

Medi-Cal payment reductions

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The federal Centers for Medicare & Medicaid Services (CMS) has approved key components of the state's 2011-2012 budget proposals to reduce Medi-Cal provider payments. Pursuant to Assembly Bill 97 (Committee on Budget, Chapter 3, Statutes of 2011), reductions have been authorized affecting Medi-Cal provider payments for outpatient services. The Department of Health Care Services (DHCS) recognizes that these reductions are difficult for providers.

DHCS has worked diligently on a phased-in implementation approach to reductions and the recoupment of overpayments. The payment reduction will be implemented first, followed by an erroneous payment correction (EPC) at a capped percentage of each checkwrite. It is DHCS' intent that this approach will mitigate the impact of the reductions to the provider community.

An access analysis has been conducted and a monitoring plan instituted to ensure that adequate access to health care is preserved. DHCS is implementing reductions only where the analysis indicated that access would not be unacceptably impacted. Where the analysis suggested that the impact of reductions would unacceptably compromise access, DHCS reduced or eliminated the proposed reductions.

Reductions will be effective retroactively for dates of service on or after June 1, 2011. DHCS has received federal approval to implement AB 97 payment reductions as follows:

- Payments for services to children (20 years of age or younger) provided and billed by physicians and clinics will continue to be reduced by 1 percent.
- Payments for services to adults (21 years of age or older) provided and billed by physicians and clinics will be reduced by 10 percent.
- Payments for services provided by home health services will continue to be reduced by 1 percent.
- Payments for services provided by specified adult day health care (ADHC) facilities will be reduced by 10 percent through February 2012. This is a result of a settlement agreement in the Esther Darling et. al. v. Toby Douglas court case. The new community-based adult services program will replace the current ADHC program. ADHCs currently exempted from the 10 percent reduction are noted on the DHCS website in a list entitled, AB 97 10% Provider Payment Reduction: Exempt Adult Day Health Care Facilities.
- Payments for all other identified outpatient services will be reduced by 10 percent.

At this time, payment reductions will not be applied to pharmacists or hospital-based skilled nursing facilities.

Payments for services provided under the following programs will be reduced in the same manner as fee-for-service (FFS) Medi-Cal. The percentage reduction will be based upon the provider type billing the service and the age of the patient as noted above.

- California Children's Services (CCS) Program
- Child Health and Disability Prevention Program
- CCS/Healthy Families
- State-Only Family Planning Program (except Aid Code 8H)
- Genetically Handicapped Persons Program

The rates on file for Los Angeles County Clinics (LACC) reflect the application of the current 1 percent payment reduction to this provider type. Implementation of the 10 percent payment reduction for LACCs will be as follows:

- Payments for services to children will be paid at the rate on file and will not be further reduced.
- Payments for services to adults will be reduced by an additional 9 percent for a total reduction of 10 percent.

The current statutory exemptions for the 1 percent and 5 percent payment reductions will remain in place. Pursuant to the recent passage of Senate Bills 90 and 335, the payment reductions specified in AB 97 will not be applied to payments for hospital outpatient departments.

EPCs will be issued to reprocess claims and recoup overpayments made to providers during the continued application of the current 1 percent and 5 percent payment reductions for dates of service on or after June 1, 2011. Given the size and complexity of this action, the EPC will be initiated in January 2012 and may continue for several months. DHCS is attempting to mitigate the impact to providers by limiting the amount to 5 percent of the amount to be recouped per checkwrite.

For additional information on the rate reductions, providers may access the DHCS website's "Frequently Asked Questions" page. Additional questions, including concerns about the EPCs and recoupment of overpayments, may be emailed to rate.reduction@dhcs.ca.gov.

Toll free beneficiary call line

Additionally, a toll-free Medi-Cal phone number can help answer questions and concerns for Medi-Cal beneficiaries. If a person receives or needs Medi-Cal services, they may call 1-800-541-5555. This number can also be used to help determine a person's Medi-Cal eligibility and Share of Cost requirements.