



MICHELLE BAASS
DIRECTOR

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



GAVIN NEWSOM
GOVERNOR

PROVIDER NAME
ADDRESS 1
ADDRESS 2
CITY, STATE ZIP

August 24, 2023
NPI # 123456789

EPC FOR DME CLAIMS TO APPLY 10 PERCENT PROVIDER PAYMENT
REDUCTION

Dear Provider:

Assembly Bill 97 (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 was authorized to reduce payments to DME providers pursuant to AB 97. DHCS implemented the payment reductions for DME providers prospectively on October 24, 2013, and an erroneous payment correction (EPC) is required to retroactively collect overpayments for claims with dates of service from June 1, 2011 to October 23, 2013.

On September 29, 2021, EPC 36333 was implemented to address the overpayments. However, some claims were denied incorrectly when EPC letter 36333 reprocessed claims to apply the AB 97 reduction. The System was fixed to address the issue. DHCS is now retroactively collecting the 10 percent payment reductions that apply to DME claims with dates of service from June 1, 2011 through October 23, 2013.

The recoveries are authorized under the provisions of *Welfare and Institutions Code* (W&I Code) sections 14105.192, 14176, and 14177, and *California Code of Regulations* (CCR), Title 22, Section 51458.1(a)(1). In addition, the W&I Code authorizes 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.

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No action is required on your part. The CA-MMIS Fiscal Intermediary will adjust the affected claims and apply any offsets. These adjustments will appear on *Remittance Advice Details* (RAD) forms beginning September 21, 2023, with RAD code **0981: State initiated claim adjustment**.

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 Provider 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 Provider website.

If you have questions regarding these adjustments, please call the CA-MMIS Fiscal Intermediary Telephone Service Center at 1-800-541-5555, option 5, followed by option 5 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: P44352