

**Department of Health Care Services  
Proposed Trailer Bill Legislation**

**Drug Medi-Cal Claim Timeliness**

**FACT SHEET**

**Issue Title: Drug Medi-Cal Claim Timeliness.** The Department of Health Care Services (DHCS) proposes to change the Drug Medi-Cal claim timeliness from six months to twelve months to create parity and be consistent with the claim timeliness requirements for Medi-Cal fee-for-service (FFS), Specialty Mental Health Services (SMHS) and federal regulations.

**Background:** Existing law requires claims for reimbursement of Drug Medi-Cal services to be submitted within six months after the date of service (Welfare and Institutions Code (W&I Code), Section 14021.6(g)). DHCS allows the submission of Drug Medi-Cal claims after six months if they meet the good cause criteria as outlined in state regulations (California Code of Regulations, Title 22, Section 51008.5). If a Drug Medi-Cal provider needs additional time, the following steps would occur: 1) the provider would submit a request to DHCS; 2) DHCS would review and approve the request; 3) upon approval, DHCS would issue a delay reason code to the provider; and 4) the provider would submit the claim with the delay reason code. This time intensive review process further delays reimbursement of claims.

Federal regulations require providers to submit claims within twelve months (Code for Federal Regulations (CFR), Title 42, Section 447.45(d)). Claiming requirements for Medi-Cal FFS and SMHS currently allow claims to be submitted within 12 months after the date of service.

**Justification for the Change:** DHCS is proposing to allow providers to submit claims for Drug Medi-Cal services within twelve months instead of six months after the date of service to create parity and be consistent with the claim timeliness requirements for Medi-Cal FFS, SMHS and federal regulations, which would provide Drug Medi-Cal providers additional time to submit claims and reduce DHCS and county workload associated with late claim approval requests.

**Summary of Arguments in support:**

- The proposal provides additional time to Drug Medi-Cal providers to submit claims eliminating or greatly reducing delays.
- The proposal reduces DHCS workload because the review and approval process for delayed claims would be reduced.
- The proposal aligns the Drug Medi-Cal Delivery system claim timeliness policy with Medi-Cal FFS, SMHS, and federal regulations which creates parity.