

## DEPARTMENT OF HEALTH SERVICES

714/744 P STREET  
SACRAMENTO, CA 95814

August 4, 1986

TO: All County Welfare Directors  
All County Administrative Officers

Letter No.: 86-40

SUBJECT: MEDI-CAL BENEFICIARY OTHER HEALTH COVERAGE THIRD PARTY  
LIABILITY PROGRAM CHANGES

In a prior All County Letter (86-35) dated June 24, 1986 you were informed that Federal regulation, 42 CFR 433.139, requires that State Medicaid agencies (as of May 12, 1986) use the cost avoidance method of handling provider claims when potential third party liability exists. This method mandates that the state Medicaid agency establish the amount of the third party liability and pays only to the extent that payment allowed under the agency's payment schedule exceeds the third party's liability. The Department of Health Services (DHS) is currently modifying the Medi-Cal claims payment system to bring California into compliance. Because of the size and complexity of the Medi-Cal program and California's health insurance industry, the DHS has been granted an extension to phase in the modifications to the claims payment system. The implementation of cost avoidance of third party resources will be done in three phases with phase I to be implemented in November 1986.

Phase I of the cost avoidance system consists of expanding the existing system which now cost avoids Kaiser, CHAMPUS and Ross Loos to also cost avoid any Medi-Cal beneficiary enrolled in additional specific private prepaid health plans or health maintenance organizations (PHPs/HMOs). The current system does not require the completion of a health insurance questionnaire for private prepaid health plans and health maintenance organizations. Because the system uses the same other health coverage (OHC) code ("A") as it does for other types of health insurance, it is necessary to contact beneficiaries in order to verify whether or not the indicated insurance is for a PHP/HMO. In August, the DHS will begin mailing an abbreviated health insurance questionnaire (see attached) to selected beneficiaries. Beneficiaries must complete and mail the questionnaire by August 25, 1986. Beneficiaries who do not respond will automatically have a cost avoided PHP/HMO other health coverage indicator printed on their November 1986 Medi-Cal identification card. If a beneficiary informs his/her eligibility worker that he/she does not have OHC or that the OHC code on the Medi-Cal card is wrong, existing procedures should be used to correct the code and/or generate a corrected Medi-Cal card.

All County Welfare Directors  
All County Administrative Officers  
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Upon completion of beneficiary responses/non-responses to the questionnaire counties will receive data on which beneficiaries require a "P" or K, C, and R other health coverage indicator put on MEDS. The data will include the following elements: county district office, eligibility worker, beneficiary Medi-Cal ID number, social security number and other health coverage indicator. Counties may receive the data via tape or paper (record layouts attached). Please contact Shirlee Cisneros of Data Systems Branch by telephone at (916) 322-4272 or via SYSM (use ID #HDSCISN) by September 1, 1986 regarding your preference for tape or paper output. Counties who do not respond by that date will receive their data via paper output.

In October 1986 your county will receive a list of the additional PHP/HMOs to be included in the cost avoidance program for use by your eligibility workers during the initial intake and redetermination process. Beneficiaries enrolled in any of the PHPs/HMOs on this list will not be required to complete a HRB2A (Health Insurance Questionnaire); however, counties will be required to put a 'P' other health coverage indicator on MEDS. The PHP/HMO list will be updated regularly by the state's Health Insurance Unit and distributed to counties semi-annually.

Phase II and III will be an expansion of the first phase of the cost avoidance system. Phase II will specifically cost avoid major health insurance companies/health plans known to provide coverage to the largest numbers of Medi-Cal beneficiaries and which offer a scope of benefits/coverage similar to Medi-Cal. This phase is expected to be implemented in 1987. Phase III's goal will further expand upon the cost avoidance activities of the previous Phases through the inclusion of additional insurance companies/plans and coverages as they are determined to be cost beneficial to cost avoid. This last Phase will be implemented sometime during the 1987-88 fiscal year.

Should you have any questions regarding this letter, please contact Gino Maiolini at (916) 739-3247.

Sincerely,

Original signed by

Frank S. Martucci, Chief  
Medi-Cal Eligibility Branch

Attachments

(cc's and Expiration Date listed on next page)

All County Welfare Directors  
All County Administrative Officers  
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cc: Medi-Cal Liaisons  
Medi-Cal Program Consultants  
County MEDS Liaisons  
County EDP Coordinators

Expiration Date: April 30, 1987

DEPARTMENT OF HEALTH SERVICES  
 PUBLIC AFFAIRS SECTION  
 OFFICE BOX 1287  
 SACRAMENTO, CALIFORNIA 95806

August 7, 1986

SUBJECT: REPORTING AND USING PRIVATE HEALTH INSURANCE COVERAGE

*AVISO MUY IMPORTANTE. DESEA UD LEER ESTE AVISO EN ESPAÑOL, LO ESTA EN OTRA LADO.*

On November 1, 1986 Medi-Cal will expand its program for using private health insurance. This program does not change your Medi-Cal eligibility but it does mean that if you are enrolled in a health plan, Medi-Cal will not pay for medical services covered by the plan. You will still be able to use your Medi-Cal card for Medi-Cal covered services the health plan does not provide. A health plan is a group of doctors, a hospital, a medical clinic, or an organization which is made up of private doctors and hospitals.

Medi-Cal records show that you do have health insurance. We want to make sure that our records are correct. Please complete the enclosed form and return it in the envelope provided by August 25, 1986. If you do not complete the form and return it, a code will be put on your Medi-Cal card which will mean that you will have to use your health plan for medical services covered by your plan. California law says that all Medi-Cal recipients must report and must use any health insurance they have in order to keep their Medi-Cal eligibility (Welfare and Institutions Code 14023, California Administrative Codes 50175 and 50763).

PLEASE COMPLETE THE ENCLOSED FORM AND RETURN IT IN THE ENVELOPE PROVIDED BY AUGUST 25, 1986. (NO STAMP IS NECESSARY.)

HOW TO COMPLETE THE HEALTH INSURANCE FORM

- STATEMENT NO 1. Check this box and give the date it stopped if you no longer have private health insurance.
- STATEMENT NO 2. Check the box next to the health insurance plan you are enrolled in.
- STATEMENT NO 3. Check this box if you have health insurance but it is not with one of the health care plans in Number 2. Give the full name and address of your health insurance company and your policy and/or group number.

IF YOU DO NOT COMPLETE AND RETURN THE HEALTH INSURANCE FORM BY AUGUST 25, 1986, A NEW OTHER COVERAGE CODE WILL BE PUT ON YOUR MEDI-CAL CARD.

HEALTH INSURANCE FORM  
FORMULARIO DEL SEGURO DE SALUD

each statement below. Put an X in ONE of the boxes which is right for you. [X]  
cada una de las declaraciones indicadas mas abajo. Ponga una X en el  
llero que le corresponde a usted. [X]

01 I no longer have health insurance. It stopped on: / /  
Ya no tengo seguro de salud. Termino el: / /

I have insurance with the health insurance plan I checked below:  
Tengo seguro de salud con el plan que marco mas abajo:

- 02 Alviso Health Plan  35 Inter Valley Health Plan, Inc.
- 03 AAHP Medical Group ( American Association Health Plan)  36 INA Health Plan of California
- 04 AmeriMed  37 IPM Health Plan
- 05 AV-MED Health Plan  38 Kaiser Foundation Health Plans
- 06 Bay Pacific Health Plan  39 Key Plan
- 07 Blue Cross Communicare  40 Keycare
- 08 Central Valley Health Plan  41 Lifeguard HMO, Inc.
- 09 Children's Hospital Health Plan of San Francisco  42 Maxicare
- 10 CIGNA Health Plans  43 Modern Health Care Systems
- 11 Community Health Group  44 Neighborhood Health Plan
- 12 Comprecare, Inc.  45 North-East San Diego Health Plan
- 13 Contra Costa Health Plan  46 Orange Plan Health Care
- 14 CHAMPUS  47 Pacificare, Inc.
- 15 CHOICE (Aetna Health Care Programs)  48 Pomona Valley Health Plan
- 16 Family Health Services, Inc.  49 Protective Health Providers
- 17 Foundation Health Plan  50 Redwood Health Foundation
- 18 French Hospital Health Plan  51 Ross-Loos
- 19 FHP (Family Health Program)  52 Santa Ana Medical Group
- 20 General Med  53 Securecare Health Plan
- 21 General Medical Centers, Inc.  54 Serra Medical Foundation
- 22 Golden Rain Medical Plan  55 SCAN Health Plan
- 23 Greater San Diego Health Plan  56 St. Joseph's Omni Health Plan
- 24 Grossmont Health Plan  57 SUMMA Health Plan
- 25 HealthAmerica  58 TakeCare
- 26 HealthAmerica Rockridge  59 Union Medical Clinic
- 27 Health Group International  60 United Health Plan
- 28 Health Net  61 United States Health Plan
- 29 Health Plan of America  62 Universal Care
- 30 Health Plan of the Redwoods  63 Valley Health Plan
- 31 Healthcare  64 Valuecare: Priority Health Services
- 32 Healthwest Careamerica  65 VIP Health Plan (Ventura Co. HMO)
- 33 Hi Desert Medical Group  66 Watis Health Foundation
- 34 Inland Health Plan  67 Western Health Plans
- 68 Whittaker Health Services

99 I do not have health insurance with any of the above health plans. My health insurance is with:  
No tengo seguro de salud con alguno de los planes de salud indicados mas arriba.  
Mi seguro de salud es con:

COMPANY NAME POLICY NO.  
NOMBRE DE LA COMPANIA POLIZA NO.  
ADDRESS GROUP NO.  
DIRECCION GRUPO NO.  
Street/Calle

City/Ciudad State/Estado Zip Code/Numero de la Zona Postal

I understand that having health insurance does not affect Medi-Cal eligibility. However, if I fail to cooperate in providing this information to the best of my knowledge, my eligibility may be discontinued. Based on the information I provide, a health plan code may be added on my Medi-Cal card.

Entiendo que tener un seguro de salud no afecta mi elegibilidad para Medi-Cal. Sin embargo, si no coopero en dar la informacion indicada mas arriba a lo mejor de mi conocimiento, mi elegibilidad puede ser descontinuada. Basados en la informacion que doy, una clave del plan de salud puede ser agregada en mi tarjeta de Medi-Cal.

Signature/Firma Date/Fecha Area Code Home Phone Area Code Work Phone  
Clave del Telefono de Clave del Telefono del  
Area la Casa Area Trabajo



PROGRAM: RCV000  
 REPORT NBR: MR-RCV000-R002

STATE OF CALIFORNIA  
 DEPARTMENT OF HEALTH SERVICES  
 OTHER HEALTH COVERAGE INDICATOR CHANGE REPORT

PAGE NUMBER: Z,ZZ9  
 RUN DATE: MM/DD/YY

DISTRICT OFFICE : XXX  
 EW NO : XXXX

MEDI-CAL BENEFICIARIES WITH PRIVATE PHP  
 SAN DIEGO COUNTY

SSAN (MEDS-ID)	COUNTY-ID	BENEFICIARY NAME	BIRTHDATE	OHC CODE
333 22 4444	01 23 4567890 1 23	FIRSTNAME X LASTNAMEXXXXXXXXXX	MM DD CVY	P
XXX XX XXXX	XX XX XXXXXXXX X XX	XXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXX	MM DD CVY	X
XXX XX XXXX	XX XX XXXXXXXX X XX	XXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXX	MM DD CVY	X
XXX XX XXXX	XX XX XXXXXXXX X XX	XXXXXXXXXXXXX XXXXXXXXXXXXXXXXXXXXX	MM DD CVY	X

COUNTY TOTAL NUMBER OF BENEFICIARY OHC CODE CHANGES ..... ZZZ,ZZ9