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August 9, 2012

Subject: CCS and GHPP Inpatient Reimbursement Methodology

Dear CCS/GHPP Provider:

Section 14105.18 of the *Welfare and Institutions Code* (W&I Code) originally provided that reimbursement rates for all California Children's Services (CCS) and Genetically Handicapped Persons Program (GHPP) services be the same as the rates of reimbursement for the Medi-Cal Program. This section was subsequently amended to specify that reimbursements for inpatient services rendered to CCS and GHPP clients who are not Medi-Cal beneficiaries at hospitals that contract with Medi-Cal pursuant to the Selective Provider Contracting Program (SPCP) would be at Medi-Cal interim rates. However, this amendment was subject to a January 1, 2011 "sunset provision." On that date, the provisions of section 14105.18 reverted to the original language. This language requires that reimbursements for inpatient services rendered to CCS and GHPP clients who are not beneficiaries of the Medi-Cal program at hospitals contracted with Medi-Cal pursuant to the SPCP for dates of service (DOS) on or after January 1, 2011, be made at the Medi-Cal SPCP contract rates.

An Erroneous Payment Correction (EPC) cycle will be completed to recover any overpayments from hospitals that contract with Medi-Cal pursuant to the SPCP on or after January 1, 2011, that may have been reimbursed at Medi-Cal interim rates for inpatient services with DOS on or after January 1, 2011, rendered to non-Medi-Cal CCS and GHPP clients.

No action is required on your part. The Department of Health Care Services' (DHCS) Fiscal Intermediary, Xerox State Healthcare, LLC (Xerox), is adjusting the affected paid claims. For each adjusted paid claim, two lines appear on the *Remittance Advice Details* (RAD), a negation of the original claim and a replacement claim.

These adjustments will appear on RADs beginning September 6, 2012, with RAD code **0883: Retroactive Price Correction**.

Additionally, Xerox is adjusting claims processed from April 23, 2012 through June 18, 2012, where a 10 percent provider payment reduction per Assembly Bill 97 (Chapter 3, Statutes of 2011) was erroneously applied.

These adjustments will appear on RADs beginning September 6, 2012, with RAD code **0951: Adjustment to 10% provider payment reduction per Assembly Bill 97 (Chapter 3, Statutes of 2011) effective 06/01/2011**.

In some instances involving inpatient contract providers, providers may see reduced payments due to contract agreements with Medi-Cal. Reprocessed claims are subject to all the features of the claims processing system, so any other retroactive changes will also be applied.

Recoveries are authorized under the provisions of the W&I Code, Sections 14176 and 14177, and the *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 to offset overpayments against amounts due. If the total warrant amount is not sufficient to offset the recovery, and no alternate agreement is in

place, the negative balance will be converted to an accounts-receivable transaction and subtracted from future CCS/GHPP/Healthy Families (HF) reimbursements.

If you disagree with any of these resubmissions/adjustments, you may submit a *Claims Inquiry Form* (CIF) within six months of the new RAD date or you may submit an *Appeal Form* within 90 days 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 ([www.medi-cal.ca.gov](http://www.medi-cal.ca.gov)). For appeal completion instructions, please refer to the *Appeal Form Completion* instructions section in the appropriate Part 2 manual or on the Medi-Cal website.

If you have questions in regard to repayment options or would like to obtain an estimate of what your recoupment or overpayment will be, please call the Telephone Service Center (TSC) at 1-800-541-5555, option 11, followed by option 17.

Sincerely,

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Reference Number: P4822/8569