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**Subject: Retroactive Eligibility Changes**

Dear California Children's Services/Healthy Families/Medi-Cal Provider:

Due to the establishment of retroactive Medi-Cal or Healthy Families (HF) eligibility, the California Children's Services (CCS) program reimbursed some claims that should have been paid by either the HF program or the Medi-Cal program. This occurred because a client's CCS eligibility was established first, resulting in claims payment based on CCS eligibility. HF/Medi-Cal eligibility was then established retroactively. However, in some cases, a claim may have been paid under CCS eligibility. Xerox State Healthcare, LLC (Xerox) has been directed to periodically reprocess claims paid under the CCS program to the correct payer source; such as Medi-Cal or HF. Receipt of this letter indicates that you currently have claims within this cycle of reprocessing.

Department of Health Care Services (DHCS) also directed Xerox to reprocess claims paid under HF but will now pay under the Medi-Cal program due to the establishment of retroactive Medi-Cal eligibility.

No action is required on your part. Xerox is adjusting the affected paid claims. For each adjusted paid claim, two lines appear on the Remittance Advice Details (RADs); a negation of the original claim and a replacement claim. In this case, the negation lines are intended to be on the CCS/HF RAD and the replacement lines are intended to be on the HF/Medi-Cal RAD. Please note that the higher rates applied to selected CCS services are driven by the CCS authorization, rather than by the financial program/RAD.

Adjustments will appear on RADs beginning April 4, 2013, and may be identified by RAD code **0975: Adjust across financial programs.**

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, which are only anticipated for CCS/HF RADs, are authorized under the provisions of the *Welfare and Institutions Code (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 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/HF reimbursements.

If you disagree with any of these resubmissions or 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 Form* completion instructions please refer to the *Appeal Form Completion*



section in the appropriate Part 2 manual or on the Medi-Cal website ([www.medi-cal.ca.gov](http://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 3.

Sincerely,

*Tanya E. Schuhmeier*

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