STATE OF CALIFORNIA--HEALTH AND WELFARE AGENCY

PETE WILSON, Governor

DEPARTMENT OF HEALTH SERVICES
714/744 P Street
P.O. Box 942732
Sacramento, CA 94234-7320
(916) 657-2941

April 24, 1997

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

Letter No.: 97-16

DISCONTINUANCE OF THE "THREE OUT OF FOUR" TEST WHEN CODING OTHER HEALTH COVERAGE INFORMATION ON THE MEDI-CAL ELIGIBILITY DATA SYSTEM

This is to inform you that effective immediately counties are no longer required to perform the "three out of four" test (determining if Medi-Cal applicants/beneficiaries have three out of the four major insurance coverages) before assigning an Other Health Coverage (OHC) cost avoidance code on the Medi-Cal Eligibility Data System (MEDS). The reason for discontinuance of the "three out of four" test is to simplify the reporting of OHC at the county level and to comply with federal requirements to cost avoid OHC.

Medi-Cal Eligibility Procedures Manual (MEPM), Article 15A, currently requires that county staff query Medi-Cal applicants/beneficiaries on their OHC status. If the applicant/beneficiary indicates some form of OHC, county staff have been instructed to ask a series of questions to determine if the applicant/beneficiary has three of the four major insurance coverages (inpatient, outpatient, medical, and prescription). If so, counties were to assign an OHC cost avoidance code into MEDS. Alternatively, if it was determined that an applicant/beneficiary has fewer than three out of the four major coverages, counties were to assign a post-payment recovery code.

The new procedure, which will appear in a forthcoming revision to the MEPM, Article 15A, is to assign an OHC cost avoidance code any time an applicant/beneficiary indicates some form of OHC regardless of how many coverages the person has.

As in the past, counties must submit a completed Health Insurance Questionnaire (DHS 6155) to the Department of Health Services (DHS) in addition to assigning an OHC code on MEDS. Upon receipt of this completed form, DHS will create a health insurance record on MEDS to alert providers and the fiscal intermediary of the insurance coverage.

Please send completed DHS 6155 forms to:

Department of Health Services
Health Insurance Section
P.O. Box 1287
Sacramento, CA 95812-1287

These procedures are effective immediately and should be fully implemented no later than July 1, 1997.

If you have any questions, please contact Ms. Lisa Bandaccari of the Health Insurance Section at (916) 323-5618.

Sincerely,

ORIGINAL SIGNED BY

FRANK S. MARTUCCI, CHIEF
Medi-Cal Eligibility Branch