this 5% will be determined based on the amount spent the previous fiscal year.
- C. The administration fee that is agreed upon will be sent in full to the region at the beginning of the fiscal year.

## Reporting on LIPOS

- A. Each region will provide quarterly data on an agreed upon LIPOS data collection tool each quarter no later than 30 days after the end of the quarter.
- B. The data will be emailed to DBHDS DAP Specialist.
- C. The data collection tool will be in the form of an excel workbook.
- D. At the first quarter each region will provide the facilities in which they contract with and the agreed upon rate. This will be documented in the excel workbook.
- E. DBHDS will provide statewide funding summaries on LIPOS funds each quarter to the region.
- F. CSBs are responsible for maintaining reporting in the electronic health record for individuals receiving LIPOS contracted services. Bed days used should be recorded under Inpatient services (250).