



March 20, 2009

Dear Long Term Care (LTC) Provider,

Subject: Adjustment of Claims for LTC Rate Changes

The Department of Health Care Services (DHCS) has retroactively updated the LTC rates for several small and rural hospitals as a result of the provider payment budget reduction effective July 1, 2008, and the routine annual LTC rate adjustments effective August 1, 2008. In addition, these rates were also adjusted to reflect the exemption of these hospitals from the budget reduction for all of their services, including LTC, effective November 1, 2008. The claims payment system was updated in March 2009.

No action is required on your part. EDS, an HP company, is adjusting the affected claims. Adjustments will appear on *Remittance Advice Details* (RADs) beginning March 19, 2009, with RAD code **829: LTC (Long Term Care) 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. 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 Web site at [www.medi-cal.ca.gov](http://www.medi-cal.ca.gov).

If you have questions, please call the Telephone Service Center (TSC) at 1-800-541-5555, option 11, followed by option 18.

Sincerely,

A handwritten signature in black ink that reads 'Nona Carpenter'.

Nona Carpenter  
Provider Relations Director

Reference Number: P11493

EDS, an HP company  
3215 Prospect Park Drive  
Rancho Cordova, CA 95670-6017