

## DEPARTMENT OF HEALTH SERVICES

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November 4, 1981

Letter No. 81-48

ALL COUNTY WELFARE DIRECTORS

GENERAL INFORMATION ON ASSEMBLY BILL 251

This letter is to provide your staff with general information regarding AB 251, Section 117, which limits the maximum reimbursement physicians and noninstitutional medical care providers can receive for "crossover patients."

Because of severe budget problems, the Legislature passed and the Governor signed into law, AB 251 which reduces Medi-Cal expenditures through a number of cuts in the program. Under this law both beneficiaries and providers were asked to bear a share of the cuts. For example, persons in nursing homes will have their monthly personal allowances reduced from \$45 to \$25; beneficiaries will have to spend a higher portion of their income for medical care before they receive a Medi-Cal card; and if federal approval is received, beneficiaries will be responsible in the future for a copayment for most outpatient visits and many prescriptions.

Physicians and noninstitutional providers of medical care under AB 251 are asked to bear their share of the program cuts through a new policy. This policy would pay them no more than the Medi-Cal rate for services to "crossover patients," patients covered by both the Medicare and Medi-Cal programs.

Currently, payment for services provided to "crossover patients" are paid by both programs. The claim for services is submitted first to the Medicare Part B carrier and is then crossed-over, or rebilled to the Medi-Cal program. Medicare's reimbursement procedures involve establishing a "reasonable charge" for medical services, determining if the annual patient deductible has been met, subtracting the amount of any unmet deductible, and then paying 80 percent of the "reasonable charge." Medi-Cal's reimbursement procedures for claims that are crossed over involve paying both the unmet deductible amount and the remaining 20 percent of the "reasonable charge" established by Medicare.

Under the new law Medi-Cal will pay the provider only the additional amount necessary to bring total reimbursement up to the amount the Medi-Cal program would usually pay if the patient were on Medi-Cal only. Because Medi-Cal usually pays less for some of these services than is allowed under the Medicare program, this means that in many cases Medi-Cal would either pay the provider nothing or less than the full remaining 20 percent.

As a result of the new law some physicians and noninstitutional providers may choose not to see "crossover patients" as Medi-Cal beneficiaries but rather as straight Medicare beneficiaries.

Providers presently have the right to accept or refuse Medi-Cal beneficiaries as patients. This includes the right to refuse to accept a crossover beneficiary as a Medi-Cal patient and to bill the patient for the 20 percent coinsurance portion that Medicare does not pay. If providers refuse to accept Medi-Cal payment for services, they must inform the beneficiary prior to rendering service that "crossover patients" are no longer accepted and that the patient will be required to either pay the 20 percent coinsurance or find another provider.

However, if providers accept a Medi-Cal card, a MEDI label, or a proof of eligibility (POE) label for a given month, including any label which may be issued retroactively, they have automatically agreed to accept the patient as a Medi-Cal patient and may not bill him or her for the 20 percent coinsurance for any services rendered during that month, regardless of the amount of payment they may receive from Medi-Cal. The only exception is for services which are excluded from Medi-Cal coverage by regulations. In these instances, the patient is liable for the 20 percent coinsurance cost of the service if the service is covered by Medicare or for the entire bill if the service is not covered by either program.

If you should have any comments or questions, please contact your Medi-Cal program consultant.

Sincerely,

Original signed by

Barbara V. Carr for  
Madalyn M. Martinez, Chief  
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons  
Medi-Cal Program Consultants