



HP Enterprise Services
3215 Prospect Park Drive
Rancho Cordova, CA 95670-6017
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July 21, 2011

Dear Inpatient Hospital Provider,

Subject: Adjustment of Claims for Percentage Reduction

In March, 2011, a few hospitals were retroactively exempted from the percentage reduction, back to their contract start dates.

No action is required on your part. HP Enterprise Services is adjusting claims for the affected hospitals for dates of service on or after July 1, 2009. Claims cannot be adjusted solely for selected issues; rather, claim adjustments incorporate all relevant retroactive changes. For example, many claims were previously treated as non-contract, but will now be contract, with a price reduction much greater than the percentage reduction. Adjustments will appear on *Remittance Advice Details* (RADs) beginning August 11, 2011 with RAD code **961: Inpatient 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 the Department of Health Care Services (DHCS) to enter into repayment agreements with providers or offset overpayments against amounts due. If the automated Erroneous Payment Correction process negatively impacts your facility's cash flow, you may contact DHCS and request other repayment options. 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 website at (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 17.

Sincerely,

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

Nona Carpenter
Provider Relations Director

Reference Number: P16387