



HP Enterprise Services  
3215 Prospect Park Drive  
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June 23, 2010

Dear Long Term Care (LTC) Provider,

Subject: Retroactive Reprocessing of LTC Claims to August 1, 2009

In June 2010, the claims processing system was updated with new LTC rates, generally retroactive to August 1, 2009. Some rates were increased, and some were decreased.

Pursuant to ABX4 5 (Chapter 5, Statutes of 2009), the allowable statewide weighted average reimbursement rate increase under AB 1629 methodology was reduced from 5 percent to 0 percent. Consequently, your facility may experience a rate decrease which will require paybacks to the Department of Health Care Services (DHCS). The facility-specific rates are posted on the Medi-Cal Web site ([www.dhcs.ca.gov/services/medi-cal/Pages/LTCAB1629.aspx](http://www.dhcs.ca.gov/services/medi-cal/Pages/LTCAB1629.aspx)). Providers must use the new rates to bill for services on or after August 1, 2009. Out-of-state or border providers will be reimbursed at the statewide weighted average of \$164.27. Facility-specific reimbursement rates are computed on an annual basis. Therefore, rates effective on or after August 1, 2009, are based upon audited data with fiscal year end dates in 2007.

No action is required on your part. HP is adjusting the affected claims. For providers with an overall increase, adjustments will appear on *Remittance Advice Details* (RADs) beginning July 1, 2010, with RAD code **0829: LTC retroactive rate adjustment**. For providers with an overall decrease, adjustments will appear on RADs beginning July 15, 2010. Recoveries of \$35,000 or more will automatically be distributed over a period of eight consecutive weekly checkwrites.

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 automated Erroneous Payment Correction (EPC) process negatively impacts your facility's cash flow, you may contact DHCS and request other repayment options. Contact instructions will be included with new reimbursement rate notifications. 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 at ([www.medi-cal.ca.gov](http://www.medi-cal.ca.gov)).

If you have questions, please call the Telephone Service Center at 1-800-541-5555, option 11 followed by option 18.

Sincerely,

A handwritten signature in black ink that reads "Nona Carpenter". The signature is written in a cursive, flowing style.

Nona Carpenter  
Provider Relations Director

Reference Number: P14688/P14713