



September 23, 2009

Dear Provider,

Subject: Adjustment of Claims for One Percent Price Reduction

Assembly Bill 1183 added *Welfare and Institutions Code* (W&I Code), Section 14105.191 requiring the Department of Health Care Services (DHCS) to reduce provider payments by 1 or 5 percent, depending on the provider type, effective March 1, 2009. Court injunctions that exempted certain provider types or certain services from the previous 10 percent payment reduction no longer applied, and claims became subject to the 1 or 5 percent payment reduction mandated by AB 1183. The claims processing system was updated on April 17, 2009. This affected certain Home Health Services (HCPCS codes H0045, S5111, S9122 – S9124, T1005, T1016, T1019, T2017, T2031, T2033, T2038, Z6900 – Z6910, Z6914 – Z6916 and Z6920), Non-Emergency Medical Transportation (X0200 – X0220), Non-Emergency Patient Transfer (X0404 – X0414), and Early and Periodic Screening, Diagnosis and Treatment (EPSDT) services (Z5000 – Z5022, Z5804 – Z5807, Z5820, Z5832 – Z5840 and Z5868).

No action is required on your part. EDS, an HP company, is adjusting the affected claims since date of service March 1, 2009 through date of processing April 17, 2009. Adjustments will appear on *Remittance Advice Details* (RADs) beginning October 15, 2009 with RAD code **0966: Retroactive rate adjustment**.

The recoveries are authorized under the provisions of 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 (www.medi-cal.ca.gov).

If you have questions, please call the Telephone Service Center 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: P11895

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