



Tanya Schuhmeier
Director, Provider Relations
California MMIS

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November 5, 2014

Subject: Adjustment of Claims for Surgical and Anesthesia-Related Drugs and Supplies

Dear Provider:

The Department of Health Care Services (DHCS) updated policy for surgical and anesthesia-related drugs and supplies to replace modifiers ZM and ZN with UA and UB, for dates of service on or after November 1, 2010. Xerox State Healthcare, LLC (Xerox) identified a systems error with this policy, causing claims to erroneously pay with RAD code **0415: Procedure which normally is done in the office is payable at 80 percent of allowable charge when done in an outpatient/surgical clinic environment.** The system was corrected on December 23, 2013.

Additionally, various facilities were affected by rate updates, and may receive negative adjustments. Facilities not affected by rate updates may receive positive adjustments.

No action is required on your part. Xerox will adjust the affected claims. Adjustments will appear on *Remittance Advice Details* (RAD) beginning October 30, 2014 (for positive adjustments), and November 13, 2014 (for negative adjustments) with RAD code **0892: Adjustment of surgical codes billed with modifiers UA, UB, ZM or ZN.**

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, the 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 warrant 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 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). 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.

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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