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GOVERNOR

**DATE:** October 1, 2015

ALL PLAN LETTER 15-021

**TO:** ALL MEDI-CAL MANAGED CARE HEALTH PLANS

**SUBJECT:** GENERAL ACUTE CARE INPATIENT SERVICES: CLAIMING FOR BENEFICIARIES COVERED BY MEDI-CAL MANAGED CARE AND MEDI-CAL DIAGNOSIS RELATED GROUP FEE-FOR-SERVICE

**PURPOSE:**

The purpose of this All Plan Letter (APL) is to provide information to Medi-Cal managed care health plans (MCPs) regarding the claiming policy for general acute care inpatient services at hospitals reimbursed under the Medi-Cal Diagnosis Related Group (DRG) fee-for-service (FFS) methodology for beneficiaries covered initially by Medi-Cal managed care and subsequently by Medi-Cal FFS within the same inpatient hospital stay.

**BACKGROUND:**

DRG hospitals serving Medi-Cal beneficiaries are no longer able to split bill inpatient claims. When a Medi-Cal beneficiary is enrolled in an MCP upon admission for an inpatient stay and during that stay the beneficiary converts to Medi-Cal FFS, the MCP is responsible for reimbursing the DRG hospital for the portion of the inpatient stay where the beneficiary was enrolled in the MCP. Prior to this APL, DRG hospital's FFS claims for such stays were being denied as "Remittance Advice Detail (RAD) code 0037: Health Care Plan enrollee, capitated service not billable to Medi-Cal."

MCPs are responsible for ensuring that their delegates comply with all applicable state and federal laws and regulations and other contract requirements as well as DHCS's guidance, including APLs.

**REQUIREMENTS:**

Effective retroactively for dates of service on or after July 1, 2013, MCPs are responsible for reimbursing DRG hospitals for the first part of an inpatient stay if a beneficiary is enrolled in an MCP upon admission even if he or she is subsequently covered by Medi-Cal FFS during the latter part of the same inpatient stay. MCPs must waive timeliness for claims for dates of service from July 1, 2013 through May 30, 2015 to allow DRG hospitals to resubmit older claims for reimbursement. DRG hospitals may resubmit claims until January 31, 2016.

In order for DRG hospitals to receive reimbursement, they must first bill the MCP for the portion of the inpatient stay covered by the MCP. Once payment is received, the DRG hospital must then submit an "admit-through-discharge claim" for Medi-Cal FFS reimbursement. The claim must show the amount paid by the MCP in the "Prior Payments" field and must include an attached letter from the MCP indicating the amount paid by the MCP for its portion of the inpatient stay.

This APL does not apply to inpatient stays authorized by a California Children's Services (CCS) Service Authorization Request (SAR) for a CCS client who is a Medi-Cal beneficiary enrolled in an MCP where CCS services are carved-out of the contract.

In addition, the requirements in this APL do not apply to instances where a beneficiary is covered upon admission by Medi-Cal FFS and then subsequently by an MCP within the same DRG hospital inpatient stay. These inpatient stays are currently claimed by the DRG hospital and paid under the Medi-Cal FFS DRG reimbursement methodology for the entire stay.

If you have any questions regarding this APL, please contact your Managed Care Operations Division contract manager.

Sincerely,

*Original Signed by Sarah C. Brooks*

Sarah C. Brooks, Deputy Director  
Health Care Delivery Systems  
Department of Health Care Services