State of California—Health and Human Services Agency
Department of Health Care Services

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DIRECTOR

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DATE: October 7, 2015

MHSUDS INFORMATION NOTICE NO.: 15-046

TO: COUNTY BEHAVIORAL HEALTH PROGRAM DIRECTORS
COUNTY DRUG & ALCOHOL ADMINISTRATORS
COUNTY BEHAVIORAL HEALTH DIRECTOR'S ASSOCIATION
CALIFORNIA COUNCIL OF COMMUNITY MENTAL HEALTH AGENCIES
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS

SUBJECT: REIMBURSEMENT TO MEDI-CAL BENEFICIARIES FOR OUT-OF-POCKET EXPENSES FOR COVERED MEDI-CAL SERVICES

PURPOSE

The Department of Health Care Services (DHCS) is issuing this Information Notice to inform Drug Medi-Cal (DMC) treatment providers of their responsibilities under the Conlan v. Bontá, Conlan v. Shewry court decision, effective February 2006, and California Welfare and Institutions Code Section 14019.3 (W&I Section 14019.3(i)). All enrolled Medi-Cal providers, including DMC treatment providers, are required to repay beneficiaries for all medically necessary services that they were eligible to receive and that they paid for out-of-pocket during the three-month retroactive eligibility period, evaluation period for eligibility, and after eligibility was approved. DMC treatment providers are to cooperate in reimbursing beneficiary claims for out-of-pocket expenses for DMC-eligible services. The intent of the court decision is to ensure prompt payment to beneficiaries. DMC treatment providers may then request reimbursement from Medi-Cal for the Medi-Cal services provided to these beneficiaries.

As mandated by the court decision, DMC treatment providers must:

- Reimburse Medi-Cal beneficiaries who paid the provider for out-of-pocket expenses during the retroactive eligibility period, evaluation period for eligibility, and after eligibility was approved.
- Reimburse the beneficiary's full payment of out-of-pocket expenses. This includes amounts above the Medi-Cal rate for Medi-Cal covered services.
- Comply with DHCS' written request for beneficiary reimbursement within 30 days of the date of notification and provide written confirmation of the reimbursement, or request a State Hearing.

DISCUSSION

According to W&I Section 14019.3, all enrolled Medi-Cal providers, including DMC providers, must repay beneficiaries for all medically necessary services that the beneficiary receives if:

- The beneficiary received the services after June 27, 1997;
- The beneficiary was eligible to receive the service; or
- The beneficiary paid for the service out-of-pocket either: 1) during the three-month period prior to applying for the Medi-Cal Program; 2) during the period of time between the date when the beneficiary applied for Medi-Cal and the date when the beneficiary received his/her Medi-Cal card; or 3) after his/her Medi-Cal card was issued (W&I Section 14019.3.3(a)).

Upon presentation of the beneficiary's Medi-Cal card or other proof of eligibility, the Medi-Cal provider must submit a Medi-Cal claim for reimbursement (W&I Section 14019.3(c)). To request reimbursement at the Medi-Cal rate, the provider must submit to DHCS an electronic claim file (837P0) through the Information Technology Web Service. Upon receipt of Medi-Cal payment, the Medi-Cal provider must return the full out-of-pocket payments made by the beneficiary, or any person on behalf of the beneficiary, regardless of whether that expense was above the Medi-Cal rate for that particular service (W&I Section 14019.3(e)).

If an enrolled Medi-Cal provider refuses to reimburse a beneficiary for out-of-pocket expenses that he/she is entitled to, that beneficiary may submit a claim to DHCS requesting assistance with obtaining reimbursement from the provider as long as the claim is submitted to DHCS within 90 days of the beneficiary being issued a Medi-Cal card. If DHCS approves a beneficiary's claim for reimbursement, DHCS will issue a written request to the provider for beneficiary reimbursement. Within 30 days of the date of notification, the provider must reimburse the beneficiary and provide written confirmation of the reimbursement or request a State Hearing (W&I Section 14019.3(g)).

In accordance with DHCS's Revised Plan for Beneficiary Reimbursement, Conlan v. Bontá, Conlan v. Shewry and pursuant to W&I Section 14019.3, DHCS has the legal authority to proceed with monetary recoupment from a Medi-Cal provider to satisfy a beneficiary's claim for reimbursement. If the provider does not make full reimbursement to the beneficiary, DHCS will permanently divert funds from the Medi-Cal provider in an amount sufficient to reimburse the beneficiary's claim in full (W&I Section 14019.3(h)).

QUESTIONS/MAINTENANCE

If you have any questions regarding this information notice, please contact Sue Heavens at (916) 327-2728 or by email at susan.heavens@dhcs.ca.gov.

Sincerely,

Original signed by

Karen Baylor, Ph.D., LMFT, Deputy Director
Mental Health & Substance Use Disorder Services