



**Tanya E. Schuhmeier**  
Director, Provider Relations  
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March 7, 2016

**Subject: Adjustment of Claims Due to FS/NF-B and FSSA/NF-B Retroactive Rate Changes**

Dear Provider:

The Department of Health Care Services (DHCS) has updated rates for various Long Term Care (LTC) providers, effective retroactively for dates of service on or after August 1, 2014. These rates are applicable to Free-Standing Nursing Facilities Level B (FS/NF-B) and Free-Standing Subacute Adult Nursing Facilities Level B (FSSA/NF-B).

No action is required on your part. Xerox State Healthcare, LLC (Xerox) will adjust the affected claims. Positive adjustments appeared on *Remittance Advice Details* (RAD) forms beginning October 15, 2015. Negative adjustments will appear on RAD forms beginning March 24, 2016, with RAD code **0981: State initiated claim adjustment**.

*Welfare and Institutions Code* (W&I Code), Sections 14176 and 14177, and *California Code of Regulations* (CCR), Title 22, Section 51458.1(a)(1) authorize DHCS to recover overpayments to providers. Your overpayment will be converted to an Accounts Receivable (A/R) transaction. After the overpayment is calculated (approximately two weeks from the date of this letter) 5 percent will be withheld from future weekly checkwrites until the A/R transaction is satisfied. If the reprocessing of a previously paid claim goes into suspense status (for example, flagged for manual review), the amount of the overpayment on that claim will not be calculated in the claims system until manual review is completed so that the claim can be reprocessed. Any such overpayment will be converted into a separate A/R transaction. The system will withhold an additional 5 percent from future weekly checkwrites for any such additional A/R transactions until satisfied.

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](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.

If you have questions regarding this adjustment, 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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