STATE OF CALIFORNIA–HEALTH AND WELFARE AGENCY PETE WILSON, Governor

DEPARTMENT OF HEALTH SERVICES
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October 16, 1998

MEDI-CAL ELIGIBILITY PROCEDURES MANUAL LETTER NO.: 205

TO: All Holders of the Medi-Cal Eligibility Procedures Manual

The purpose of this letter is to transmit revised procedures for Article 16, Overpayments and Fraud. These procedures supersede the entire existing Article 16, Overpayments and Fraud, and All County Welfare Directors Letter 89-24.

The revised Article 16 procedures are intended to provide counties with guidelines to identify, compute, and refer Medi-Cal potential overpayments and fraud. The Department of Health Services (DHS) Medi-Cal Eligibility staff consulted with staff of the Third Party Liability Branch, Audits and Investigations Branch, and various counties to outline and develop the steps for these processes. Counties can contact and confer with their local DHS Investigations office to develop some flexibility in implementing these procedures.

During the course of the procedures revision, drafts were distributed to County Welfare Directors Association and other state and county staff for review and additional input. Medi-Cal Eligibility Branch would like to thank county welfare department staff for their input and time reviewing these draft materials.

The current forms (MC 224A and MC 224B) used for income and property overpayment computations are being revised. When these forms are available for distribution, counties will receive notification of the updated forms via an All County Welfare Directors Letter. At that time, the forms and any affected instructional pages included in this article will also be revised and provided as replacements for Article 16.

Procedure Revision:	**Description:**
Article 16	Overpayments and Fraud

Filing Instructions:

Remove Pages	**Insert Pages:**
Procedures Table of Contents Page PTC-16	Procedures Table of Contents Page PTC-16
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	Article 16 Pages 16A-1 through 16I-4

If you have any questions, please call Sandy Benny of my staff at (916) 654-5909.

Sincerely,

Original signed by

Angeline Mrva, Chief
Medi-Cal Eligibility Branch

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Article 16 --OVERPAYMENTS AND FRAUD

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INTRODUCTION

Article 16 provides information and procedures regarding computing, referring and investigating Medi-Cal potential fraud and/or overpayments, and recovering Medi-Cal funds due to such overpayments. Potential beneficiary overpayments are defined in the California Code of Regulations (CCR), Title 22, Sections 50781 and 50781.5 and Article 16A of the Medi-Cal Eligibility Procedures Manual (MEPM). Fraud is defined in CCR, Title 22, Section 50782 and Article 16E (MEPM). The recovery of Medi-Cal funds is defined in CCR, Title 22, Section 50787 and Articles 16H and 16I (MEPM).

The county welfare departments, along with the Department of Health Services (DHS) Medi-Cal Eligibility Branch, Investigations Branch, and Third Party Liability Branch, have the following responsibilities pertaining to Medi-Cal overpayments and fraud.

County welfare departments: Computes and refers potential Medi-Cal overpayments of $100 or more and/or suspected Medi-Cal fraud cases to DHS Investigations Branch. Contact the local DHS Investigation office to determine mutual referral procedures.

DHS Medi-Cal Eligibility Branch: Establishes and interprets Medi-Cal policy pertaining to Medi-Cal overpayment and fraud in accordance with federal and state laws, federal regulations, and CCR, Title 22, Sections 50781 through 50793.

DHS Investigations Branch: Conducts the investigations of county referrals of potential Medi-Cal overpayments of $100 or more for potential fraud, investigates suspected Medi-Cal fraud cases, and refers to the Third Party Liability Branch for recovery action and/or to county district attorneys for criminal prosecution. Local DHS Investigations offices will routinely provide reports to the counties on case findings/outcome, recovery action, if applicable, and the amount(s) recovered, if known.

DHS Third Party Liability Branch: Initiates overpayment collections and recovers funds due the Medi-Cal Program.

GENERAL

I. A Potential Overpayment Occurs:

A. When a beneficiary or the person acting on his/her behalf has completed and signed the documents specified in subsection B. below, is competent, and has done either of the following:

- Provided incorrect oral or written information; or
- Failed to provide information which would affect eligibility or share of cost (SOC) determination;

And

where the incorrect or misinformation, when combined with other information available on the beneficiary's circumstances, would result in ineligibility or an increased SOC.

II. No Overpayment Exists

A. When the increased amount of income and /or property has no impact on the beneficiary's eligibility or SOC in that month.

B. When the beneficiary has reported timely and the ten-day Notice of Action requirement does not allow sufficient time for the county welfare department (CWD) to adjust eligibility or SOC. This applies to the month the change(s) occurred and the following month.

C. When the beneficiary reports the change and the county fails to take action.

D. When the beneficiary fails to perform an act which is a condition of eligibility if the failure is due to DHS or CWD error (e.g., client did not spend down excess property due to CWD failure to inform him /her of the spenddown requirements).

E. When the beneficiary or other person acting on his/her behalf has **not** been informed verbally and in writing on the:

- Coversheet and application for cash aid and/or Medi-Cal, or
- Coversheet and statement of facts for cash aid and/or Medi-Cal, IMPORTANT INFORMATION FOR PERSONS REQUESTING MEDI-CAL, MC 219, or
- Status report or income report for cash aid and/or Medi-Cal,

of his/her responsibility to report completely and accurately, facts affecting eligibility or SOC and to report any changes in those facts to the county welfare department (CWD) within ten calendar days from the date of the change.

III. Overpayment Periods

A. If an applicant, or person acting on behalf of an applicant, fails to provide or provides incorrect information on the Statement of Facts, for example, the MC 210, MC 211, or JA/SAWS 2 and eligibility is granted, the overpayment period begins with the first month eligibility was erroneously granted.

B. If a recipient, or person acting on behalf of a recipient, fails to report a change in circumstances, income, or property timely, (i.e., within ten days) and it results in an increased SOC determination or ineligibility, the overpayment period begins:

1. The first day of the month following the month in which the change occurred, if a ten-day notice could have been issued, had the recipient reported timely, or

2. The first day of the second month following the month in which the change occurred, if a ten-day notice could not have been issued earlier.

16B--REQUIRED COUNTY ACTIONS ON POTENTIAL OVERPAYMENTS

NOTE: The county may request Medi-Cal utilization information from the local DHS Investigations office (see Article 16F for listing of these offices) in advance for the purpose of narrowing the potential overpayment period. Counties have the option of determining either the entire potential overpayment period or only the period in which usage is identified. If the latter option is chosen and DHS Investigations later discovers additional usage, the case may be referred back to the county for the additional months of potential overpayment. Contact the DHS Investigations office assigned to the county to ascertain the preferred method of determining potential overpayment periods.

The CWD shall take the following action when it appears that there may be a potential overpayment:

1. Determine the correct eligibility status and SOC based on the correct income, property and other circumstances. (The CWD cannot automatically assume that a Medi-Cal overpayment exists based on an Aid to Families with Dependent Children or other welfare program overpayment determination for the same time period.)

2. Determine the potential overpayment for each month, whether or not the beneficiary has met his/her SOC. The potential for overpayment exists whether or not the SOC has been met.

3. Determine each month where there is a potential overpayment whether or not Medi-Cal usage information is known, because all Medi-Cal claims may not have been received from the provider during the time period in question. (For exceptions, see the Note above on this page.)

4. Determine whether a potential overpayment exists and refer all potential overpayments of $100 or more to the local DHS Investigations office. Investigations staff will compute the actual overpayment (See Article 16E: Instructions for Completing the Forms).

5. When the county suspects a potential overpayment has occurred, regardless of whether it is due to intentional misinformation or other fraud, the CWD shall refer the potential overpayment to the local DHS Investigations office with a completed Medi-Cal Complaint Report (MC 609).

6. In those instances where the potential overpayment is due to willful failure to report facts and there was a person acting on behalf of the beneficiary, the CWD shall:

   a. Determine whether the beneficiary is competent to handle his/her own affairs.

   b. If the beneficiary is competent, require the beneficiary to act on his/her own behalf in the future.

   c. If the beneficiary is not competent, refer the case to the county's department of social services Adult/Child Protective Services and/or the public guardian or conservator to ensure that the beneficiary's interests are protected.

   d. Refer the case to the local DHS Investigations office.

16C--COMPUTING POTENTIAL OVERPAYMENTS

I. Potential Overpayments Due to Increased Share of Cost (SOC)

A. The potential overpayment will be the lesser of:

1. Cost of Medi-Cal services which were paid by DHS that were received in the potential overpayment month(s).

OR

2. Amount of the increased SOC for the potential overpayment month(s) in which services were received and paid by DHS.

B. Example 1a. --- SOC Case

Medi-Cal Family Budget Unit (MFBU) consists of a single mother and her 15-year old child who have been on Medi-Cal continuously since November 1994. The mother did not report timely that her earned income had increased from $1,000 per month to $1,200 per month beginning February 1, 1995. In June 1995, the CWD learns of this information and issues a 10-day Notice of Action adjusting the July 1995 SOC. The county requests Medi-Cal utilization information for this period and it shows that DHS paid for services in March 1995 and May 1995. As explained in the Note in 16B, the county may request the Medi-Cal utilization information in advance for the purpose of narrowing the potential overpayment period.

The CWD computes the potential overpayment as follows:

$1,200
- 90
$1,110 = net nonexempt income

(Note: Only the $90 work deduction is applicable in this example. The family has no other eligibility under any other Medi-Cal program.)

Mo/Yr	Correct Nonexempt Income	Correct Maintenance Need Level	Correct SOC	Original SOC	Potential Overpayment
3/95	$1,110	$750	$360	$160	$200
5/95	$1,110	$750	$360	$160	$200

In the above scenario, the CWD uses the utilization information (March 1995 and May 1995) as a basis to determine the overpayment months for computation of the potential overpayment. Since the potential overpayment exceeds $100, the CWD refers the case to the local DHS Investigations office with a completed Confidential Medi-Cal Complaint Report (MC 609) and the Medi-Cal Potential Overpayment Reporting Worksheet Income or Other Health Coverage (MC 224A), only listing the months of known Medi-Cal usage. (See Note, Article 16B). The completed MC 224A is on the following page.

[illegible] Health and Welfare Agency — [illegible]

MEDI-CAL POTENTIAL OVERPAYMENT REPORTING
WORK SHEET INCOME OR OTHER HEALTH COVERAGE

SECTION I
County ID: 59-37-000123-1 ☐ IEVs ☒ non-IEVs
Case Status: Active-effective date: 1-1-95 Closed-effective date:
Recipients Included in Potential Overpayment (MFBU):

Name	DOB	SSN
JANE JONES	3/1/55	987-65-4321
JOHN JONES	3/5/80	876-54-3219

SECTION II — POSSESSION OF OTHER HEALTH COVERAGE ☐ Yes (check only if not reported) ☒ No
If yes, complete DHS 6166 and separately send to Health Services Recovery Branch.
Is there also an income-related overpayment? ☒ Yes (complete Section III) ☐ No

SECTION III — INCOME
The share of cost should have increased for the period(s) MARCH 1995 - JUNE 1995
because INCREASED EARNINGS
and the county was not informed: (Check all that apply.)
☐ on the statement of facts ☒ within 10 days of change stated above ☐ status report
The overpayment is computed as follows: (County completes boxes 1—6.)

1 Month/Year		2 Correct Net Income	3 Correct Maintenance Need	4 Correct Share of Cost (2—3)	5 Share of Cost Met	6 Potential Overpayment (4—5)	DHS Investigation/ Recovery Use Only 7 Amount paid by Medi-Cal	8 Overpayment (lower of 6 or 7)
3	1995	$ 1110	$ 750	$ 360	$ 160	$ 200	$	$
5	1995	1110	750	360	160	200		
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SECTION IV — COUNTY WORKER COMPLETING FORM

Name	County		
JOE SMITH	ANYCO		
Signature	Date	EW NO	Phone
Joe Smith	8/13/95	123	(123) 456-7777

MC 224A (7/90)

Example 1b. – SOC Case

Note: This case is the same MFBU and circumstances as Example 1a., except that the CWD considers all of the months of increased SOC as the potential overpayment period, without knowing if the SOC was met or whether Medi-Cal usage occurred in any of the months. (See NOTE, Article 16B).

Medi-Cal Family Budget Unit (MFBU) consists of a single mother and her 15-year old child who have been on Medi-Cal continuously since November 1994. The mother did not report timely that her income had increased from $1,000 per month to $1,200 per month beginning February 1, 1995. In June 1995, the CWD learns of this information and issues a ten-day Notice of Action adjusting the July 1995 SOC.

The CWD computes the potential overpayment as follows:

$1,200
- 90
$1,110 = net nonexempt income

(Note: Only the $90 work deduction is applicable in this example. The family has no other eligibility under any other Medi-Cal program.)

Mo/Yr	Correct Nonexempt Income	Correct Maintenance Need Level	Correct SOC	Original SOC	Potential Overpayment
3/95	$1,110	$750	$360	$160	$200
4/95	$1,110	$750	$360	$160	$200
5/95	$1,110	$750	$360	$160	$200
6/95	$1,110	$750	$360	$160	$200

In the above scenario, the CWD did not request Medi-Cal utilization and computes all of the months where there was an adjusted SOC as the potential overpayment period. Since the potential overpayment exceeds $100, the CWD refers the case to the local DHS Investigations office with a completed Confidential Medi-Cal Complaint Report (MC 609) and the Medi-Cal Potential Overpayment Reporting Worksheet Income or Other Health Coverage (MC 224A), listing all of the potential overpayment months. (See Note, Article 16B). The completed MC 224A is on the following page.

State of California—Health and Welfare Agency — Department of Health Services

MEDI-CAL POTENTIAL OVERPAYMENT REPORTING WORK SHEET INCOME OR OTHER HEALTH COVERAGE

SECTION I

County ID: 59-37-000123-1 ☐ IEVs ☒ non-IEVs

Case Status: Active-effective date: 1-1-95 Closed-effective date: _____

Recipients included in Potential Overpayment (MFSU):

Name	DOB	SSN
JANE JONES	3/1/55	987-65-4321
JOHN JONES	3/5/80	876-54-3219

SECTION II — POSSESSION OF OTHER HEALTH COVERAGE ☐ Yes (check only if not reported) ☒ No

If yes, complete DHS 6166 and separately send to Health Services Recovery Branch.

Is there also an income-related overpayment? ☒ Yes (complete Section III) ☐ No

SECTION III — INCOME

The share of cost should have increased for the period(s) MARCH 1995 - JUNE 1995 because _____

and the county was not informed: (Check all that apply.)

☐ on the statement of facts ☒ within 10 days of change stated above ☒ status report

The overpayment is computed as follows: (County completes boxes 1—6.)

1 Month/Year		2 Correct Net Income	3 Correct Maintenance Need	4 Correct Share of Cost (2—3)	5 Share of Cost Met	6 Potential Overpayment (4—5)	DHS Investigation/ Recovery Use Only 7 Amount paid by Medi-Cal	8 Overpayment (lower of 6 or 7)
3	1995	$ 1110	$ 750	$ 360	$ 160	$ 200	$	$
4	1995	1110	750	360	160	200		
5	1995	1110	750	360	160	200		
6	1995	1110	750	360	160	200		
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SECTION IV — COUNTY WORKER COMPLETING FORM

Name	County		
JOE SMITH	ANYCO		
Signature	**Date**	**Tel No.**	**Phone**
Joe Smith	8/13/95	123	(123)456-7777

MC 224A (7/90)

C. Example 2 —SOC Case

MFBU consists of a mother, her unemployed husband, and the mother's separate child, age 19. On June 5, 1995, the CWD discovers that the child has applied for and received a $2,000 lump sum VA benefit on February 2, 1995 and a monthly VA benefit of $500 beginning in March 1995. The husband received $450 unemployment benefits in each of these months and the family's original SOC was zero. The county issues a ten-day notice to adjust the July 1995 SOC and requests Medi-Cal usage information from the DHS Investigations office, or requests abbreviated usage information through the Totally Automated Office (TAO) system. The utilization record shows that Medi-Cal services were paid in March 1995 only for the 19-year old child. The CWD computes the potential overpayment as follows:

(Since the child has his own income and the MFBU has a SOC, Sneede applies.)

Mo/Yr	Correct Nonexempt Income	Correct Maintenance Need Level	Correct SOC	Original SOC	Potential Overpayment
Mini Budget Unit No. 1 for Mother and Stepfather					
3/95	$450	$934	$0	$0	$0
Mini Budget Unit No. 2 for Mother's separate Child					
3/95	$500	$375	$125	$0	$125

No overpayment exists for February 1995 as the county would not have been able to assign a SOC for February 1995, even if the client had reported timely, because a ten-day Notice of Action could not have been issued for February 1995.

II. Potential Overpayments Due to Excess Property

A. The potential overpayment will be the lesser of:

1. The total cost of services paid for by Medi-Cal during the consecutive month period in which there was excess property throughout each of the months;

OR

2. The highest excess property reserve balance for any single month in the potential overpayment period specified in subsection A.1 above.

B. Example 1: Property Case

MFBU consists of a single mother and her one child. The mother did not report that she owned a second car that had a net market value of $4,000, and when combined with other countable resources including a bank account, her property totaled $6,000. The property was considered available since they applied in January 1995. The CWD discovered the excess property in December 1995 and issued a ten-day Notice of Action to discontinue aid beginning January 1996. The county requests Medi-Cal utilization information from DHS and is advised that there was Medi-Cal usage in every month since January 1995.

The CWD computes the overpayment as follows:

Mo/Yr	Lowest Property Balance in Month	Medi-Cal Property Limit	Excess Property Amount
1/95	$6,000	$3,000	$3,000
2/95-3/95	$5,000 per month	$3,000 per month	$2,000 per month
4/95-12/95	$4,000 per month	$3,000 per month	$1,000 per month

The CWD refers the case to the local DHS Investigations office with a completed Medi-Cal Complaint Report (MC 609), and a completed Medi-Cal Potential Overpayment Reporting Worksheet - Property (MC 224B). (The completed MC 224B is on the following page.) The local Investigations office obtains an updated Claim Detail Report for Medi-Cal usage information and they review the case to determine whether criminal activity was involved.

Investigations staff determines that the total amount of services paid for by Medi-Cal from January 1995 through December 1995 was $12,000. However, the actual overpayment was only $3,000 (i.e., the highest monthly excess property balance during the potential overpayment period in question, which is less than the total amount of paid Medi-Cal services). Investigations Branch determines that the family had fraudulently obtained Medi-Cal benefits, refers the case to the county District Attorney for prosecution, and sends the client a demand letter for repayment of the overpayment.

State of California—Health and Welfare Agency — Department of Health Services

MEDI-CAL POTENTIAL OVERPAYMENT REPORTING WORK SHEET—PROPERTY

SECTION I

County ID: 59-34-123456 ☐ IEVS ☒ Non-IEVS

Case Status: Active-effective date: 1/1/95 Closed-effective date: 12/31/95

Recipients Included in Potential Overpayment (MFBU):

Name	DOB	SSN
JANE DOE	3/10/58	123-45-6789
STEVEN DOE	2/10/80	234-56-7890

SECTION II

Recipient should have been ineligible for Medi-Cal for 1/95 (month/year) through 12/95 (month/year) because

☑ Property was above the allowable property limit.
☐ Property was transferred or given away in _____
☐ Other (describe): _____

Overpayment is computed as follows: (Manual Sections 50786—50787) (Use for any type of bank account, stocks, cash, etc.)

R=Reported NR=Non-reported		Bank Name: B of A / Acct. No: 123-4567	Bank Name: / Acct. No:	Bank Name: / Acct. No:	Bank Name: / Acct. No:	TOTAL BALANCE	MEDI-CAL PROPERTY LIMIT	EXCESS PROPERTY AMOUNT
		LOWEST BALANCE PER MONTH						
Month	Year	☒ R ☐ NR	☐ R ☐ NR	☐ R ☐ NR	☐ R ☐ NR			
1	1995	$ 2000	$	$	$	$ 6000	$ 3000	$ 3000
2	1995	1000				5000	3000	2000
3	1995	1000				5000	3000	2000
4	1995	0				4000	3000	1000
5	1995	0				4000	3000	1000
6	1995	0				4000	3000	1000
7	1995	0				4000	3000	1000
8	1995	0				4000	3000	1000
9	1995	0				4000	3000	1000
10	1995	0				4000	3000	1000
11	1995	0				4000	3000	1000
12	1995	0				4000	3000	1000
	19							
	19							
	19							
	19							

Other property (describe): 1/95 through 12/95 Non-reported Vehicle - Equity Value* 40c and exempt vehicle

Potential Overpayment is: $ 3,000 (highest monthly amount of excess property)
Medi-Cal Usage for Period is: $ 12,000 (computed by DHS)
Actual Overpayment: $ 3,000 (lesser of Medi-Cal usage or excess property)

SECTION III — County Worker Completing Form

Name: JOE SMITH County: ANY CO
Signature: Joe Smith Date: 2/10/96 SW No.: 123 Phone: (916) 443-7777

MC 2248 (7/90)

C. Example 2: Property, Sneede Case

MFBU consists of a married mother, unemployed father and their two children, ages 12 and 17. On December 1, 1995, the family has no countable resources and is property eligible for Medi-Cal. On December 15, 1995, the 17-year old receives a $5,000 gift from his grandparents. The mother notifies the CWD of the gift on February 7, 1996. She also reports that they spent down part of the excess property in the following way on February 6, 1996:

$ 500	bedroom furniture	$5,000	gift
$ 500	clothes	-2,000	spenddown
$1,000	vacation	$3,000	remaining countable property
$2,000	total		on February 6, 1995

This verifies that the MFBU's resources are under the property limit of $3,300 as of February 6, 1996.

There is no overpayment in December 1995, because even if the beneficiary had reported timely, the county could not have issued the ten-day Notice of Action to increase the SOC. Beginning January 1996 (the first month the gift is treated as property), the county applies Sneede rules because the MFBU is over the property limit of $3,300.

Only the 17-year old's MBU is shown below:

Mo/Yr	Lowest Property Balance in Month	Medi-Cal Property Limit (1 child, 2 parents)	Excess Property Amount
1/96	$5,000	$1,050	$3,950

The CWD requests Medi-Cal utilization information from the local DHS Investigations office. Investigations reports that there is utilization in January 1996 only, in the amount of $400.

The amount of the overpayment for January 1996, is the lesser of either: (1) the actual cost of services paid by Medi-Cal, or (2) the amount of the excess property. The 17-year old's excess property is $3,950, but his Medi-Cal utilization is only $400. Therefore, the overpayment is $400, the lesser of the two amounts.

The CWD completes the MC 609 and the MC 224B. These forms along with copies of all other pertinent data including the budget/property worksheets and the forms specified in Article 16D from the case record are sent to the local DHS Investigations office for completion and/or investigation of the overpayment.

III. Potential Overpayment Due to Total Ineligibility

All of the amount of paid Medi-Cal services is an overpayment during the potential overpayment period.

A. Example 1: It is determined that a Medi-Cal recipient is not a California resident or has no intent to reside in the state.

A Medi-Cal recipient applied March 1, 1995, and provided the eligibility worker with an

A Medi-Cal recipient applied March 1, 1995, and provided the eligibility worker with an address in San Diego County. On the Statement of Facts (MC 210) dated March 1, 1995, she stated that she intended to reside in California and would be renting a home in the area. Her application for Medi-Cal is approved effective March 1, 1995. An anonymous call to the welfare office in July 1995 informed the EW that the woman and her two children return every night to Mexicali after work in a sewing factory in San Diego. When confronted by the EW on July 6, 1995, the recipient stated she lived in Mexicali in a home she owns there.

The CWD sends a ten-day notice on July 6, 1995. The effective date of Medi-Cal discontinuance is July 30, 1995. The CWD initiates the overpayment process by completing the MC 609 and MC 224B and refers the case to the local Investigations office. The Investigations office will obtain the Medi-Cal utilization information. Since the potential overpayment was due to factors which result in total ineligibility, all of the paid Medi-Cal services are considered an overpayment and subject to recovery.

B. Example 2: Principal wage earner returns to work without notifying EW.

A married couple and their two mutual children have linkage to Medi-Cal from January through June 1995 based on the father's unemployment. The father's Unemployment Insurance Benefits stopped on June 30, 1995. On July 1, 1995, he returned to work 40 hours per week earning $6.25 per hour. He did not notify the CWD until August 15, 1995. Beginning August 1, 1995, the parents are no longer linked to Medi-Cal. The children are eligible as Medically Indigent, with no SOC. The family's Medi-Cal utilization for August is:

August	mother	**$ 0**
	father	**$150**
	child	$100
	child	$100

Since the children are still eligible with no SOC, only the parent's Medi-Cal utilization is considered in the potential overpayment period. The overpayment period begins with the month that the CWD could have issued a ten-day Notice of Action to discontinue the parents had the change been reported timely. Since the overpayment is due to factors which result in total ineligibility for the mother and father, the overpayment is the sum of the Medi-Cal utilization during the month of August, $150. The CWD completes the MC 224B and the MC 609 to include in the referral package to DHS Investigations.

C. Example 3: Medi-Cal eligible child no longer in the home.

A mother age 22, and her 6-year old son have been eligible for Medi-Cal since his birth through absent parent deprivation. The mother's employment nets her $800 per month. The mother neglects to inform her worker that her son has resided in another county with the son's father since December 31, 1994. She tells her worker on March 5, 1995 that she no longer has primary custody of her son. The CWD sends the recipient a Notice of Action to discontinue her from Medi-Cal effective March 30, 1995.

The mother is ineligible for Medi-Cal beginning with the month of February because there is no eligible child in the household and she has no other linkage to the Medi-Cal program. Because February is the first month that the CWD could have discontinued with a ten-day notice, had they been informed of the change timely, no overpayment exists for January 1995. The CWD completes the MC 609 and the MC 224B and sends to DHS Investigations.

IV. Potential Overpayments Due to Unreported Other Health Coverage

For all potential overpayments due to unreported other health coverage, the CWD will:

1. Complete the Confidential Medi-Cal Complaint Form, (MC 609), and the Medi-Cal Potential Overpayment Reporting Worksheet Income or Other Health Coverage, (MC 224A, omitting Section III) and send the referral to DHS Investigations office (see Article 16F for office addresses).

2. Contact the DHS Third Party Liability Branch, Health Insurance Section in accordance with health insurance reporting instructions in Article 15A (see Article 16I Section II for Health Insurance Section address and telephone number).

V. Medi-Cal Overpayments, Fraud -- CalWORKs Cash Grant

Note: Counties have flexibility to establish individualized policies and procedures for the in-county routing of CalWORKs overpayment cases that may also have Medi-Cal overpayments requiring computations and referrals to DHS Investigations.

County welfare departments or county district attorney offices investigate cases where a county has determined that a CalWORKs recipient has illegally received a CalWORKs cash grant through fraud and, by that fraudulent act, received Medi-Cal benefits to which he/she may not be entitled. Frequently, the amount of money lost to the Medi-Cal program on such CalWORKs fraud cases is substantially greater than the amount of the CalWORKs overpayment. Thus it is very important that DHS be informed when a CalWORKs overpayment and/or fraud case is being initially developed. This section provides the county with instructions for reporting cases of potential Medi-Cal fraud to DHS in CalWORKs cash grant fraud cases.

Note: Due to the varied differences in the eligibility rules for the CalWORKs program and for the Medi-Cal program, it is not correct to assume that the existence of an overpayment or fraud in the CalWORKs case will result in an overpayment or fraud in the Medi-Cal case.

To determine whether Medi-Cal fraud has occurred in a CalWORKs cash grant fraud case, the county must review the Medi-Cal case independently to establish whether Medi-Cal eligibility existed for each family member under any Medi-Cal program.

When a CalWORKs overpayment occurs, the county Medi-Cal staff will independently of the CalWORKs case, examine the Medi-Cal case to:

- Determine if Medi-Cal eligibility exists under any other program,
- Determine if there is a potential Medi-Cal overpayment, and
- Refer potential overpayments of $100 or more to the local DHS Investigations office.

16D--FORMS REQUIRED FOR OVERPAYMENT REFERRAL PACKAGES

The county welfare department shall refer all potential Medi-Cal overpayments of $100 or more and suspected fraud cases to the Department of Health Services (DHS) local Investigations offices. For potential overpayments resulting from either increased or unreported property or income, the county referral package to DHS Investigations shall include the forms and appropriate supporting documents listed below. For all potential overpayments of $100 or more, due to any reason, the county shall include the Confidential Medi-Cal Complaint Report (MC 609) and other supporting documents.

SUMMARY OF FORMS:

1. **MC 609**
   Original to DHS Investigations
   1 Copy for case file

   Confidential Medi-Cal Complaint Report

   Note in upper right hand corner:

   - Check mark "IEVS" box 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**
   Original and 1 copy to DHS Investigations
   1 copy for case file

   Medi-Cal Potential Overpayment Reporting Worksheet

   Note in upper right hand corner:

   - Check mark "IEVS" box 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 before making the referral.

Send one photocopy of the following original county records to DHS Investigations:

3. **MC 210 and any MC 210 Supplements, MC 210E, MC 211, SAWS 2**
   (or State approved county form)

   Statement of Facts

   - Include all Statement of Facts for the potential overpayment period.

4. **MC 219, SAWS 2A**

   Medi-Cal Rights and Responsibilities Checklist

   - Include all Rights and Responsibilities Checklists covering the potential overpayment period.

5.	**MC 176R** (or State approved county form)	**Resource Verification Questionnaire**
6.	**IEVS Abstract**	**- Assets/Earnings clearance**
7.	**Bank Records**	- Copies of all statements provided by client or obtained by county
8.	**Earnings Statements**	- Copy from EDD, and copies of all pertinent pay stubs. - Copy of employer's report
9.	**Case Narrative**	- Copy of case narrative relating to the potential overpayment period.

16E--INSTRUCTIONS FOR COMPLETING THE FORMS

Copies of each required form for the referral of overpayments of $100 or more to the Department of Health Services' (DHS) Investigations offices are included in this section. Instructions for completion of each form are included. The forms required for each type of overpayment situation is defined below:

MC 609 CONFIDENTIAL MEDI-CAL COMPLAINT REPORT:

Complete this form for all referrals of Medi-Cal potential overpayment or fraud.

MC 224A MEDI-CAL POTENTIAL OVERPAYMENT REPORTING WORKSHEET INCOME OR OTHER HEALTH COVERAGE

Complete this form for potential overpayments of $100 or more due to an increase in income or change in circumstances which affects the beneficiary's SOC.

MC 224B MEDI-CAL POTENTIAL OVERPAYMENT REPORTING WORKSHEET - PROPERTY

Complete this form for potential overpayments of $100 or more when:

- a change in property affects eligibility.
- a change results in total ineligibility of one or more persons in the case.

MC 609--CONFIDENTIAL MEDI-CAL COMPLAINT REPORT

The MC 609 is to be completed by the county welfare department in all situations where a potential overpayment of $100 or more exists regardless of whether the overpayment may be due to fraud.

1. **IEVS:** Place a red "X" in the box to indicate an IEVS referral and check the appropriate box as to whether the case is open/closed and when.

2. **For DHS STAFF ONLY:** Used by Department of Health Services' Investigations staff to assign case numbers prior to investigation.

3. **For COUNTY STAFF ONLY:** Enter the 14 digit county case number, the name of the eligibility worker handling the case and the eligibility worker's telephone number, including area code.

4. **Name of the Person Reporting Complaint:** Enter the name, telephone number of the person reporting the complaint.

5. **Medi-Cal Beneficiary Name:** Enter name, date of birth, Social Security number, current address and telephone number. If multiple family members are involved, list their personal information in the Details of Complaint (item 9).

6. **Provider Name:** Enter name (i.e., doctor, pharmacy, etc.), provider number (if known), current address and telephone number, including area code.

7. **Violation:** This will be completed by DHS's Investigations staff based on the information provided in the Details of Complaint.

8. **Type Code:** This will be completed by DHS's Investigations staff to assign "type codes" for case tracking purposes based on the violation.

9. **Details of Complaint:** Explain the reason for the referral and give as much information as possible. If the referral is based on a potential overpayment, list all family members and their Social Security numbers. Give the source of the income or property that caused the overpayment. If a person has been acting on behalf of the beneficiary (e.g. responsible party or conservator), list that person's name, address and telephone number.

10. **Complaint Taken By:** Enter the name, date, address and telephone number of the person filling out the form. Fill in the date that the complaint is written as it is essential in cases that may result in criminal charges.

The remainder of the form is completed by DHS's staff.

State of California—Health and Welfare Agency

Department of Health Services

CONFIDENTIAL MEDI-CAL COMPLAINT REPORT

IEVS ☐

FOR D.H.S. STAFF ONLY

P.L. NO.: _____

CASE NO.: _____

FOR COUNTY STAFF ONLY

CASE NO.: _____

E.W. NAME: _____

PHONE NO.: ( ) _____

Name of Person Reporting Complaint			Phone No.
Address	City		ZIP Code
Medi-Cal Beneficiary Name		DOB	Social Security No.
Address	City	ZIP Code	Phone No.
Provider Name			Provider No.
Address	City	ZIP Code	Phone No.

Violation: _____ Type Code _____

Details of Complaint:

Complaint Taken By	Date
Address	Phone No.

FOR D.H.S. STAFF USE ONLY

Supporting Documents/Date

- ☐ MEDS _____
- ☐ CDR _____
- ☐ CLETS _____
- ☐ OTHER _____
- _____

Action Taken/Date

- ☐ P.L. CLOSED: _____
- ☐ P.L. REFERRED TO: _____
- ☐ CASE OPENED: _____

ASSIGNED TO: _____

SUPERVISOR: _____

MC 409 (3/90)

MC 224A--MEDI-CAL POTENTIAL OVERPAYMENT REPORTING WORKSHEET - INCOME OR OTHER HEALTH COVERAGE

General Instructions:

If the potential overpayment for the entire period is less than $100, do not complete this form. All potential overpayments of $100 or more, whether or not fraud may be involved, are referred to the local DHS's Investigations offices (see Article 16F for addresses).

The MC 224A is completed in part by the county (Sections I, II, III (columns 1-6) and IV) and in part by the local DHS Investigations office (Section III (Columns 7 and 8)). Complete an original and two copies. Send the original and one copy of the MC 224A and the MC 609 forms and one copy of each supporting documentation listed in Article 16D to the local DHS Investigations office. Retain one copy of the MC 224A and the MC 609 in the case file.

If there is both an income-based and/or other health coverage overpayment and a property-based overpayment, use both the MC 224A and the MC 224B, Medi-Cal Potential Overpayment Worksheet-Property.

SECTION I: (Completed by the County)

County ID: Enter the MFBU/MBU case number.

IEVS/non-IEVS: Check the appropriate box if potential overpayment discovery is due to information received through the Income Eligibility Verification System (IEVS) or through other means.

Case Status: Active-effective date: If the case is active, enter the date the case became active.

Closed-effective date: If the case is closed, enter the date the case was closed. (Explain the reason the case was closed on the MC 609, in the Details of Complaint section).

Recipients Included in Potential Overpayment (MFBU): Enter the name, date of birth (DOB) and Social Security number (SSN) of each MFBU member included in the potential overpayment.

Pregnant Woman: When there is a suspected SOC overpayment which involves a pregnant woman who has two aid codes (i.e., an aid code for pregnancy-related services under the Income Disregard program and an aid code for non-pregnancy related services with a SOC) AND the overpayment occurred only under the aid code for non-pregnancy related services, enter that aid code in RED. If the county does not enter the specific aid code in which the suspected overpayment occurred, DHS Investigations will consider medical services received under both aid codes.

Infant or Child: When there is a suspected SOC overpayment which involves a family member with an infant or a child who was eligible under one of the Percent programs or the Income Disregard program, and remains eligible, do not include the name of that infant/child with the other MFBU members who may have been overpaid. DHS Investigations will determine overpayments only for the MFBU members who are listed on the form.

SECTION II--POSSESSION OF OTHER HEALTH COVERAGE:

Complete this section if it appears a potential overpayment may exist because of a change in other health coverage due to changes in employment or marital status, or evidence of payments from worker's compensation or an insurance company.

If there is no income related potential overpayment, do not complete SECTION III. Complete SECTIONS IV and V and complete the MC 609, explaining the period of time the beneficiary was covered by Other Health Coverage. Send these cases directly to Third Party Liability Branch, Health Insurance Section (see address in Article 16HII.) for disposition of overpayment case and/or subsequent collections from the third party.

SECTION III -- INCOME:

Enter the dates of the potential overpayment period and the reason(s) why the SOC should have increased (e.g., increased earnings, change in family composition, etc.). Check whether the person:

1. Failed to report the information on the Statement of Facts at the time of application or;
2. If already on Medi-Cal, failed to report within ten days a change that would impact the SOC or;
3. Failed to report the correct income on the Status Report.

If different reasons apply to different periods, link each reason to its respective period.

Overpayment Computation: (County completes Columns 1-6)

Column 1: List each month in which there was a potential overpayment. If there are more than 12 months involved, indicate "continued" at the end of the column. List the additional information on a second sheet of paper and attach it to the MC 224A.

Column 2: Enter the correct net income for each of the months in which there was a potential overpayment.

Column 3: Enter the correct Maintenance Need for each of the 12 months in which there was a potential overpayment.

Column 4: For each month, subtract the amount in Column 3 from the amounts in Column 2. The remainder is the correct SOC for each month in which there was a potential overpayment.

Column 5: Enter the SOC the beneficiary met in each of the months in which there was a potential overpayment. This is needed to determine the difference between the initial SOC and the newly recalculated SOC.

Note: It is not necessary to determine if the beneficiary actually paid his/her SOC.

Column 6: For each month in the overpayment period, subtract the amount in Column 5 from the amount in Column 4; this amount is the potential overpayment for that month.

DHS's Investigations will complete Columns 7 and 8 as follows:

Column 7: Enter the amount of paid Medi-Cal services for each applicable month.

Note: If no services were paid by Medi-Cal for that month, enter a "0" in Column 7.

Column 8: For each month listed, circle the lower of the amount shown in Column 6 or Column 7. The lower amount is the actual overpayment for that month. Add all the circled overpayments. The total of the circled amounts is the actual overpayment for the period of consecutive months in the overpayment period.

Section IV -- County Worker Completing Form:

Name: The county worker completing the form will PRINT his/her name.

County: Enter the county name and number.

Signature: The county worker completing the form will sign his/her name.

Date: Enter the date the form is completed.

EW No.: Enter the number of the county eligibility worker completing the form.

Phone No.: Enter the telephone number, including area code, of the county worker completing the form.

State of California—Health and Welfare Agency — Department of Health Services

MEDI-CAL POTENTIAL OVERPAYMENT REPORTING
WORK SHEET INCOME OR OTHER HEALTH COVERAGE

SECTION I

County ID: _____ ☐ IEVs ☐ non-IEVs

Case Status: Active-effective date: _____ Closed-effective date: _____

Recipients Included in Potential Overpayment (MFBU):

Name	DOB	SSN

SECTION II — POSSESSION OF OTHER HEALTH COVERAGE ☐ Yes (check only if not reported) ☐ No

If yes, complete DHS 6166 and separately send to Health Services Recovery Branch.

Is there also an income-related overpayment? ☐ Yes (complete Section III) ☐ No

SECTION III — INCOME

The share of cost should have increased for the period(s) _____

because _____

and the county was not informed: (Check all that apply.)

☐ on the statement of facts ☐ within 10 days of change stated above ☐ status report

The overpayment is computed as follows: (County completes boxes 1—6.)

1 Month/Year		2 Correct Net Income	3 Correct Maintenance Need	4 Correct Share of Cost (2—3)	5 Share of Cost Met	6 Potential Overpayment (4—5)	DHS Investigation/ Recovery Use Only 7 Amount paid by Medi-Cal	8 Overpayment (lower of 6 or 7)
	19	$	$	$	$	$	$	$
	19							
	19							
	19							
	19							
	19							
	19							
	19							
	19							
	19							
	19							
	19							

SECTION IV — COUNTY WORKER COMPLETING FORM

Name		County		
Signature		Date	EW No	Phone

MC 224A (7/90) — AC 30745

MC 224B--MEDI-CAL POTENTIAL OVERPAYMENT REPORTING WORKSHEET - PROPERTY

General Instructions:

If the potential overpayment for the entire period is less than $100, do not complete this form. All potential overpayments for $100 or more, whether or not fraud may be involved, are referred to the local DHS's Investigations offices (See Article 16F for addresses).

The MC 224B is completed in part by the county and in part by the local DHS's Investigations offices. Complete an original and two copies. Send the original and one copy of the MC 224B and the MC 609 forms and one copy of each supporting documentation listed in Article 16D to the local DHS Investigations office. Retain one copy of the MC 224B and the MC 609 in the case file.

If a Medi-Cal Family Budget Unit (MFBU) has both a property-based overpayment and an income-based overpayment, use both the MC 224B and the MC 224A.

Note: All property-based potential overpayments are sent to DHS Investigations offices. When Investigations completes their investigation and review, and an overpayment is determined, the case will be sent to DHS's Third Party Liability Branch, Recovery Section for collection of the overpayment. The county will be notified of DHS Investigation's actions.

SECTION I: (Completed by the county)

IEVS/non-IEVS: Check the appropriate box if the overpayment discovery is due to information received Income Eligibility Verification System (IEVS) or through other means.

Case Status: Active-effective date: If the case is active, enter the date the case was opened.

Closed-effective date: If the case is closed, enter the date the case was closed. Explain the reason for closure on the MC 609, in the Details of Complaint section.

Recipients Included in the Potential Overpayment (MFBU):

Enter the name, date of birth (DOB) and Social Security number (SSN) of each person in the potential overpayment.

SECTION II: (Completed by the County)

Recipient should have been ineligible for Medi-Cal for (month/year) through (month/year)- enter the months and year that the MFBU had excess property.

Check the box(es) which apply:

Property was above the allowable property limit:

This applies if the beneficiary held property over the Medi-Cal property limit during the potential overpayment period.

Property was transferred or given away: [Long-Term Care (LTC) only]

This applies only if the LTC beneficiary transfers or gives away property without adequate consideration during or after the 30-month "look-back" period and this was determined to be a disqualifying transfer that resulted in a period of ineligibility for nursing facility level of care.

Other: Describe any other potential overpayment circumstance not covered above due to excess property. Additional details can be provided on the MC 609.

OVERPAYMENT COMPUTATION:

Bank Name: If applicable, enter the institution(s) in which the property in question is held.

Account Number: If applicable, enter the account number(s) of the property in question.

Month/Year: Enter the consecutive month(s) and year(s) the beneficiary held the property in question.

R/NR: Indicate whether the beneficiary reported (R) or did not report (NR) the property in question.

Total Balance: Enter the sum of the lowest value of all nonexempt property (across) for each month of the overpayment period.

Medi-Cal Property Limit: Enter the appropriate Medi-Cal property limit based on family size.

Excess Property Amount: Enter the amount of property held in excess of the Medi-Cal property limit.

Other Property: Describe the type(s) of other nonexempt property (i.e., cash, cars, jewelry, equipment) the MFBU held, if the property was not stocks, bonds, checking or savings accounts, etc.

Potential Overpayment is: Enter the highest amount of excess property (after listing on a separate worksheet the excess in each month and determining the lowest value of each item in each month).

Medi-Cal Usage for Period is: (Local DHS Investigations office computes this amount).

Actual Overpayment: (Local DHS Investigations office computes this amount). The actual overpayment equals the lesser of the:

a. actual cost of services paid by the DHS during the consecutive month period in which there was excess property throughout each month, or

b. highest amount of excess property (i.e., over the property limit) for any single month during the potential overpayment period.

SECTION III: (Completed by the county)

Name:	The county worker completing the form will PRINT his/her name.
County:	Enter the county name and number.
Signature:	The county worker completing the form will sign his/her name.
Date:	Enter the date the form is completed.
EW No.:	Enter the number of the eligibility worker completing the form.
Phone No.:	Enter the telephone number, including area code, of the county worker completing the form.

State of California—Health and Welfare Agency — Department of Health Services

MEDI-CAL POTENTIAL OVERPAYMENT REPORTING WORK SHEET—PROPERTY

SECTION I

County ID: _____ ☐ IEVS ☐ Non-IEVS

Case Status: Active-effective date: _____ Closed-effective date: _____

Recipients Included in Potential Overpayment (MFBU):

Name	DOB	SSN

SECTION II

Recipient should have been ineligible for Medi-Cal for _____ (month/year) through _____ (month/year) because

☐ Property was above the allowable property limit.
☐ Property was transferred or given away in _____
☐ Other (describe): _____

Overpayment is computed as follows: (Manual Sections 50786—50787) (Use for any type of bank account, stocks, cash, etc.)

R=Reported NR=Non-reported		Bank Name: / Acct. No:	Bank Name: / Acct. No:	Bank Name: / Acct. No:	Bank Name: / Acct. No:	TOTAL BALANCE	MEDI-CAL PROPERTY LIMIT	EXCESS PROPERTY AMOUNT
		LOWEST BALANCE PER MONTH						
Month	Year	☐ R ☐ NR	☐ R ☐ NR	☐ R ☐ NR	☐ R ☐ NR			
	19	$	$	$	$	$	$	$
	19							
	19							
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	19							
	19							
	19							

Other property (describe): _____

Potential Overpayment is: $_____ (highest amount of excess property)
Medi-Cal Usage for Period is: $_____ (computed by DHS)
Actual Overpayment: $_____ (lesser of Medi-Cal usage or excess property)

SECTION III — County Worker Completing Form

Name / County
Signature / Date / EW NO / Phone

MC 2248 (7/90)

16F--DHS INVESTIGATIONS BRANCH

I. Branch Responsibilities

The DHS Investigations Branch is responsible for the investigation of Medi-Cal potential overpayments of $100 or more and/or fraud. The Investigations Branch local offices will coordinate with counties to determine how counties should request and obtain the Medi-Cal utilization information for a case. When a county refers a potential overpayment case to the local Investigations office, Investigation's staff will obtain the most recent claims payment information, conduct additional review and investigation, and compute the actual Medi-Cal overpayment.

II. Medi-Cal Fraud

The local DHS Investigations offices are responsible for investigating all cases involving potential Medi-Cal fraud as outlined in Title 22, CCR, Sections 50781 and 50782. Suspected fraud is defined as intentional misrepresentation of material facts such as property, residence, income, or other factors which may affect eligibility. Note: County staff granting Medi-Cal eligibility for long term care should look closely at any disqualifying transfers during the thirty-month "look-back" period for potential fraud.

The local DHS Investigations offices also maintain the Early Fraud Detection Program (EFDP) to detect fraudulent activity during the application process. The purpose of this program is to identify persons not entitled to receive Medi-Cal benefits prior to a case being granted. County personnel initiates a referral to their assigned investigator if they suspect an applicant is not accurately reporting information on their Medi-Cal application pertinent to income, property, residency, or persons in the home. Referrals may be made by telephoning the local DHS's Investigations office and/or by completing and sending the Confidential Medi-Cal Complaint Report (MC 609) to the local Investigations office. County welfare departments shall develop a referral process for these cases with their local Investigations office investigators.

All EFDP referrals will receive top priority from the local Investigations office and will be processed within seven working days. Results of the investigation will generally be reported back to the county within ten working days of the referral.

Medi-Cal fraud/overpayment referral packages will be sent by the counties to the following local Investigations offices:

III. Offices

DEPARTMENT OF HEALTH SERVICES INVESTIGATIONS BRANCH

HEADQUARTERS

Larry A. Malm, Branch Chief
591 North Seventh Street, MS A-22
P.O. Box 942732
Sacramento, CA 94234-7320

Phone: (916) 322-8444
Fax: (916) 322-6422

NORTHERN SECTION

Wayne B. Duguid, Section Chief
591 North Seventh Street, MS A-22
P.O. Box 942732
Sacramento, CA 94234-7320

Phone: (916) 324-8447
Fax: (916) 322-6422

BAKERSFIELD (Kern)

Ron Wells, Supervising Special Investigator I
4800 Stockdale Highway, Suite 312
Bakersfield, CA 93309

Phone : (805) 395-2705
Fax: (805) 395-2707

CHICO (Butte, Colusa, Del Norte, Glenn, Humboldt, Lake, Lassen, Mendocino, Modoc, Plumas, Shasta, Sierra, Siskiyou, Sutter, Tehama, Trinity, Yuba)

Lisa Vernon, Supervising Special Investigator I
500 Cohasset Road, Suite 20
Chico, CA 95926

Phone: (916) 895-5020
Fax: (916) 895-6708

FRESNO (Fresno, Inyo, Madera, Merced, Kings, Mariposa, Mono, San Luis Obispo, Santa Barbara, Tulare)

Ron Wells, Supervising Special Investigator I
1782 East Bullard, Suite 104
Fresno, CA 93710

Phone: (209) 446-2440
Fax: (209) 446-2455

SACRAMENTO I (Amador, El Dorado, Stanislaus)

Lisa Vernon, Supervising Special Investigator I
591 North Seventh Street, MS A-22
P.O. Box 942732
Sacramento, CA 94234-7320

Phone: (916) 324-8447
Fax: (916) 322-6422

SACRAMENTO II (Alpine, Calaveras, Nevada, Placer, Sacramento, San Joaquin, Tuolomne, Yolo)

Merrilee Ketcherside, Supervising Special Investigator I
591 North Seventh Street, MS A-22
P.O. Box 942732
Sacramento, CA 94234-7320

Phone: (916) 324-8447
Fax: (916) 322-6422

SAN JOSE *(Monterey, Santa Clara, San Benito, Santa Cruz)*

Emile Jastram, Supervising Special Investigator I — Phone: (408) 437-3662
227 Devcon Drive — Fax: (408) 437-3675
San Jose, CA 95112

VALLEJO *(Alameda, Contra Costa, Marin, Napa, San Mateo, San Francisco, Solano, Sonoma)*

Vacant, Supervising Special Investigator I — Phone: (707) 648-5390
P.O. Box 108, Vallejo, CA 94590-0108 — Fax: (707) 648-5389

SOUTHERN SECTION I

Rod Crabb, Acting Section Chief — Phone: (714) 703-2600
770 The City Drive - South, Suite 7300 — Fax: (714) 703-2617
Orange, CA 92868

CITY OF INDUSTRY *(San Gabriel Valley in Los Angeles County)*

Ed Plummer, Supervising Special Investigator I — Phone: (562) 463-2828
12820 Crossroads Parkway, Suite 250 — Fax: (562) 463-2840
City of Industry, CA 91745

CITY OF COMMERCE *(Central Los Angeles County)*

Jack Lauderdale, Supervising Special Investigator I — Phone: (213) 838-7000
5701 Southeastern Avenue, Suite 600 — Fax: (213) 838-7015
City of Commerce, CA 90040

GARDENA *(Southern Los Angeles County)*

Sally Salazar, Supervising Special Investigator I — Phone: (310) 516-4677
19300 Hamilton Avenue, Suite 270 — Fax: (310) 516-4108
Gardena, CA 90248

GRANADA HILLS *(San Fernando Valley in Los Angeles County, Ventura)*

Ron Zega, Supervising Special Investigator I — Phone: (818) 832-3250
16800 Devonshire Street, Suite 220 — Fax: (818) 832-3264
Granada Hills, CA 91343

ORANGE *(Orange County)*

Rod Crabb, Supervising Special Investigator I — Phone: (714) 703-2600
Mike Pearlman, Supervising Special Investigator I — Fax: (714)703-2617
770 The City Drive - South, Suite 7300
Orange, CA 92868

SOUTHERN SECTION II

Bruce Edwards, Section Chief — ***Phone: (619) 645-2826***
110 West A Street, 7th Floor — *Fax: (619) 645-3007*
San Diego, CA 92101

***EL CENTRO** (Imperial)*

Mark Miranda, Supervising Special Investigator I — ***Phone: (619) 339-2771***
El Centro, CA 92243 — *Fax: (619) 3392772*
(No workable mailing address. Send mail to San Diego Office.)

***RANCHO CUCAMONGA** (San Bernardino, Riverside)*

John DeLosReyes, Supervising Special Investigator I — ***Phone: (909) 483-0227***
Tony Pettine, Supervising Special Investigator I — *Fax: (909) 483-0245*
10370 Commerce Center Drive, Suite 100
Rancho Cucamonga, CA 91730

***SAN DIEGO** (San Diego County, Imperial County)*

Laird Gilbert, Supervising Special Investigator I — ***Phone: (619) 645-2826***
Barbara Naimark, Supervising Special Investigator I — *Fax: (619) 645-3007*
Jim Mayfield, Supervising Special Investigator I
110 West A Street, 7th Floor
San Diego, CA 92101

IV. Toll-Free Telephone Complaint Lines

The DHS, Investigations Branch has two toll-free telephone complaint lines to report Medi-Cal fraud and/or abuse. The toll-free lines are staffed weekdays from 8:00 a.m. to 5:00 p.m.. Bilingual staff are available to take calls from Spanish-speaking persons. The toll-free numbers are:

Medi-Cal Fraud Hotline - North — ***1-800-822-6223***

Medi-Cal Fraud Hotline - South — ***1-800-822-6222***

These lines are available to the general public as well as to the counties.

16G--OVERPAYMENT RESPONSIBILITY IN CASES WITH AUTHORIZED REPRESENTATIVES

There is no statutory or regulatory authority which enables Department of Health Services (DHS) to recover overpayments from individuals, law firms, or organizations who represent the applicant/beneficiary and have been named an Authorized Representative by signing a MC 306.

However, any Authorized Representative who is suspected of intentionally and fraudulently providing false information to the Eligibility Worker or "coaching" the applicant/beneficiary and such action results in an overpayment, should be referred to DHS's Investigations for possible civil or criminal prosecution.

16H--COLLECTION RESPONSIBILITIES: DHS THIRD PARTY LIABILITY BRANCH

I. Recovery Section:

Among other responsibilities, the Recovery Section initiates overpayment collections, files liens and claims for personal injury related expenses, estate recoveries, and accepts voluntary repayments from certain long-term care beneficiaries. Instructions on county responsibilities in these areas are found in this Article of the Manual. The county or the public may contact the Recovery Section by mail or by telephone at:

Department of Health Services
Recovery Section
P.O. Box 2471
Sacramento, CA 95812
(916) 322-0521

A. Department of Health Services (DHS) Overpayments Unit

The Overpayments Unit is responsible for enforcing compliance with Medi-Cal laws and regulations for Medi-Cal providers and beneficiaries. Its primary function is to recover funds due the program, thereby reducing the total cost of the program. Beneficiary cases are referred from county agencies (district attorney's offices, probation departments and others), the DHS's Investigations Branch, and the DHS's Health Insurance Section.

Once these sources identify a potential or actual overpayment liability, the referral source writes up and sends the referral, along with the necessary back-up information, to the Unit for collection action. The Unit then establishes an Accounts Receivable and begins with a series of demand letters (the first demand letter provides appeal rights and how to request an appeal (State Hearing) and telephone calls seeking voluntary repayment. If these efforts are unsuccessful, involuntary collection actions commence. These may include interagency offset of State Income Tax refunds or lottery winnings and, if the beneficiary is not judgment-proof, civil action in Small Claims Court or referral to the Attorney General's Office to secure a judgment to levy against the debtor's assets and/or record a real property lien.

The Overpayments Unit may be contacted at:

Department of Health Services
Recovery Section - Overpayments Unit
P.O. Box 2471
Sacramento, CA 95812
Phone: (916) 322-0521
FAX: (916) 322-8778
Automated Call Management System: (916) 323-4836

B. Personal Injury Unit

The Personal Injury Unit recovers Medi-Cal monies expended to treat beneficiaries who have incurred illness or injury for which another person or entity may be liable. Examples of personal injuries are those that result from auto accidents, slip-and-falls, medical malpractice, product liability, premises liability, loss of consortium, loss of society, and legal malpractice as they pertain to personal injury actions. Worker's compensation cases are processed by firms contracting with the Department. The Unit identifies and researches potential personal injury cases, computes injury-related Medi-Cal expenditures, files and negotiates liens, and collects monies due after settlement through both voluntary and involuntary methods.

The unit notifies counties of cases for which lien payments have been received, so that eligibility workers will be aware that beneficiaries have received monetary personal injury settlements which may affect their Medi-Cal eligibility. The Payment Register which is sent to counties on a monthly basis is sorted by Medi-Cal number. County or public questions regarding this report may be directed to the address or phone/FAX below.

Department of Health Services
Personal Injury Unit
P.O. Box 2471
Sacramento, CA 95812
Phone: (916) 322-0521
FAX: (916) 322-8778
Automated Call Management system: (916) 323-4836

Article 15B provides instructions for reporting personal injury and worker's compensation cases to DHS.

C. Estate Recovery Unit

1. Background

In accordance with the Welfare and Institutions (W&I) Code, Section 14009.5, DHS implemented an estate recovery program in June 1981, whereby creditor's claims are filed against the estates of certain deceased Medi-Cal beneficiaries. These claims are based on the amount of health care premiums and services paid by the program on behalf of these decedents, on or after the age of 55 or the value of the decedents estate, whichever is less. The following information outlines the major points of this program:

a. Notification of a Medi-Cal Beneficiary's Death

It is the responsibility of the heirs, executor, administrator, estate attorney, personal representative, or the persons in possession of any property of the decedent, to notify the Director of the DHS of the death of a Medi-Cal beneficiary. This notification is to be sent to the DHS no later than 90 days after the date of the beneficiary's death (Probate Code, Sections 215 and 9202).

DHS also identifies Medi-Cal decedents, by way of a monthly data search of the Medi-Cal Eligibility Data System (MEDS), to check the eligibility status codes on each beneficiary's file. If the eligibility status shows that the beneficiary was terminated by reason of death, a system-generated questionnaire is sent to their estate at their last known address. The return of the questionnaire, along with a copy of the death certificate and any other requested information, satisfies the notification requirements set forth in Probate Code, Sections 215 and 9202.

b. Filing of Estate Recovery Claims

DHS may file a claim if the Medi-Cal decedent was age 55 or older, if there is no surviving spouse, no surviving child who is under 21 years of age or who is blind or permanently and totally disabled (within the meaning of section 1614 of the federal Social Security Act, U.S.C., Section 1382c), and there is an estate (W & I Code, Section 14009.5).

Estates may include all real and personal property and other assets in which the decedent had any legal title or interest at their time of death (to the extent of such interest), including assets conveyed to a dependent, surviving heir, or assignee of the deceased individual through joint tenancy, tenancy in common, survivorship, life estate, living trust, or other arrangement.

c. Amount of the Claim

DHS may file a claim against the estate of the decedent, or against any recipient of the property of that decedent, by distribution or survival, in an amount equal to: (1) the payments for health care premiums and services provided or (2) the amount of the estate, whichever is less (W&I Code, Section 14009.5). Expenses of administration of the estate, funeral expenses, and other expenses of last illness are paid first (Probate Code, Section 11420).

d. Payment of Claims

Payment in full from the proceeds of the estate, monthly payments and voluntary property liens are used to satisfy the DHS's claims. The method of reimbursement is decided on a case-by-case basis, depending on the resources in the estate, the heirs' ability to pay, and other circumstances having an impact on DHS's ability to collect.

In certain circumstances, DHS can force a sale of the estate property in order to satisfy a claim. When routine collection methods fail, the law allows for referral to the Attorney General's office, for superior or municipal court action.

e. Hardship Waivers

If any person affected by the Department's claim can establish that enforcement of the claim would cause an undue hardship, they may apply for a waiver of their portion of the claim. An application for Hardship Waiver is included with every estate recovery claim.

f. Distributed Estates

If the assets of the estate have been distributed prior to DHS being given an opportunity to present a claim, the law provides that DHS is entitled to claim against the distributee(s). As always, the claim amount for these types of cases is equal to the sum of payments made for Medi-Cal premiums and services provided or each heir's share of the distributed assets, whichever is less (W&I Code, Section 14009.5).

2. County Responsibilities

The county is to notify DHS, via MEDS, of each aged person who is discontinued from Medi-Cal due to death. Field 0185 has been designated as the "Termination Reason" (TERM–REAS) field. Termination code "01" indicates that the Medi-Cal beneficiary has died. The county shall input code "01" in field 0185, for either online MEDS or county batch transactions, on the record of any person age 55 or over, for whom death is the reason for discontinuance.

3. DHS's Responsibilities

DHS will generate questionnaires to the heirs, administrators, or other responsible parties, of the estates of Medi-Cal beneficiaries who were age 55 and over at the time of their death. Once a completed questionnaire or other notice of a Medi-Cal client's death is received by the DHS, research will be done to verify the Medi-Cal eligibility periods, the beneficiary's assets at the time of death, and that the case meets the criteria of law to pursue recovery. Any case which passes this screening is established on the program's automated collection system, claim details are requested, and an itemized list of Medi-Cal payments is prepared. This itemization is used to file a claim in formal probate, with the public administrator/guardian, and with the heirs of decedent's property, etc.

STATE OF CALIFORNIA-HEALTH AND WELFARE AGENCY — PETE WILSON, Governor
DEPARTMENT OF HEALTH SERVICES — JANUARY 09, 1996
RECOVERY SECTION
P.O. BOX 2471
SACRAMENTO, CA 95812-9851 — BR-ERS005-R007

MEDI-CAL ESTATE QUESTIONNAIRE

TO SATISFY LEGAL REQUIREMENTS, FILL OUT AND RETURN THIS FORM.

ATTENTION: Person Responsible for the Estate of:

DECEASED:
SOCIAL SECURITY NO.:
MEDI-CAL NO. :

Under California law (Probate Code Sections 215 and 9202) the Department of Health Services (Department) must be informed by the person(s) settling the financial affairs of a deceased person who has received, or may have received, health care under the Medi-Cal program. The law states that notice must be provided no later than 90 days from the date of death. Notification to the Social Security Office or the County Welfare Office does not satisfy this requirement.

Our records show that the decedent named above was enrolled in the Medi-Cal program; therefore notification to the Department is required.

A copy of the DEATH CERTIFICATE is also required, regardless of the assets. Please answer the following questions and return in the enclosed envelope.

1. Is the decedent's spouse (husband/wife) still living? NO YES (Circle One)
   If YES, list spouse's name and social security number:

2. Did the decedent own any of the following? (Circle one)
   A. HOUSE/LAND/MOBILE HOME ..... NO YES $_____VALUE
      If YES, how is the value determined? _____
      List names and addresses of any co-owners-attach separate list if necessary.
   B. CASH AND BANK ACCOUNTS (after burial expenses)... NO YES $_____VALUE
   C. LIST OTHER ASSETS, if any ..... NO YES $_____VALUE
      Do not include personal items such as televisions, clothes, appliances, etc.

If any of the above assets were CIRCLED YES, please provide verification; i.e., copy of the title deed, bank statement, registration.

3. Is the estate being probated? NO YES (Circle One)
   If YES, list the probate number and county of filing.

4. List name, address, and telephone number of the attorney or contact person.

5. ATTACH A COPY OF THE DEATH CERTIFICATE (PHOTOCOPY ACCEPTABLE)

If you have any questions, please call (916) 323-4836, available 24 hours a day. Thank you.

_____ (____)_____
Your Name — Telephone number

II. Health Insurance Section

The Health Insurance Section's primary responsibility is to ensure that a recipient's private health coverage and/or Medicare benefits are identified and utilized before Medi-Cal. The Section is responsible for the Medicare premium payment program, the Medi-Cal Buy-In Program, and for paying health premiums in certain cost effective situations. The Section is also responsible for recovering Medi-Cal funds when health coverage or Medicare eligibility is identified or established retroactively. The Section consists of four units.

A. Health Insurance Identification Unit

This unit is responsible for assuring the identification of all health coverages resources belonging to Medi-Cal beneficiaries. Identification is accomplished through reports from county welfare, Social Security, district attorney offices and from computer matches with health plans or insurance carriers, special mailings to beneficiaries, and other sources. For more information about health coverage identification and reporting, see Article 15A.

This unit also maintains the Health Insurance System (HIS) and Carrier Master File (CMF) which contain recipient specific health insurance information. These databases can be accessed by county staff via the Medi-Cal Eligibility Data System (MEDS). Access instructions along with screen descriptions were issued in All County Welfare Directors Letter 94-50.

B. Health Insurance Cost Avoidance Unit

This unit is responsible for setting policy and monitoring the claims processing functions to assure that Medi-Cal does not pay for services covered by private health plans. The claims processing systems used the coverage information in the HIS and CMF to identify which claims should be returned to the provider for insurance billing. Requiring providers to bill health insurance or Medicare before Medi-Cal is called cost avoidance.

C. Health Insurance Recovery Unit

This unit is responsible for the post payment recovery of monies paid to providers for services which were later determined to be covered by insurance, or for services which cannot be cost avoided under federal law. Claims are automatically generated by the Medi-Cal fiscal intermediary and mailed to the insurance carrier. Unit staff follow up on unpaid claims, posting payments and releasing claims as appropriate. The unit conducts on-site reviews of insurance carriers to ensure timely response to Medi-Cal billings.

This unit also processes lump sum indemnity insurance payments. Indemnity payments are typically paid directly to the beneficiary and the payment is based on the number of days spent in a hospital or long term care facility. If Medi-Cal paid for these services, the indemnity payments should be forwarded to the Health Insurance Recovery Unit at the address shown below. To ensure proper application of the payment, the beneficiary's name and Social Security number should be indicated on the check, along with a notation that it is an indemnity payment. County staff or recipients may call (916) 323-5525 for more information about indemnity payments.

D. Premium Payment Unit

This unit is responsible for identifying Medi-Cal beneficiaries who qualify for State payment of Medicare Part A (hospital insurance) or Part B (medical insurance) premiums. Unit staff add or delete Medi-Cal beneficiaries from various Medicare programs: Part B Buy-In,

Qualified Medicare Beneficiary, Qualified Disabled Working Individual, and Specified Low Income Beneficiary. Unit staff initiates payment of premiums, supplies coverage information to providers and the claims processing system so the coverage can be cost avoided and recovers Medi-Cal expenditures for individuals retroactively enrolled in Medicare. For more information on the Medicare premium payment process, see Article 15F.

This unit is also responsible for identifying Medi-Cal beneficiaries who qualify for payment of private health coverage premiums through the Health Insurance Premium Payment (HIPP) or Employer Group Health Plan (EGHP)Programs. Unit staff evaluate applications and initiate Medi-Cal payment of the private health coverage premiums when it is determined to be cost effective to Medi-Cal to do so. For more information about these programs, see Article 15H.

The Health Insurance Section may be contacted at:

Department of Health Services
Health Insurance Section
P.O. Box 1287
Sacramento, CA 95812-1287
(916) 323-9697

The Section also operates a toll-free telephone line for use by beneficiaries and providers with questions about the identification and use of health insurance, the premium payment programs, or Medicare coverage. The toll-free number is 800-952-5294.

16I--VOLUNTARY PAYMENT OF EXCESS PROPERTY

I. Voluntary Payment Program - Persons in Long-Term Care (LTC) Facilities

A. Program Description

Medi-Cal beneficiaries in LTC facilities whose property is, or will be, in excess of the property reserve limit for the month may reduce their property reserve to within allowable limits by voluntary payment to the Department of Health Services (DHS) for services. This will permit the beneficiary to avoid discontinuance of Medi-Cal benefits.

Please note: This procedure does not limit the beneficiary's right to spend his/her property as he/she wishes.

Under this program, voluntary payment of excess property for medical services received is only appropriate when all of the following apply:

1. The person is a current Medi-Cal beneficiary.

2. The beneficiary is in LTC.

3. The property exceeds or will exceed the property limit in the month.

4. The beneficiary or the person acting on his/her behalf wishes to participate in the voluntary program.

The payment system described in this procedure is only available to persons in LTC (refer to Article 9I Section 4). Any other individual desiring to pay DHS for services should be referred to the local DHS Investigations office (refer to Articles 16F).

B. Beneficiary, Representative, or LTC Facility Action

When the property reserve has increased to the point that it exceeds the property limit, or will exceed that limit during the next month, the beneficiary, the person acting on his/her behalf, or the LTC facility must notify the county welfare department immediately. The notification should be in writing, if possible. The county is encouraged to work with LTC facilities and public guardians to establish local procedures for reporting such cases.

NOTE: Income received in a month, whether or not it is deposited in a checking or savings account, is not considered as property in that month. In addition, lump sum retroactive Supplemental Security Income or Title II benefits are not considered in the property determination for six months after the month received.

C. County Action

To prevent the disruption of Medi-Cal benefits whenever the beneficiary has excess property, the county shall:

1. Ask the beneficiary or person acting on his/her behalf if he/she wishes to make a voluntary payment of the excess property to DHS's Recovery Section to reduce the property reserve upon notification that the property reserve is near or has exceeded the property limit.

2. If the beneficiary wishes to make a voluntary payment, calculate the voluntary payment amount and direct the beneficiary or person acting on his/her behalf to send the payment to the Recovery Section's Overpayments Unit with the following information:

   a. Beneficiary's name

   b. Social Security Number

   c. Full 14-digit Medi-Cal Number

   d. Date of birth

   e. LTC facility name and address

   f. Amount of excess property

   g. Reason for excess property

   h. Name of person acting on the beneficiary's behalf, if applicable, and his or her address and telephone number.

   I. Name, address, and telephone number of the beneficiary's eligibility worker.

   The address to send the LTC voluntary payment check is:

   Department of Health Services
   Recovery Section - Overpayments Unit
   P.O. Box 2946
   Sacramento, CA 95812

3. Recompute the property status of the beneficiary upon receipt of the Acknowledgment Letter sent by the Recovery Section to the county. The effective date of the voluntary payment is the date the payment is postmarked.

4. Contact the Recovery Section at the telephone number below when the beneficiary has informed the county that payment has been made, but no Acknowledgment Letter has been received. (See sample of Acknowledgment Letter, Article 16I-4.)

   Recovery Section
   (916) 327-0288 (The county or the public may use this number.)

5. Contact the beneficiary or person acting on his/her behalf if notified by the Recovery Section's Overpayments Unit that no payment has been received. If there is not good cause for failure to carry out the agreed payment action, and property still exceeds the limit, initiate discontinuance action.

Please note: In addition, if a potential overpayment has occurred, submit an overpayment referral to the Department's Investigations Branch.

Where the beneficiary has a public guardian, the guardian may contact the Recovery Section's Overpayments Unit by mail or by telephone directly at the address or telephone number below. The public guardian shall notify the county when a voluntary payment is made.

Department of Health Services
Recovery Section - Overpayments Unit
P.O. Box 2946
Sacramento, CA 95812
(916) 327-0288

D. DHS Recovery Section's Overpayments Unit will establish a case in the name of the beneficiary. The case number will be the Social Security number of the beneficiary.

II. Limitation of Effect of Voluntary Payment

If a beneficiary is discontinued due to excess property throughout a full calendar month, a voluntary payment cannot be used to reestablish the individual's eligibility for the month throughout which excess property existed. Eligibility can only be reestablished in the month the property is brought within the property limit unless the provisions contained in All County Welfare Directors Letter, Number 97-41 resulting from Principe v. Belshe apply.

State of California Health and Welfare Agency Pete Wilson, Governor

Department of Health Services
Recovery Section
P.O. Box 2471
Sacramento, CA 95812-9851
XXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXX

XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
c/o XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
XXXXXXXXXXXXXXXXXXXXXXXXXX XXXXXXXXXX

Dear XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX:

CASE NAME : XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX
CASE NUMBER : XXXXXXXXXXXXXXXX
SSN : XXXXXXXXXXX
MEDI-CAL NUMBER: XXXXXXXXXXXXXXXXXX
FACILITY : XXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXXX

This letter confirms payment of $XXXXXXXXXXXXXX dated XXXXXXXXXXXXXXXXXX for the above-referenced case. If I can be of any further assistance, please call this office at the above number.

XXXXXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXX
COLLECTION REPRESENTATIVE
RECOVERY SECTION