STATE OF CALIFORNIA—HEALTH AND WELFARE AGENCY GEORGE DEUKMEJIAN, Governor

DEPARTMENT OF HEALTH SERVICES
1744 P STREET
SACRAMENTO, CA 95814

June 4, 1987

TO: All County Welfare Directors
All County Administrative Officers

Letter: 87-23

SUBJECT: COST AVOIDANCE: CODING IMPLEMENTATION

REFERENCE: ALL COUNTY WELFARE DIRECTORS LETTER 87-20

All County Welfare Directors Letter (ACWDL) 87-20 outlined a proposed system for having the State update the Other Health Coverage (OHC) field on MEDS as a result of Phase II Cost Avoidance tape matches with Blue Cross, Blue Shield and American General. Comments and concerns regarding the proposed system have been received from 37 counties.

Some counties who responded to ACWDL 87-20 expressed concern about the State coding of the OHC field, some counties preferred the State coding and some counties were neutral. After much consideration, it was decided the State would update MEDS. This decision was based on the need to assure the earliest coding of Medi-Cal cards for all beneficiaries identified from the tape matches as having other health coverage. This will result in the largest possible savings to the Medi-Cal program.

It is anticipated that approximately 20,000 beneficiaries will be identified from the first three data matches. The State will update MEDS directly from the matched eligible tapes. Beneficiaries identified by the match will have a cost avoidance code placed on their Medi-Cal cards.

Beneficiaries with newly added cost avoidance codes will receive a stuffer with their Medi-Cal cards. The stuffer will inform them of the cost avoidance code and that their providers must bill the other health coverage carrier prior to billing Medi-Cal. Beneficiaries are instructed to contact the county welfare department in the event they no longer have the coded coverage.

Counties will receive a tape and/or paper listing of recipients whose cards are being coded with the new cost avoidance codes. County systems must be able to accept the new cost avoidance codes in order to update their files to correspond with MEDS. The codes are "S" for Blue Shield, "B" for Blue Cross and "G" for American General. Counties may also want to change the edits in their system to allow any alpha or numeric OHC code. This will assure that the county system will accept the new codes plus additional codes that will be assigned as we do additional data matches. These changes need to be in place by September 1, 1987.

In order to prevent overlay of State-placed cost avoidance OHC codes on MEDS by county transactions with different OHC codes, certain MEDS edits will be changed. These edit changes will only allow a cost avoidance code to be removed from MEDS with a new OHC value of "O" (Alpha). The "O" will overlay the existing cost avoidance code and replace it with an "N" on MEDS. A county transaction submitting a non cost avoidance OHC code to update a MEDS record with a current cost avoidance OHC code will fail. Counties will be able to remove an incorrect code via an EW 15, EW 30 or EW 55 transaction.

To change a cost avoidance code to a non cost avoidance OHC code other than "N", two transactions will be required. The cost avoidance code must first be deleted as instructed above; the new code may then be added using existing transactions.

In the event a beneficiary states the cost avoidance code on his/her Medi-Cal card is incorrect, the counties will be able to take the beneficiary's word as justification for removing the code. However, it should be emphasized to the beneficiary that this information was given to the Department by the insurance company, and that a reasonable explanation should be given as to why the beneficiary feels it is incorrect. When a cost avoidance code is being removed, please make a notation on the HRB 2A indicating why the code is being removed, and mark in the upper right hand corner "CA/Info."

The data matches will match Medi-Cal eligibles' social security numbers (SSN) with the insurance company files by subscriber's SSN. Dependents' SSNs are not available from these insurance companies. This means we will not be able to match dependent name or SSN and code for cost avoidance. Counties are asked to code dependents for cost avoidance when MEDS shows cost avoidance for a parent who is a policyholder and it can be determined that the dependent is also covered by the policy holder's insurance. Please complete a HRB 2A and mark in the upper right hand corner "CA/Dep.

If at redetermination a beneficiary who has been newly coded for cost avoidance states he/she has had this coverage prior to the July data match and the OHC has not been previously reported, counties must notify the Department via the HRB 2A and mark in the upper right corner "CA/Retro." The Department will utilize the HRB 2A to manually bill the carrier for past services paid by the Medi-Cal program.

It is important for the Department to receive the HRB 2A in all instances mentioned above. The Department will use the HRB 2A for retroactive billing as well as using the information to identify and evaluate trends to the cost avoidance program. The Department will be evaluating the need for submitting the HRB 2As at a later date and will notify the counties of the decision. The Medi-Cal Eligibility Manual will be updated to reflect changes to procedures as a result of cost avoidance implementation.

If you have any questions regarding MEDS input, contact your MEDS liaison. Any other questions should be directed to Michael Jimenez at (916) 739-3260. Counties who have not indicated whether they want a tape and/or paper listing should contact Michael Jimenez by June 22, 1987.

Sincerely,

Original signed by

Frank S. Martucci, Chief
Medi-Cal Eligibility Branch

cc: County MEDS Coordinators
County EDP Coordinators

EXPIRATION DATE: June 30, 1988