



Rick McMahan
Director, Provider Relations
California MMIS

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December 10, 2012

Subject: Adjustment of Claims for 10 Percent Provider Payment Reduction and New Rates

Dear Provider:

The Department of Health Care Services (DHCS) directed Xerox State Healthcare, LLC (Xerox) to implement a 10 percent payment reduction to all Long Term Care (LTC) providers, as mandated through Assembly Bill 97 (Chapter 3, Statutes of 2011), excluding state-owned LTC facilities (veterans homes) for dates of services from June 1, 2011 to July 31, 2012.

AB 19 terminates the 10 percent reduction on August 1, 2012, and provides a supplemental payment in the 2012 – 2013 rate year that is equivalent to the 10 percent reduction applied from June 1, 2011 to July 31, 2012. DHCS requested Xerox to provide this supplemental payment to all providers by December 31, 2012. DHCS also requested that final rates be implemented, effective retroactively for dates of service on or after August 1, 2011. These rates are applicable to the following two LTC provider categories:

- 1) Freestanding Nursing Facilities Level-B (FS/NF-B); and
- 2) Freestanding Subacute Nursing Facilities Level-B (FSSA/NF-B).

The California Medicaid Management Information System (CA-MMIS) was updated to comply with the above policy on April 20, 2012. However, CA-MMIS was updated again on July 20, 2012 to terminate the 10 percent payment reduction. Our records indicate that you are affected by these changes.

No action is required on your part. Xerox has already adjusted most claims for accommodation codes 01, 02, 03, 11, 12, 75, 76, 77, 78, 81, OR 82 and for dates of service from June 1, 2011, processed from April 20, 2012 through July 19, 2012 to pay back the amount equivalent to the 10 percent reduction applied, and to reimburse per the new rates. You will receive another letter when the remaining claims, if any, have been adjusted.

Xerox also adjusted hospice provider claims for Revenue Code 658 for dates of service from August 1, 2011 through March 17, 2012 (CA-MMIS LTC rate file update date) per the new rates.

These adjustments will appear on *Remittance Advice Details* (RADs) beginning November 29, 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 *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 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

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Xerox State Healthcare, LLC

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