STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY

GEORGE DEUKMEJIAN, Governor

DEPARTMENT OF HEALTH SERVICES
714/744 P STREET
SACRAMENTO, CA 95814

January 15, 1987

TO: All County Welfare Directors
All County Administrative Officers

Letter No.: 87-4

SUBJECT: OTHER HEALTH COVERAGE REMINDER

Title 22, Section 50765, of the California Administrative Code requires county welfare departments to collect information from Medi-Cal beneficiaries on their other health coverage and to submit the information to Department of Health Services (DHS). Subsequently, DHS uses the information to achieve savings either by denying Medi-Cal payment on provider claims for services covered by other insurance or else by rebilling other insurance for services previously paid by Medi-Cal.

The Auditor General has recently concluded a review of Third Party Liability practices used by the Department. From a random sample of 941 applications drawn from welfare department files, the Auditor General found that 108 beneficiaries reported they had other coverage and another 40 stated they were enrolled in a PHP or HMO; however, the counties failed to enter the appropriate data into the Medi-Cal Eligibility Data System or submit HRB 2A forms to DHS with insurance billing data in 21 cases.

The identification of third party resources for each eligible Medi-Cal beneficiary with an Other Health Coverage indicator of A, M, X, Y, or Z produces savings estimated to be $209.00 per year or with an indicator of K, C or R produces savings estimated to be $870.00 per year. The failure to properly identify third party resources for the beneficiaries identified from the sample would result in a loss to Medi-Cal of approximately $15,626. This amount significantly increases when the problem is applied to the total Medi-Cal population having other health coverage.

To ensure that Medi-Cal does not pay for medical services for beneficiaries with other health coverage, we request that counties make every effort to identify this resource and transmit prompt and complete information. County staff should refer to Article 15A of the Medi-Cal Eligibility Manual for information and procedures regarding the coding and reporting of other health coverage.

Thank you for your cooperation and should your county desire follow-up Other Health Coverage training, please contact the Health Insurance Unit at (916) 739-3247.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

cc: Medi-Cal Liaisons
Medi-Cal Program Consultants

Expiration Date: June 30, 1987