



HP Enterprise Services
3215 Prospect Park Drive
Rancho Cordova, CA 95670-6017
+1 800.541.5555

April 2, 2010

Dear Inpatient Provider,

Subject: Adjustments on Claims of Some Non-Contract Hospitals

HP Enterprise Services retroactively implemented the provisions of the Health Trailer Bill of 2009 (ABX4 5) approved on July 28, 2009. These provisions involve changes to the payment reductions for inpatient hospital services provided by three sets of non-contract hospitals: Small and Rural Hospitals, federal Rural Referral Centers, and hospitals in open Health Facilities Planning Areas where a state hospital is also located. Small and Rural Hospitals were part of the group of hospitals that were previously exempt from the 10 percent payment reduction, effective for dates of service November 1, 2008, through June 30, 2009. Pursuant to ABX4 5, for dates of service beginning July 1, 2009, some of these hospitals will be subject to the 10 percent payment reduction according to the criteria in *Welfare and Institutions Code* (W&I Code), Section 14166.245 (g).

Federal Rural Referral Centers are now exempt effective July 1, 2009, from any payment reduction pursuant to W&I Code, Section 14166.245 (g) (2).

Additionally, HP retroactively implemented the November 18, 2009, court injunction related to the 17 hospitals' 10 percent payment reduction authorized under the Health Trailer Bill of 2008 (ABX3 5). These hospitals are now exempt, effective November 18, 2009, from the 10 percent payment reduction.

The system updates were finalized in January 2010. Due to the nature of these updates, Inpatient claims for specific non-contract hospital providers were overpaid (10 percent payment reduction not applied) or underpaid (not exempt from the reduction).

No action is required on your part. HP is adjusting the impacted claims. Some providers will see payouts, and some providers will see recoveries. Adjustments will appear on the *Remittance Advice Details* (RADs) beginning April 19, 2010, with RAD code **0893: Retroactive rate adjustment**.

The recoveries are authorized under the provisions of 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 the Department of Health Care Services (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 these 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 followed by option 18.

Sincerely,

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

Nona Carpenter
Provider Relations Director
Reference Number: P13727c