



TOBY DOUGLAS
Director

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



EDMUND G. BROWN JR.
Governor

DATE: SEPTEMBER 17, 2013

ALL PLAN LETTER 13-007
(REVISED)

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: REPORTING REQUIREMENTS RELATED TO PROVIDER
PREVENTABLE CONDITIONS

PURPOSE

This All Plan Letter (APL) is to notify all Medi-Cal managed care health plans (MCPs) that they must identify encounter data resulting from provider preventable conditions (PPCs) by completing the attached “Medi-Cal PPC Reporting Form DHCS 7107 (revised 5/13).” MCPs must submit the form to the Audits and Investigations (A&I) Division pursuant to the form’s instructions.¹ MCPs must also gather PPC Reporting Forms from their providers.

BACKGROUND

In July 2011, the Centers for Medicare and Medicaid Services (CMS) established rulemaking CMS-2400-F,² which prohibits states from permitting payment to Medicaid providers for treatment of PPCs. Furthermore, CMS specified that managed care organizations must participate in reporting PPC-related encounters. However, CMS has not yet issued final instructions for state’s managed care programs to recover these payments.

PPCs include both the “Health Care Acquired Conditions” (HCACs) and “Other Provider Preventable Conditions” (OPPCs) listed in the below mentioned announcements. Starting July 1, 2012, CMS will not pay for HCACs that occur in an inpatient setting or for OPPCs that occur in any health care setting.

The Department of Health Care Services (DHCS) has not established a method for recovering payment for treatment of PPCs and will notify MCPs when it has finalized a payment recovery method for PPCs. Initially, MCPs must only report PPC encounters. Form DHCS 7107 lists all of the PPC data elements that must be reported; this form

¹ DHCS 7107 (enclosed) is available at: http://files.medi-cal.ca.gov/pubsdoco/Forms/dhcs_7107.pdf.

² The Federal Rule is available at: <http://www.gpo.gov/fdsys/pkg/FR-2011-06-06/pdf/2011-13819.pdf>.

was updated in May 2013 to allow individual providers and MCPs to clearly identify PPCs on Line 24.

DHCS informed Fee-for-Service (FFS) providers of these requirements in August 2012 by publishing announcements on its website newsroom³ and through a Provider Bulletin on its website for Medi-Cal Providers.⁴ In September 2012, DHCS's Medi-Cal Managed Care Division (MMCD) updated MCPs on this topic through its Medical Directors Meeting. In February 2013, MMCD sent an email to MCPs on this topic. This information is available on the following webpages:

- DHCS guidelines are available on DHCS's website at:
http://www.dhcs.ca.gov/individuals/Pages/AI_PPC.aspx.
- DHCS Frequently Asked Questions are available at:
<http://www.dhcs.ca.gov/individuals/Pages/PPCFAQ.aspx>.

REQUIREMENTS

MCPs must:

1. Review encounter data submitted by network providers for evidence of PPCs that must be reported.
2. Complete Form DHCS 7107 for each PPC and mail or FAX it to the appropriate DHCS address listed at the bottom of the form.
3. Issue a special notice throughout their provider networks to inform their providers that they must report PPCs using Form DHCS 7107 to A&I.
4. Require their providers to send them a copy of the Forms DHCS 7107 they send to A&I.
5. Retain copies of all Forms DHCS 7107 for later reconciliation of allowable payments.

MCPs must screen the encounter data received from their network providers for the presence of the HCACs and OPPCs listed on Form DHCS 7107. DHCS recommends that each MCP designate a staff member to identify PPCs among the MCP's encounter data and ensure that a Form DHCS 7107 is completed and submitted to A&I. When A&I receives the PPC reporting forms, its staff sorts the information between FFS data and MCP data, as indicated on Line 24 of Form DHCS 7107. A&I then reports the MCP data to the Medi-Cal managed care program.

³ DHCS Medi-Cal newsroom: http://files.medi-cal.ca.gov/pubsdoco/newsroom/newsroom_20473_1.asp.

⁴ Under "Inpatient Services" at: <http://files.medi-cal.ca.gov/pubsdoco/bulletins/artfull/ips201208.asp#a3>.

Each MCP's designated PPC screener can help identify PPCs among encounter data from MCP network providers who are not enrolled as Medi-Cal providers. Medi-Cal enrolled providers have already been informed of these requirements and are more likely to be reporting their PPCs to A&I. In other cases, this designated screener might identify PPCs in encounter data that network providers may have inadvertently overlooked. Therefore, MCPs must screen their encounter data for PPCs and issue a special notice throughout their provider networks to inform all of their providers of this reporting requirement.

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