



**Tanya E. Schuhmeier**  
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February 24, 2014

**Subject: Adjustment of Claims for Medical Supply Products Due to Sales Tax Changes**

Dear Provider:

In a recent review of the California Medicaid Management Information System (CA-MMIS), it was discovered that certain medical supply products were listed with incorrect indicators for taxable/non-taxable items, which resulted in taxable items being reimbursed without tax, and non-taxable items being reimbursed with tax. According to California Sales and Use Tax Regulations, the Medi-Cal program is required by law to reimburse providers the appropriate sales tax on taxable medical supplies and equipment. Therefore, Xerox State Healthcare, LLC (Xerox) will update the system as follows:

- Add HCPCS codes A4310, A4320, A4322, A4353, A4626, A4629 and A5131 as “taxable,” effective for dates of service on or after April 1, 2009.
- End-date HCPCS codes A6222 and A6223 as “non-taxable,” effective for dates of service on or after April 1, 2009.

No action is required on your part. Xerox will resubmit the affected claims for dates of service on or after April 1, 2009, through November 19, 2012. Adjustments will appear on *Remittance Advice Details* (RAD) beginning February 27, 2014, with RAD code **0916: Sales tax 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, 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 total warranted 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 these resubmissions or 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 ([www.medi-cal.ca.gov](http://www.medi-cal.ca.gov)).

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

Sincerely,

*Tanya E. Schuhmeier*

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