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



EDMUND G. BROWN JR.
GOVERNOR

DATE: December 26, 2017

ALL PLAN LETTER 17-021
SUPERSEDES ALL PLAN LETTER 04-004

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: WORKERS' COMPENSATION – NOTICE OF CHANGE TO WORKERS' COMPENSATION RECOVERY PROGRAM; REPORTING AND OTHER REQUIREMENTS

PURPOSE:

The purpose of this All Plan Letter (APL) is to notify all Medi-Cal managed care health plans (MCPs) of changes to the administration of the Department of Health Care Services' (DHCS) Workers' Compensation Recovery Program (WCRP) and to clarify requirements for reporting, subpoenas and requests for records, and duplicate payments when a Medi-Cal managed care member receives services provided by an MCP for a work-related injury or illness.

BACKGROUND:

When a Medi-Cal managed care member is injured at a worksite or while performing work-related duties, the member can file a claim with the Workers' Compensation (WC) insurance carrier. If the WC insurance carrier disputes the injury, the Medi-Cal managed care member can file a claim with the Workers' Compensation Appeals Board (WCAB) for resolution. DHCS retains sole lien/claim rights in WC matters involving a Medi-Cal managed care member pursuant to Welfare and Institutions Code (WIC) Sections 14124.70 – 14124.791, which allows DHCS to file a claim for reimbursement of Medi-Cal paid services resulting from the work-related injury of a Medi-Cal member.¹

The goal of the WCRP is to identify and recover Medi-Cal expenditures involving WC claims filed with insurance carriers, employers, or the WCAB. DHCS seeks reimbursement for services paid by Medi-Cal to treat beneficiaries with work-related injuries from third party entities that are, or may become, liable to pay all or part of the medical costs provided to the Medi-Cal beneficiary.

¹ WIC Sections 14124.70 – 14124.791 are available at:
http://leginfo.ca.gov/faces/codes_displaySection.xhtml?sectionNum=14124.70.&lawCode=WIC

Beginning in 2004, Health Management Systems, Inc. (HMS) was the DHCS contractor responsible for the identification and collection of WCRP cases. Effective January 1, 2017, DHCS began reassuming responsibility for the WCRP. DHCS will not be issuing a new contract with HMS, nor with any other private entity. Through December 31, 2017, HMS will continue to work a small number of cases for claims that were filed with the appropriate carrier or WCAB prior to January 1, 2017. Effective January 1, 2018, HMS will relinquish all rights of recovery and payment on outstanding WC cases and will turn over all remaining case files to DHCS.

POLICY:

A. MCP Reporting Requirements Regarding WC Claims

MCPs and their subcontractors are contractually required to notify DHCS within 10 days of the date of knowledge that a third party may be liable for reimbursement to DHCS for Medi-Cal paid services provided to a Medi-Cal managed care member. The notification shall be sent to the following address:

Department of Health Care Services
Third Party Liability and Recovery Division
Workers' Compensation Recovery Program, MS 4720
P.O. Box 997425
Sacramento, CA 95899-7425

In addition, all referrals made to HMS by MCPs after January 1, 2017, must be submitted to the same DHCS address.

B. Subpoenas and Requests for Records

When an MCP receives a subpoena, inquiry, or request for itemization regarding a work-related injury or illness from a Medi-Cal managed care member, a member's attorney, or a WC carrier, the MCP must respond to the subpoena, inquiry, or request. Additionally, the MCP must notify DHCS via secure email submitted to WC@dhcs.ca.gov and include an electronic copy of the original subpoena, inquiry, or request.

The MCP must respond within 30 calendar days of a request for a Medi-Cal managed care member's paid claims data from DHCS. The response must include an itemized list of all services provided to the member from the date of injury forward. This itemized list, including out-of-plan and capitated services, must include the following information for each service:

- Medi-Cal managed care member's name
- Medi-Cal number
- Date of injury
- WCAB number (if applicable and known)
- Date(s) of service
- Provider name(s)
- Diagnosis code(s) and description of illness/injury
- Procedure code(s) and description
- Value of service(s) (usual, customary, and reasonable amount that would be charged to the general public)
- Date of denial and reason(s) (if applicable)
- Medi-Cal allowable amount (if applicable)
- Amount billed by a subcontractor or out-of-plan provider (if applicable)
- Amount and date paid by the MCP to its subcontractor or out-of-plan provider (if applicable)

C. Duplicate Payments

MCP contracts preclude MCPs and their subcontractors from receiving duplicate payments for services provided to Medi-Cal managed care members. A duplicate payment occurs when the WC carrier and/or employer pays the MCP provider directly for services provided to a Medi-Cal managed care member enrolled in an MCP. If this occurs, the MCP provider or subcontractor may not retain the duplicate payment. Once the duplicate payment is identified, the MCP must reimburse Medi-Cal per the contract language below:

If DHCS determines that any other erroneous or improper payment not mentioned above has been made to Contractor, DHCS may recover the amounts determined by an offset to the capitation payments made to Contractor. If recovery of the full amount at one time imposes a financial hardship on Contractor, DHCS, at its discretion, may grant a Contractor's request to repay the recoverable amounts in monthly installments over a period of consecutive months not to exceed six (6) months. At least 30 calendar days prior to seeking any such recovery, DHCS shall notify Contractor to explain the improper or erroneous nature of the payment and to describe the recovery process. (Exhibit B, Budget Details and Payment Provisions, Recovery of Capitation Payments, Section B)

If the MCP fails to refund the duplicate payment, DHCS may offset payments made to the MCP to recoup the funds. DHCS requests that the MCP forward all

documentation relating to the duplicate payment received, along with a copy of the refund, to:

Department of Health Care Services
Third Party Liability and Recovery Division
Workers' Compensation Recovery Program, MS 4720
P.O. Box 997425
Sacramento, CA 95899-7425

MCPs are responsible for ensuring that their delegates comply with all applicable state and federal laws and regulations, contract requirements, and other DHCS guidance, including APLs and Dual Plan Letters. These requirements must be communicated by each MCP to all delegated entities and subcontractors.

If you have any questions regarding this APL, please contact your Managed Care Operations Division Contract Manager.

Sincerely,

Original Signed by Nathan Nau

Nathan Nau, Chief
Managed Care Quality and Monitoring Division
Department of Health Care Services