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State of California—Health and Human Services Agency
Department of Health Care Services
LEA Medi-Cal Billing Option Program
Frequently Asked Questions (FAQs)



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Free Care and Other Health Coverage

****PLEASE REVIEW THE LEA MEDI-CAL BILLING OPTION PROVIDER MANUAL FOR COMPLETE LEA PROGRAM AND POLICY INFORMATION****

Q1. What is the difference between the Free Care requirement and the Third Party Liability (TPL) requirement?

- A. The Free Care requirement and the TPL requirement are separate, yet interrelated requirements. The Free Care requirement is based on the basic premise that Medicaid funds may not be used to pay for services that are available without charge to everyone in the community. Free Care, or services provided without charge, are services for which there is no beneficiary liability and for which there is no Medicaid liability. In order for the services not to be considered “free”, the following conditions must be met:
- A fee schedule is established for the services provided (this can be a sliding scale to accommodate individuals with low income);
 - The LEA has determined whether every individual served has any third-party benefits (other health coverage); and
 - The LEA bills the beneficiary and/or any third parties for reimbursable services.

For purposes of the provision of school-based health services, there are two exceptions to the Free Care rule: (1) Medicaid-covered services provided as part of an IEP/IFSP, and (2) services provided by Title V of the Social Security Act (Title V of the Act is the Maternal and Child Health Services Block Grant).

The TPL requirement is based on the basic premise that under Medicaid law and regulations, Medicaid is generally the payer of last resort. For this reason, even if services provided as part of an IEP/IFSP are exempt from the Free Care rule, they are not exempt from the TPL requirement. If any student (including those with an IEP/IFSP) has Other Health Coverage (OHC), those third party insurers must be billed prior to billing Medi-Cal for the service.

- For more information on the Free Care rule or the TPL requirement, refer to the 1997 [Medicaid and School Health: A Technical Assistance Guide](#).

Q2. How can my LEA find out whether a student has Other Health Coverage (OHC)?

- A. An OHC information indicator is available on through the eligibility [tape match](#) record. Additional information is located in the LEA Provider Manual, [loc ed bil](#) (page 2).

Q3. My LEA provides IDEA services to a student with OHC. Do I need individual parental consent to bill OHC, prior to billing Medi-Cal?

- A. Although there is language in the Medi-Cal Application that assigns third party recovery to the State, this agreement is between the beneficiary and the State of California. The LEA is not part of this agreement, and must obtain separate parental consent to bill OHC prior to billing Medi-Cal.