



Tanya E. Schuhmeier
Director, Provider Relations
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August 11, 2015

Subject: Adjustment of Laboratory and Pathology Claims Due to 2014 Annual Rate Update

Dear Provider:

The Department of Health Care Services (DHCS) has updated rates to comply with the statutory rates for various clinical laboratory services, effective retroactively for dates of service from January 01, 2014, through March 24, 2015.

In compliance with *Welfare and Institutions Code* (W&I Code), section 14105.22, Medi-Cal maximum reimbursement rates for clinical laboratory or laboratory services may not exceed 80 percent of the lowest maximum allowance established by the federal Medicare program for the same or similar services.

No action is required on your part. Xerox State Healthcare, LLC (Xerox) will adjust the affected claims in phases. Phase-1 of these adjustments will appear on *Remittance Advice Details* (RAD) forms beginning August 6, 2015 (for positive adjustments), and August 20, 2015 (for negative adjustments), with RAD code **0893: Retroactive rate 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, 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, 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 at 1-800-541-5555, option 5 followed by option 6.

Sincerely,

Tanya E. Schuhmeier

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