



Rick McMahan
Director, Provider Relations
California MMIS

Xerox State Healthcare, LLC
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October 17, 2012

Subject: Adjustment of Claims for 10 Percent Provider Payment Reduction

Dear Provider:

The January 31, 2012 preliminary injunction issued by the federal court in the case of *California Medical Association (CMA), et al. v. Douglas* prohibits the Department of Health Care Services (DHCS) from applying the 10 percent payment reduction, enacted by Assembly Bill 97 (Chapter 3, Statutes of 2011), to Durable Medical Equipment (DME) and medical supplies rendered for dates of service on or after January 31, 2012. While the preliminary injunction is in effect, those services will continue to be paid at the payment level in effect prior to the enactment of Assembly Bill 97.

Additionally, DHCS is enjoined from retroactively applying the 10 percent reduction to DME and medical supplies rendered from June 1, 2011 through January 30, 2012 if the provider was reimbursed prior to January 31, 2012, at the previous payment level.

The California Medicaid Management Information System (CA-MMIS) was updated to be compliant with the injunction on April 20, 2012. Receiving this letter indicates that you are affected by these changes.

No action is required on your part. Xerox State Healthcare, LLC (Xerox) is adjusting claims processed from January 31, 2012 through April 21, 2012, for services rendered on or after January 31, 2012, where a 10 percent provider payment reduction was applied pursuant to Assembly Bill 97 (Chapter 3, Statutes of 2011). Also, Xerox is re-adjusting claims processed and paid at the previous payment level prior to January 31, 2012, if on or after January 31, 2012, that same claim was reprocessed and paid at the 10 percent reduced level because the provider submitted a *Claim Inquiry Form (CIF)* or *Appeal Form*.

These adjustments will appear on *Remittance Advice Details (RADs)* beginning October 11, 2012, and may be identified by RAD code **951: Adjustment to 10 percent provider payment reduction per Assembly Bill 97 (Chapter 3, Statutes of 2011) effective 06/01/2011.**

If you disagree with any of these adjustments, you may submit a 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 provider manual or on the Medi-Cal website (www.medi-cal.ca.gov).

If the preliminary injunction is overturned on appeal or otherwise dismissed, DHCS may then authorize Xerox to retroactively reprocess claims at the 10 percent payment reduction for DME and medical supplies in order to recoup any overpayment that resulted from not applying the 10 percent payment reduction to any claims pursuant to the injunction.

If you have any questions regarding this adjustment, please call the Telephone Service Center (TSC) at 1-800-541-5555, option 5 followed by option 6.

Sincerely,

Rick McMahan

Director, Provider Relations
California MMIS
Xerox State Healthcare, LLC

Reference Number: P6858