



June 11, 2008

Dear Oxygen Provider,

Subject: Price Adjustment

The Department of Health Care Services (DHCS) has adjusted the reimbursement rates for certain oxygen HCPCS billing codes effective January 1, 2007, as legally required based on Medicare rates. The system was updated April 18, 2007. The affected codes are E0424, E0431, E0434, E0439, E0441, E0442, E0443, E0444, E1390, E1391 and E1392.

No action is required on your part. EDS is reprocessing the affected claims, which will appear on *Remittance Advice Details* (RADs) beginning June 25, 2008, with RAD code **893: Retroactive Rate Adjustment**.

The recoveries are authorized under the provisions of *Welfare and Institutions Code* (W&I Code), Sections 14176 and 14177, and *California Code of Regulations* (CCR), Title 22, Section 51458.1(a)(1). In addition, the W&I Code sections authorize DHCS to enter into repayment agreements with providers or offset overpayments against amounts due. If the total warrant amount is not sufficient to offset the recovery, the negative balance will be converted to an accounts-receivable transaction and subtracted from future Medi-Cal reimbursements.

If you disagree with any of the adjustments, you may submit a *Claims Inquiry Form* (CIF) within six months of the new RAD date. For CIF completion instructions, please refer to the *CIF Completion* and *CIF Special Billing Instructions* sections in the appropriate Part 2 manual or on the Medi-Cal Web site (www.medi-cal.ca.gov).

If you have questions, please call the Telephone Service Center (TSC) at 1-800-541-5555, option 11 then option 18.

Sincerely,

A handwritten signature in cursive script that reads 'Nona Carpenter'.

Provider Relations Director

Reference Number: P7487

EDS
3215 Prospect Park Drive
Rancho Cordova, CA 95670-6017