



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



WILL LIGHTBOURNE
DIRECTOR

GAVIN NEWSOM
GOVERNOR

December 24, 2020

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

Dear Provider:

Assembly Bill (AB) 97 (Chapter 3, Statutes of 2011) authorizes the Department of Health Care Services (DHCS) to reduce Medi-Cal provider payments by 10 percent, effective June 1, 2011. The initial AB 97 payment reductions that were implemented did not include reductions for Durable Medical Equipment (DME) providers due to court injunctions. The injunctions were lifted on June 14, 2013, and DHCS is allowed to retroactively collect the 10 percent payment reductions for DME claims with dates of service from June 1, 2011 through October 23, 2013.

No action is required on your part. The California Medicaid Management Information System (MMIS) Fiscal Intermediary will adjust the affected claims for various DME codes with dates of service June 1, 2011, through October 23, 2013. These adjustments will appear on *Remittance Advice Details* (RAD) forms beginning January 14, 2021, 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 receivable (A/R) transaction. After the overpayment is calculated, approximately 60 days from the date of this letter, five 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 (e.g., 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 the claim can be reprocessed. Any such overpayment will be converted to a separate A/R transaction. The system will withhold an additional five 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 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 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

Gainwell Technologies, on behalf of

California Department of Health Care Services

Reference Number: P36333F