



TOBY DOUGLAS
Director

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



EDMUND G. BROWN JR.
Governor

DATE: JANUARY 23, 2013

All Plan Letter 13-002

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: PROCESSING ERRORS RELATED TO DENIED MEDICAL EXEMPTION REQUESTS REGARDING MANDATORY ENROLLMENT INTO A MEDI-CAL MANAGED CARE PLAN

PURPOSE:

The purpose of this All Plan Letter (APL) is to inform Medi-Cal managed care health plans (MCPs) of recently identified Medical Exemption Request (MER) processing errors and associated remedies for impacted beneficiaries.

BACKGROUND:

State regulations allow certain beneficiaries to request a medical exemption from MCP enrollment for up to 12 months to complete necessary treatment with their current Medi-Cal fee-for-service (FFS) provider(s).¹ This treatment must be for a complex medical condition and must be provided by a physician, certified nurse midwife, or licensed midwife who is participating in FFS Medi-Cal but is not contracting with any of the MCPs available in an eligible beneficiary's county of residence.

A beneficiary who is granted a medical exemption from MCP enrollment may remain with the FFS Medi-Cal provider until his or her medical condition is stabilized to a level that enables him/her to change to a MCP physician without deleterious medical effects, as determined by the beneficiary's FFS Medi-Cal provider. At any time, the Department of Health Care Services (DHCS) may verify the complexity, validity, and status of the medical condition and treatment plan and verify that the provider is not contracting or otherwise affiliated with a MCP in the beneficiary's county of residence. DHCS may deny a request for exemption from MCP enrollment or revoke an approved MER if a provider fails to fully cooperate with DHCS's verification process.

¹ Exemptions from enrollment in Two-Plan Model health plans are set forth in Title 22 of the California Code of Regulations (CCR), Section 53887. Exemptions from enrollment in Geographic Managed Care health plans are set forth in Title 22 CCR 53923.5.

DISCUSSION:

DHCS identified two errors related to MER processing:

1. Incomplete MERs:

Between March 1, 2011 and October 15, 2012, MERs that DHCS clinical staff identified as incomplete were often denied automatically upon receipt by DHCS's enrollment broker. These MERs should have been placed on hold for 30 days while the enrollment broker requested additional medical documentation from the submitting provider, as described in the corrected process below. As a result, beneficiaries and their providers were not given the opportunity to provide additional information in support of their MERs. This error impacted beneficiaries whose MERs were denied during this time period because DHCS clinical staff determined them to be incomplete.

Corrected Process

DHCS established a process to verify the complexity, validity, and status of the medical condition and treatment plan of the beneficiary requesting exemption from Medi-Cal managed care. If DHCS clinical staff do not have enough information to complete the verification process, the submitting provider will be contacted in two ways to obtain the necessary additional information: first, by facsimile notice; and second, by telephone up to five separate times on five consecutive business days. If the provider submits the requested medical documentation, DHCS will process the complete MER. If DHCS does not receive the requested information within 30 days from the date of the request, the MER will be denied.

2. Denial Notices:

Between March 1, 2011 and October 15, 2012, the DHCS enrollment broker did not mail MER denial notices to some beneficiaries who should have received them. This error; however, did not occur 100 percent of the time. As a result, some beneficiaries did not have the opportunity to appeal DHCS's decision and apply for a state fair hearing (SFH).

Corrected Process

If a beneficiary's MER is denied, DHCS will mail a denial notice.

DHCS is deeply concerned about the impact to beneficiaries as a result of these errors. DHCS takes these findings very seriously and views remediation of them to be the highest priority. DHCS is, or has taken, the following steps to remedy these errors:

1. On October 15, 2012, DHCS and its enrollment broker implemented stopgap measures to ensure no additional beneficiaries are negatively impacted.
2. DHCS and its enrollment broker developed a corrective action plan to implement both temporary and permanent operational corrections to address all errors in an expedited manner.
3. DHCS developed beneficiary remedies and is communicating them to all impacted beneficiaries through notices that were mailed in January 2013.
4. DHCS retained an external auditor to immediately validate the stopgap measures and audit the entire MER process. The first deliverable, validating the stopgap measures, is scheduled to be released in January 2013.

BENEFICIARY REMEDY:

DHCS is offering a remedy to the affected beneficiaries. DHCS will offer a separate remedy for each error. For beneficiaries impacted by both errors, DHCS will offer the remedy developed for "incomplete MERs" because it addresses both processing errors.

DHCS will communicate these remedies and options to beneficiaries in January 2013 both by mail and by telephone. The following table includes information about each error, the corresponding beneficiary remedy, and the corresponding notice number for reference.

Table 1: Remedy Overview			
Processing Error	Description	Beneficiary Remedy	Notice Identification
Incomplete MER	DHCS's enrollment broker denied incomplete MERs upon receipt, rather than placing them on hold for 30 days pending receipt of additional medical documentation that had been requested.	The beneficiary can file a new MER either while enrolled in the MCP or after requesting to return to FFS.	Footer: Notice # MU_MER3856 in the right hand corner and the letter B in the left hand corner.
Denial Notice	DHCS's enrollment broker did not mail a MER denial notice.	The beneficiary can file a request for a SFH either while enrolled in the MCP or after requesting to return to FFS.	Footer: Notice # MU_MER3857 in the right hand corner and the letter X in the left hand corner.

Beneficiaries are not required to pursue a beneficiary remedy and may choose to do nothing and remain with their MCP. In addition, this APL does not impact a Medi-Cal beneficiary's existing right to change MCPs or providers upon request.

1. Incomplete MER Remedy:

This population was impacted because DHCS's enrollment broker issued denial notices for MERs that DHCS's clinical staff determined as incomplete. DHCS intended for the enrollment broker to request additional medical documentation from the FFS Medi-Cal provider and place the MERs on hold for 30 days. Because the enrollment broker did not request additional medical documentation, a medical review of the MER was never completed.

DHCS is offering these beneficiaries the option to file a new MER. DHCS will notify these beneficiaries by mail in January 2013. An impacted beneficiary may file a MER while the beneficiary is enrolled in an MCP, or the beneficiary may return to FFS Medi-Cal while the MER is being processed. An impacted beneficiary must submit a request to return to FFS Medi-Cal within 30 days from the date of the letter.

Beneficiaries requesting to return to FFS Medi-Cal and filing a new MER must submit the MER within six months from the date of the letter notifying them of their options. If a beneficiary does not file the new MER within the specified timeframe, or if DHCS denies the new MER, the beneficiary will automatically be enrolled into the same MCP he/she was enrolled in prior to requesting to return to FFS Medi-Cal.

The MCP must take steps to ensure that the beneficiary will be able to utilize the same MCP providers they were utilizing prior to the beneficiary returning to FFS Medi-Cal, unless the beneficiary indicates a desire to change providers. If the new MER is denied, the beneficiary must also be extended continuity of care in accordance with APL 11-019; Medi-Cal Managed Care Division Policy Letter 12-004; Welfare and Institutions Code Sections 14005.27 and 14182(b); Health and Safety Code Sections 1373.95 and 1373.96; Title 22 CCR Sections 53286, 53810, and 53887; Title 28 CCR Section 1300.67, et seq.; and any other applicable state and federal statutes and regulations.

Each beneficiary who completes a new MER while remaining in the MCP must submit the MER within 45 days of the date of the letter. The MCP provider must complete the MER if requested by the beneficiary.

Each beneficiary should have his or her provider complete the new MER according to the process noted above and submit it to Health Care Options by fax at 916-364-0278.

Instructions to complete the MER form can be found by accessing the link below:

http://www.dhcs.ca.gov/individuals/Documents/MMCD_SPD/Provider_Bulletin_July2012.pdf

A copy of the MER form can be found at:

http://www.healthcareoptions.dhcs.ca.gov/HCOCS/Enrollment/Exception_to_Plan_Enrollment_Forms.aspx

MCP providers should note that although the MER instructions and MER form are written to apply to FFS providers, in this instance only, they also apply to MCP providers. MCPs will receive a data file that identifies their members that are impacted by this policy.

2. Denial Notices Remedy:

This population was impacted because DHCS's enrollment broker did not mail a MER denial notice to these beneficiaries even though DHCS's clinical staff had denied their MERs. As a result, the impacted beneficiaries were not informed of their right to request a SFH.

DHCS is offering these affected beneficiaries the option to request a SFH. The SFH request can be filed while the beneficiary is enrolled in an MCP, or the beneficiary can return to FFS Medi-Cal while the SFH request is being processed. Requests to return to FFS Medi-Cal must be submitted within 30 days from the date of the letter.

If the request for a SFH is not filed within 45 days from the date of the letter, or the SFH is denied, the beneficiary will automatically be enrolled back into the same MCP they were enrolled in prior to requesting to return to FFS Medi-Cal. For additional information on the SFH process, beneficiaries may contact the Department of Social Services at 1-800-952-5253; TTY: 1-800-952-8349; Monday through Friday, from 8 a.m. to 5 p.m.

MCPs will receive a data file that identifies members impacted by this policy.

If you have any questions regarding this APL, please contact your Contract Manager.

Sincerely,

ORIGINAL SIGNED BY MARGARET TATAR

Margaret Tatar, Chief
Medi-Cal Managed Care Division