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

JENNIFER KENT
Director

Edmond G. Brown Jr
Governor

DATE: June 26, 2015

N.L.: 04-0615
Index: Service Authorization

TO: ALL COUNTY CALIFORNIA CHILDREN SERVICES (CCS) PROGRAM ADMINISTRATORS, MEDICAL CONSULTANTS, AND STATE SYSTEMS OF CARE DIVISION (SCD) STAFF

SUBJECT: IMPLEMENTATION OF MEDI-CAL MANAGED CARE ALL PLAN LETTER (APL) 15-011, DESIGNATED PUBLIC HOSPITALS: BILLING FOR BENEFICIARIES WITH CALIFORNIA CHILDREN'S SERVICES ELIGIBLE CONDITIONS AND/OR MEDI-CAL MANAGED CARE

REFERENCES:
(a) Medi-Cal Managed Care APL 13-032
(b) CCS This Computes #440
(c) CCS Information Notice 14-14
(d) Medi-Cal Managed Care APL 15-011
(e) CCS Numbered Letter 02-0413
(f) CCS Numbered Letter 05-0502

The purpose of this Numbered Letter (N.L) is to implement the policy promulgated by Medi-Cal Managed Care APL 15-011 (attached) regarding authorization of inpatient admissions and related physician services to Designated Public Hospitals for CCS Program clients who are enrolled in Medi-Cal managed care plans with carved-out CCS Program services.

I. BACKGROUND

A. Medi-Cal Managed Care APL 13-032, which the CCS Program implemented with This Computes #440, provides that for full-scope Medi-Cal beneficiaries enrolled in a Medi-Cal managed care plan with carved out CCS Program services at a Diagnosis-related group (DRG) hospital:

1. When a beneficiary, who is enrolled in a Medi-Cal MCP with a CCS Program carve-out on the date of admission, is admitted to a hospital for a non-CCS Program eligible condition and subsequently becomes medically eligible for CCS Program authorization of the services during the stay, the full stay will be billed to fee-for-service Medi-Cal.

A CCS Program inpatient Service Authorization Request (SAR) will be authorized retroactive to the date of admission to cover the entire inpatient episode

2. When a beneficiary stay includes delivery and well-baby coverage under a MCP, the entire claim will be billed to the MCP. However, if during the stay, the baby develops a CCS Program eligible condition, the entire stay will be billed to fee-for-service Medi-Cal. A CCS Program inpatient SAR will be authorized retroactive to the date of admission and cover the entire inpatient episode.

   Subsequently, CCS Information Notice 14-14 conformed CCS Program authorization of physician services associated with DRG episodes at DRG hospitals with the CCS Program inpatient authorization policy provided for in Medi-Cal Managed Care APL 13-032.

B. Section 14166.1 of the Welfare and Institutions Code identifies the designated public hospitals and provides that these government-operated hospitals will be reimbursed for inpatient services on a certified public expenditure (CPE) per diem basis.

II. POLICY

Medi-Cal Managed Care APL 15-011 (attached) provides for conformance of the policies originally promulgated by APL 13-032 for CCS Program inpatient authorization for beneficiaries enrolled in Medi-Cal MCPs with carved-out CCS Program services at the California Designated Public Hospitals.

Effective the date of this Numbered Letter, for full-scope Medi-Cal beneficiaries enrolled in a Medi-Cal MCP with carved out CCS Program services at a Designated Public Hospital:

A. When a beneficiary, who is enrolled in a Medi-Cal MCP with a CCS Program carve-out on the date of admission, is admitted to a hospital for a non-CCS Program eligible condition, and subsequently becomes medically eligible for authorization of CCS Program services during the stay, the full stay will be billed to fee-for-service Medi-Cal. A CCS Program inpatient SAR will be authorized retroactive to the date of admission to cover the entire inpatient episode.

B. When a beneficiary stay includes delivery and well-baby coverage under a MCP, the entire claim will be billed to the MCP. However, if during the stay, the baby develops a CCS Program eligible condition, the entire stay will be billed to fee-for-service Medi-Cal on a CPE per diem basis. A CCS Program inpatient SAR will be authorized retroactive to the date of admission and cover the entire inpatient episode.

C. In such cases when the inpatient SAR covers the entire inpatient episode, the physician services associated with the inpatient stay will also be authorized by a CCS Program SAR on a per diem basis from the date of admission and will be reimbursed by fee-for-service Medi-Cal on a per diem basis.

III. POLICY IMPLEMENTATION

A. When a CCS Program client who is a full-scope Medi-Cal beneficiary enrolled in a Medi-Cal MCP with carved-out CCS services admitted to a Designated Public Hospital is determined to be CCS Program medically eligible by the CCS Program at any time during the inpatient episode, the CCS Program Inpatient SAR will cover the entire inpatient episode. This includes admissions to a CCS Program approved Neonatal Intensive Care Unit (NICU) of neonates who meet the medical eligibility criteria provided for in CCS Numbered Letter 02-0413 and 05-0502. The Inpatient SAR shall conform to the following protocol:

1. Service Begin Date shall be the inpatient episode admission date.

2. Service End Date shall be the calendar day of the inpatient discharge date.

3. The Number of Days shall be the number of acute inpatient days encompassed by the inpatient episode.

4. The California Designated Public Hospitals are:

   - UC Davis Medical Center
   - UC Irvine Medical Center
   - UC San Diego Medical Center
   - UC San Francisco Medical Center
   - UC Los Angeles Medical Center, including Santa Monica/UCLA Medical Center
   - LA County Harbor/UCLA Medical Center
   - LA County Olive View UCLA Medical Center
   - LA County Rancho Los Amigos National Rehabilitation Center
   - LA County University of Southern California Medical Center
   - Alameda County Medical Center
   - Arrowhead Regional Medical Center
   - Contra Costa Regional Medical Center
   - Kern Medical Center
   - Natividad Medical Center
   - Riverside County Regional Medical Center
   - San Francisco General Hospital
   - San Joaquin General Hospital

- San Mateo Medical Center
- Santa Clara Valley Medical Center
- Ventura County Medical Center

B. The physician services associated with the inpatient stay will be authorized by a CCS Program SAR on a per diem basis from the date of admission.

Sincerely,

ORIGINAL SIGNED BY LOUIS R. RICO

Louis R. Rico, Chief
Systems of Care Division

Attachment

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

Jennifer Kent
DIRECTOR

EDMUND G. BROWN JR.
GOVERNOR

DATE: May 11, 2015

ALL PLAN LETTER 15-011

TO: ALL MEDI-CAL MANAGED CARE HEALTH PLANS

SUBJECT: DESIGNATED PUBLIC HOSPITALS: BILLING FOR BENEFICIARIES WITH CALIFORNIA CHILDREN'S SERVICES ELIGIBLE CONDITIONS AND/OR MEDI-CAL MANAGED CARE

PURPOSE:
The purpose of this All Plan Letter (APL) is to provide information to Medi-Cal managed care health plans (MCPs) regarding the billing of inpatient services at Designated Public Hospitals (DPHs) for beneficiaries with California Children's Services (CCS)-eligible conditions who are also enrolled in an MCP. This APL applies the CCS Service Authorization Request (SAR) policies established under APL 13-012[1] to DPHs.

BACKGROUND:
CCS reimburses providers for services provided to Medi-Cal eligible children with specified conditions through Medi-Cal fee-for-service (FFS), with some exceptions. Payments to hospitals for these services align with the payment methodology utilized for all other Medi-Cal FFS providers.

Many Medi-Cal beneficiaries with CCS-eligible conditions are also enrolled in an MCP. CCS services are generally carved-out of the MCP contracts; however, there are some MCPs in certain counties that carve-in CCS services. For those MCPs in which CCS services are carved-out, the MCPs are responsible for providing medically necessary services that are not related to the CCS condition. For those MCPs in which CCS services are carved-in, the MCPs are responsible for covering CCS services in addition to all medically necessary services not related to the CCS condition.

Prior to this APL, inpatient services provided at DPHs to MCP beneficiaries for CCS-eligible conditions that were not covered by the MCPs were paid through Medi-Cal FFS. Payments were based on the number of days authorized on a CCS SAR. If an MCP beneficiary was hospitalized for a CCS-eligible condition, as well as a condition covered by the MCP, a provider was required to bill Medi-Cal FFS for the days covered by the

[1] APL 13-012 is available at: http://www.dhcs.ca.gov/formsandpubs/Documents/MMCDAPLsandPolicyLetters/APL2013/APL13-012.pdf.

CCS SAR and bill the MCP for the days covered by the MCP. This is called billing by payer source.

REQUIREMENTS:
Effective January 2, 2015, for days of service and for DPH stays, the following billing policy will apply for services provided to a Medi-Cal beneficiary with a CCS-eligible condition that is enrolled in an MCP in which CCS services are carved-out:

- If a beneficiary is admitted to a hospital for a CCS-eligible condition, the entire stay must be billed to Medi-Cal FFS, regardless of whether any services provided during that stay are covered by the MCP. The hospital will receive payment for the entire stay based on the applicable DPH Medi-Cal inpatient interim per diem rate. No billing will be allowed to the MCP;

- If a beneficiary is admitted to a hospital for a non-CCS-eligible condition, and subsequently receives services during the stay for a CCS-eligible condition, the full stay must be billed to Medi-Cal FFS. A SAR will be authorized back to the day of admission. The hospital will receive payment for the entire stay based on the applicable DPH Medi-Cal inpatient interim per diem rate. No billing will be allowed to the MCP; and

- When a beneficiary stay includes delivery and well-baby coverage under an MCP, the entire claim must be billed to the MCP. If, during the stay, the baby develops a CCS-eligible condition, the entire stay for the baby will require a SAR from the date of admission and must be billed to Medi-Cal FFS. MCPs must not be billed for the baby's stay. In this case, the hospital will receive two payments. One for the delivery and well-baby stay from the MCP and one for the baby under the applicable DPH Medi-Cal inpatient interim per diem rate.

Effective January 2, 2015, for days of service and for DPHs stays, the following billing policy will apply for services provided to a Medi-Cal beneficiary with a CCS-eligible condition who is enrolled in an MCP in which CCS services are carved-in:

- If a beneficiary is admitted to a hospital for either a CCS-eligible condition or a non-CCS-eligible condition, the entire claim must be billed to the MCP. The hospital will receive one payment for the entire stay from the MCP.

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

Sincerely,

Original Signed by Sarah C. Brooks

Sarah Brooks, Chief
Managed Care Quality and Monitoring Division
Department of Health Care Services