

DEPARTMENT OF HEALTH SERVICES

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February 9, 1996

To: All County Welfare Directors
All County Administrative Officers
All County Medi-Cal Program Specialists/Liaisons

Letter No.: 96-08

PROCESSING POTENTIAL MEDI-CAL OVERPAYMENTS

Ref.: All County Welfare Directors Letter (ACWDL) Nos. 89-24, 90-47, and 95-59

The purpose of this letter is to reiterate and highlight county responsibility for processing potential Medi-Cal overpayments. This is a mandated activity which counties are funded to perform. These responsibilities are specified in Title 22, California Code of Regulations (CCR), Sections 50781 through 50783 and Article 16 of Medi-Cal Eligibility Procedures Manual.

In brief, the counties' responsibilities include:

1. determining the correct eligibility status and share of cost based on the correct income, property and other circumstances;
2. contacting the Department of Health Services' (DHS) Investigations field office for Medi-Cal utilization information;
3. determining whether a potential overpayment exists;
4. computing the potential overpayment and completing the Potential Overpayment Worksheet (MC 224A- first six columns; MC 224B - first four columns); and
5. referring potential overpayments of \$100 or more to the local DHS' Investigations field personnel with a completed Confidential Medi-Cal Complaint Report (MC 609).

To support these activities, the local DHS' Investigations field offices will:

1. obtain and forward to the county requester the Medi-Cal utilization information;
2. obtain documents verifying unreported real or personal property, income and/or other pertinent data after county efforts have failed;
3. complete overpayment/utilization totals;

4. review all potential Medi-Cal overpayments of \$100 or more to determine whether fraud exists; and
5. provide feedback to the county via a complaint status report describing any action taken.

Referral Package

Previous overpayment referral processes (ACWDL 89-24) included instructions for counties to refer certain types of potential overpayments to DHS' Recovery Branch and other types to DHS' Investigations Branch. To simplify the entire overpayment referral process, all overpayments of \$100 or more will be referred directly to local DHS' Investigations field offices. A complete listing of the DHS' Investigations field offices was enclosed with ACWDL 95-59 (Income Eligibility Verification System Recipient FTB and IRS Asset Match). Investigations field offices will forward cases to DHS Third Party Liability Branch for recovery purposes.

Enclosed for your use and distribution is a list of the required forms to be included in the overpayment referral package to DHS Investigations. It is suggested that counties use this document as a checklist for their referrals.

We encourage counties to work cooperatively with their local DHS' Investigations field personnel to establish local procedures for requesting Medi-Cal utilization information. While local procedures may vary slightly as a result of agreements reached between the counties and their local DHS' Investigations personnel, counties are required to adhere to the regulations and procedures specified in the above citations.

Article 16 is currently in the process of being updated and will be issued in the near future. During the interim, routine questions regarding overpayment computations should be directed to the local DHS' Investigations field staff. Overpayment policy concerns should be directed to the Medi-Cal Eligibility Branch (MEB).

For questions regarding administrative funding for these activities, please contact your county administrative expense officer or Mr. Terry Quinn of DHS' County Administrative Expense Unit at (916) 657-1410.

For questions regarding DHS' Investigations activities, please contact Ms. Lisa Vernon of DHS' Investigations Branch (Northern Section) at (916) 322-6416, or Larry Malm (Southern Section) at (714) 703-2600. The correct fax number for Southern Section Investigations office is (714) 703-2617.

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For questions regarding Medi-Cal eligibility policy and procedures, please contact
Ms. Sandy Benny of DHS' MEB at (916) 654-5909.

Sincerely,

ORIGINAL SIGNED BY

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

Enclosure

REQUIRED FORMS FOR OVERPAYMENT REFERRAL PACKAGES

For potential overpayments resulting from either increased or unreported assets or income, the referral package to DHS' Investigations field personnel shall include the following:

(DO NOT SEND ORIGINAL COUNTY RECORDS)

1. MC 609

Confidential Medi-Cal Complaint Report

Note in upper right hand corner:

- "IEVS" in red ink (if applicable)
- Case status (note whether case is open or closed and the date case was opened or closed).

2. MC 224 A/B

Medi-Cal Potential Overpayment Reporting Worksheet

Note in upper right hand corner:

- "IEVS" in red ink (if applicable)
- Case status (note whether case is open or closed and the date case was opened or closed).

Note: If the county is unable to establish an overpayment period or potential overpayment amount, complete the MC 224 A/B with all available information.

**3. MC 210 and any
MC 210 Supplements
(or State approved county form)**

1 Copy

Medi-Cal Statement of Facts

Include all MC 210s covering the potential overpayment period.

4. MC 219

1 Copy

Medi-Cal Rights and Responsibility Checklist

Include all MC 219s covering the potential overpayment period.

5. **MC 176R**
(or State approved county form)

1 Copy

Resource Verification Questionnaire

6. **IEVS Abstract**

1 Copy

Assets/Earnings clearance

7. **Bank Records**

Copies of all statements provided by client.

8. **Earnings Statements**

Copy from Employment Development Department and copies of all client's pertinent pay stubs.

Copy of employer's report.

9. **Case Narrative**

1 Copy

Copy of case narrative relating to the potential overpayment period.