MEDI-CAL UPDATE Part 2
Billing and Policy
www.medi-cal.ca.gov

Long Term Care

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Contents

LTC Provider Overpayment Solution Requires Provider Action

The Department of Health Care Services (DHCS) is finalizing efforts to implement a systematic solution to Medi-Cal claim overpayments made to Long Term Care (LTC) providers. Overpayments were made due to provider billing software that erroneously dropped the Medi-Cal recipient's Share of Cost (SOC) from the claims submitted for payment via Computer Media Claim (CMC), for dates of service January 1, 2004 through March 23, 2007. The DHCS plans to recoup these overpayments from providers.

To systematically identify the pool of affected claims, DHCS needs the cooperation of providers. Affected providers, (those who submitted LTC claims for dates of service January 1, 2004 through March 23, 2007) must report to DHCS the SOC amount that should have been reported on the original LTC claim(s).

The decision in Johnson v. Rank prevents DHCS from assuming Medi-Cal claim(s) were submitted incorrectly. Claims with no reported SOC will not be assumed to be in error.

DHCS will use this SOC information to complete an automated Erroneous Payment Correction (EPC). In order to identify the affected claim(s), DHCS will need the exact SOC amount that should have been reported on the LTC claim(s) from the dates of service January 1, 2004 through March 23, 2007, along with the following additional information:

- Provider Number
- Provider Name
- Claim Control Number (CCN)
- SOC Amount

If the CCN is not available, the following information will be needed based from the original claim:

- Provider Number
- Provider Name
- Recipient ID
- Dates of Service From - Through
- SOC Amount

DHCS can accept the information in MS Word, MS Excel or in text file format. The Medi-Cal Web site (**www.medi-cal.ca.gov**) contains templates that may be downloaded to enter the required information. The information may be submitted in hardcopy form or on a password-protected compact disc (CD) using WinZip to "zip" (compress) the files.

Please see **LTC Overpayment**, *page 2*

LTC Overpayment *(continued)*

Instructions on how to zip and encrypt files using WinZip:

1. Create the document(s) you would like to zip.
2. Save the file(s).
3. Open WinZip.
4. Create a new archive file.
5. Add the file(s) to WinZip.
6. Select the option to encrypt. Use the highest level of encryption available.
7. If a WinZip caution dialog box appears, click OK.
8. Enter your password. (Verify that "Mask password" has been selected.)
9. Re-enter your password for verification.
10. Select the encryption method.
11. Click OK.
12. Burn the encrypted file to a CD.

When selecting a password for encryption, please follow these security guidelines:

- Use a minimum of eight characters.
- Do not include any recognizable words within the password.
- Use at least one non-alphabet character (number, dashes, etc.).
- Use at least one character from the alphabet.

Please include the contact name and phone number of the person who will relay the password, as it should not be included with the CD. Send the CD to:

EDS
Attention: Correspondence Specialist Unit
P.O. Box 13029
Sacramento, CA 95813-4029

Once the data is received, it will be matched to the original claim(s) to determine what adjustments to the prior payments are needed. When claim amounts are adjusted, providers with overpayments will be notified and will have the opportunity to dispute the overpaid amount and request repayment arrangements. DHCS plans to allow for a 120 day window from the publication date of this bulletin for providers to submit the requested information to the address above.

Questions concerning this process may be directed to the Telephone Service Center (TSC) at 1-800-541-5555.

AB 1629 Facility-Specific Rate Methodology Policy Clarification

This article clarifies the labor cost category established pursuant to *Welfare and Institutions Code* Section 14126.023, Subdivision(c), Section 204(b) in the Medi-Cal Long Term Care Reimbursement Act, added by California Assembly Bill 1629. In the October 2005 *Medi-Cal Update* Bulletin 343 the labor cost category included the following: direct resident care labor, indirect care labor and "labor-driven operating allocation" (LDOA). This article presents the amended version of the "indirect care labor cost category" used to establish the facility-specific, cost-based per diem payment for audited Free-Standing Skilled Nursing Facilities Level B (FS/NF-B) and Free-Standing Subacute Nursing Facility Level B (FSSA/NF-B).

Please see **AB 1629**, *page 3*

AB 1629 *(continued)*

204(b) Labor Cost Category – Indirect Care Labor
Subject to any changes in state or federal law, the provisions of this amended version of Section 204(b) is retroactively effective for rate year beginning August 1, 2007.

If a facility employs a contractor to provide regularly scheduled daily staff needed to operate a facility department (such as plant operations, housekeeping, laundry and linen, or dietary), the contractor's documented labor costs shall be included in the indirect care labor cost category.

The contracted labor costs will be excluded from the LDOA.

Facilities must provide the auditors with the portion of the contract agreement that identifies the labor costs. The facility may provide any other documentation to identify labor costs provided by the contractor.

If the facility fails to provide all requested documentation, the Department of Health Care Services (DHCS) will apply industry averages that represent the labor percentage of contracted costs for cost centers listed below. The following industry averages will be used for the four cost centers:

- Plant Operations and Maintenance – 31 percent
- Housekeeping – 85 percent
- Laundry and Linen – 78 percent
- Dietary – 58 percent

Expenses for contracted plumbers, gardeners, equipment service contracts, contracts for facility repairs or remodeling, security guards, alarm services, pickup and delivery laundry services, consultants or any other service agreement shall be considered non-labor.

Indirect Care Labor Rate Review (ICL) Process
For rate year 2007 – 2008, audited facilities with cost reports for fiscal year ending in 2005 may request a rate review if the labor contract costs were included in the non-labor category.

In order to qualify for a rate review, facilities must submit to DHCS an *Indirect Care Labor Rate Review* (ICL) form (see below), and provide documentation that identifies the cost of contracted labor. If DHCS is unable to identify the cost of labor, the industry averages will be applied to the four cost centers.

Indirect Care Labor Rate Review (ICL) Form
The ICL form and all supporting documentation must be filed in writing or by email to DHCS no later than June 30, 2008. The ICL form must contain pertinent facility information, the fiscal period end date, and the specific basis for the review. It is each facility's obligation to submit the ICL form and documentation before the due date. The ICL form and instructions are available at DHCS Web site's Long Term Care System Development Unit page at **www.dhcs.ca.gov/services/medi-Cal/Pages/LTCAB1629.aspx**.

The ICL forms along with the supporting documentation shall be mailed to:

Department of Health Care Services
Long Term Care System Development Unit
AB 1629 Facility-Specific Reimbursement Methodology
MS 4612
1501 Capitol Avenue, Suite 71.4001
P.O. Box 997417
Sacramento, CA 95899-7417

The ICL forms, including supporting documentation, may be submitted by email to **ab1629@dhcs.ca.gov**; write, "AB 1629 ICL Rate Review" in the subject line.

The ICL form and instructions may be downloaded from DHCS Long Term Care System Development AB 1629 Web site at **www.dhcs.ca.gov/services/medi-cal/Pages/LTCAB1629.aspx**.

Revised Proprietary Forms Reminder

New versions of Medi-Cal and Child Health and Disability Prevention (CHDP) program proprietary forms are available from Medi-Cal. **Effective April 15, 2008, Medi-Cal is no longer accepting the old version of these forms**. These new forms are updated to accommodate the 10-digit National Provider Identifier (NPI).

The following is the list of proprietary forms that have been revised and must be submitted instead of the old versions.

Form Number	Form Name
18-1	*Request for Extension of Stay in Hospital*
18-1C	*Request for Extension of Stay in Hospital*
18-2	*Request for Extension of Stay in Hospital* (Fax)
18-3	*Request for Mental Health Stay in Hospital*
20-1CZ	*Long Term Care Treatment Authorization Request*
25-1CZ	*Payment Request for Long Term Care*
30-1	*Pharmacy Claim Form*
30-1CZ	*Pharmacy Claim Form*
30-4	*Compound Drug Pharmacy Claim Form*
30-4CZ	*Compound Drug Pharmacy Claim Form*
50-1	*Treatment Authorization Request*
50-1C	*Treatment Authorization Request*
50-2	*Treatment Authorization Request* (Fax)
50-2C	*Treatment Authorization Request*
50-3	*Treatment Authorization Request* (Vision Care)
55-1	*Medi-Cal Managed Care Authorization Form* (Discharge Planning Option)
60-1	*Claims Inquiry Form*
60-1C	*Claims Inquiry Form*
90-1	*Appeal Form*
PM 160 *	*CHDP Assessment Confidential Screening/Billing Report* (Version 8)
PM 160INF *	*CHDP Assessment Confidential Screening/Billing Report (Information Only)* (Version 8)
TAR 3 Form	*Treatment Authorization Request Attachment Form*

* CHDP providers should continue to order claim forms through their local county CHDP program – phone orders will not be accepted.

At the direction of the Department of Health Care Services, the old version non-NPI compliant forms will be returned and may result in claim timeliness issues. If the new form versions are not used, the timeliness of claims may be jeopardized, **and reimbursements may be cut back or denied as a result**.

Fresno Medi-Cal Field Office Closure Reminder

Effective March 7, 2008, the Department of Health Care Services (DHCS) closed the Fresno Medi-Cal Field Office (FMCFO), located at 3374 East Shields Avenue, Suite C-4, Fresno, CA 93726. This closure occurred as part of a statewide effort to streamline Medi-Cal field office operations and to increase consistency in adjudication decisions on behalf of Medi-Cal recipients.

As a reminder, the redirection of services is summarized below:

- Effective for dates of service on or after July 1, 2007, *Treatment Authorization Requests* (TARs) for intravenous home infusion equipment services, including all medical supplies related to infusion therapy, and all Durable Medical Equipment (DME) and medical supplies related to enteral feeding, are redirected to the Northern and Southern Pharmacy Sections.
- Effective for dates of service on or after July 1, 2007, TARs for medical supplies related to incontinence, including urinary catheters and bags, are redirected to the Sacramento Medi-Cal Field Office.
- Effective for dates of service on or after July 1, 2007, TARs for breast pumps and supplies are redirected to the San Francisco Medi-Cal Field Office.
- Effective for dates of service on or after October 22, 2007, TARs for hearing aids are redirected to the San Francisco Medi-Cal Field Office.
- Effective for dates of service on or after November 1, 2007, TARs for regionalized oxygen and respiratory equipment, respiratory care services and medical supplies not otherwise designated, are redirected to the Sacramento Medi-Cal Field Office.
- Effective for dates of service on or after December 1, 2007, providers in Monterey, San Benito, San Luis Obispo, Santa Barbara, and Santa Cruz counties are to submit TARs for core services to the San Francisco Medi-Cal Field Office.
- Effective for dates of service on or after December 1, 2007, providers in Fresno, Kern, Kings, Madera, Mariposa, Merced, Stanislaus, Tuolumne and Tulare counties are to submit TARs for core services to the Sacramento Medi-Cal Field Office.

DHCS does not anticipate any negative impact to providers or recipients as a result of the closure of FMCFO, as all TAR services will continue. Onsite review of TARs at area hospitals will continue, as will local Medical Case Management (MCM) program activities. Medi-Cal providers requesting further information regarding specific services and benefits authorized by MCM for all Central Valley counties may contact the MCM program at 1-888-678-4714.

This information is reflected on manual replacement pages tar field 8 and 9 (Part 2).

Instructions for Manual Replacement Pages — Part 2

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Remove and replace: subacut adu 3/4 *
tar field 7 thru 10

* Pages updated due to ongoing provider manual revisions.