



BRADLEY P. GILBERT, MD, MPP
DIRECTOR

State of California—Health and Human Services Agency
Department of Health Care Services



GAVIN NEWSOM
GOVERNOR

July 2, 2020

Subject: Adjustment of Laboratory Claims for 10 Percent Provider Payment Reductions

Dear Provider:

Assembly Bill 1494 (Chapter 28, Statutes of 2012) authorizes the Department of Health Care Services (DHCS) to reduce Med-Cal provider payments by 10 percent, effective retroactively for date of service from July 1, 2012, through June 30, 2015.

No action is required on your part. The California Medicaid Management Information System (MMIS) Fiscal Intermediary will adjust the effected claims for various clinical laboratories and laboratory service codes. These adjustments will appear on *Remittance Advice Detail* (RAD) forms beginning July 2, 2020, (for positive adjustments), and July 30, 2020, (for negative adjustments), with RAD code **0981: State Initiated claim adjustment**.

Welfare and Institutions Code (W&I Code) Sections 14115.5, 14176 and 14177, and *California Code of Regulations* (CCR), Title 22, Section 51458.1(a) (1) authorize DHCS to recover overpayments to providers. Any overpayment a provider may have incurred will be converted to an accounts receivables (A/R) transaction. After the overpayment is calculated, approximately 15 days from the date of this letter, 5 percent will be withheld from future weekly check writes 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 Med-Cal claims processing system until manual review is completed, so the claim can be reprocessed. Any such overpayment will be converted to a separate A/R transaction. The system will withhold an additional 5 percent from future weekly check writes for any such additional A/R transactions until satisfied.

To the extent that DHCS is unable to recover an overpayment by withholding a percentage of weekly check writes (for example, provider has ceased operation or is no longer receiving regular Medi-Cal payments), DHCS is authorized by law to pursue recovery by other means.

If you disagree with 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 California MMIS Fiscal Intermediary Telephone Service Center at 1-800-541-5555, option 5, followed by option 6 or write to the California MMIS Fiscal Intermediary Correspondence Specialist Unit at P.O. Box 13029, Sacramento, CA 95813-4029.

Sincerely,

Cindy Garrett

Cindy Garrett
Director, Provider & Member Services
DXC Technology, *on behalf of*
California Department of Health Care Services

Reference Number: P33376G