

cc: COMPLIANCE
GINS
HELMER

DEPARTMENT OF HEALTH SERVICES

1744 P STREET
P.O. BOX 942732
SACRAMENTO, CA 94234-7320
(916) 654-8076



February 29, 2000

MMCD All-Plan Letter 00002

- TO:
- County-Organized Health Systems
 - Geographic Managed Care Plans
 - Prepaid Health Plans
 - Primary Care Case Management Plans
 - Two-Plan Model Plans

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CORPORATE COMPLIANCE

SUBJECT: Medi-Cal Managed Care Medical Exemptions

PURPOSE

This letter is to advise affected Medi-Cal managed care plans that the Department of Health Services (the Department) has initiated a more formal medical review of medical exemption requests on behalf of newly eligible beneficiaries in mandatory enrollment categories who have cause to remain in fee-for-service Medi-Cal. The Department continues to be committed to assuring that every beneficiary who qualifies for and requests a medical exemption due to the need for continuity of care for a complex medical condition is granted an exemption on a timely basis. The Department's new review process is consistent with the Administration's increased anti-fraud efforts to ensure that dollars allocated for health care to Medi-Cal beneficiaries are used for this purpose.

BACKGROUND

The medical exemption process is intended to ensure continuity of care for beneficiaries who are already under treatment for a complex medical condition or pregnancy at the time they become eligible for enrollment in a Medi-Cal managed care plan (Title 22, California Code of Regulations, sections 53887 and 53923.5). The beneficiary must be under treatment for a qualifying condition by a Medi-Cal **fee-for-service** provider who does not contract with any Medi-Cal managed care plan in the beneficiary's county of residence.

The provider must submit a Medi-Cal Managed Care Exemption Certification document to the Department's enrollment contractor with information regarding the beneficiary's medical condition(s), the date treatment began, and the estimated duration of treatment. If approved, an exemption is granted until the medical condition is stabilized (up to a maximum of 12 months and subject to renewal) and the **beneficiary** can be safely transferred to a plan provider.

DISCUSSION

The Department began this more formal review of medical exemption requests in January 2000. This review process is designed to ensure that every beneficiary who qualifies for and requests a medical exemption due to the need for continuity of care for a complex medical condition is granted an exemption on a timely basis. To date the Department's medical exemption review team has focused primarily on medical exemption requests submitted in one county by a small number of providers who have submitted an unusually large number of requests. **However**, this more formal review soon will be expanded to *all* requests for medical exemption submitted in Two-Plan Model and Geographic Managed Care program counties (except for those that are administratively denied by the enrollment contractor).

For most of the exemption requests currently under review, additional medical documentation is being requested from the submitting providers. Preliminary review results have produced the expectation that the majority of deferred exemption requests eventually will be denied. Medi-Cal beneficiaries whose requests for medical exemption are denied will be notified by letter that includes information about their right to a fair hearing. These beneficiaries will subsequently receive an enrollment packet containing the information they need to choose a plan and primary care provider.

Some plan member services departments may experience a temporary increase in inquiries from beneficiaries seeking plan information because their medical exemption requests have been denied. As always, Medi-Cal managed care plans should be prepared to provide approved membership materials and provider directories on request to assist these beneficiaries with making an informed enrollment choice. Plans also are encouraged to provide all appropriate assistance to new enrollees who request help with their transition to Medi-Cal managed care and to facilitate expeditious review of new enrollees' health status to assure continuity of care for any existing medical conditions.

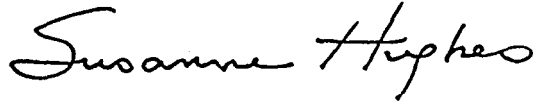
The Department is currently finalizing new regulations that will provide greater specificity for both providers and beneficiaries regarding the criteria for medical exemptions. These new regulations also will provide the Department **with** stronger legal **authority** for denying exemption requests that do not meet the criteria. The Department will distribute these new regulations to plans in a policy letter as soon as the filing date has been determined.

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if you have questions about this letter or **any** aspect of the medical exemption process, please contact your contract manager in the Medi-Cal Managed Care Division at (916) 657-0977 for assistance.



Susanne M. Hughes
Acting Chief
Medi-Cal **Managed** Care Division