



JENNIFER KENT  
DIRECTOR

State of California—Health and Human Services Agency  
Department of Health Care Services



EDMUND G. BROWN JR.  
GOVERNOR

**DATE:** May 23, 2017

ALL PLAN LETTER 17-009  
SUPERSEDES ALL PLAN LETTER 16-011

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

**SUBJECT:** REPORTING REQUIREMENTS RELATED TO PROVIDER  
PREVENTABLE CONDITIONS

**PURPOSE:**

The purpose of this All Plan Letter (APL) is to inform all Medi-Cal managed care health plans (MCPs) of updated reporting requirements for encounter data resulting from provider preventable conditions (PPCs). These PPC reporting requirements were issued by the federal Centers for Medicare & Medicaid Services (CMS) in rulemaking CMS-2390-F<sup>1</sup>, dated May 6, 2016. This APL supersedes APL 16-011<sup>2</sup>.

**BACKGROUND:**

Title 42 of the Code of Federal Regulations (CFR) Sections 438.3(g), 434.6(a)(12)(i), and 447.26 and Welfare and Institutions Code Section 14131.11 prohibit the payment of Medicaid/Medi-Cal funds to a provider for the treatment of a PPC, except when the PPC existed prior to the initiation of treatment for that beneficiary by that provider. PPCs include both the “Health Care Acquired Conditions” (HCACs) defined in section 1886(d)(4)(D)(ii) and (iv) of the Social Security Act and “Other Provider Preventable Conditions” (OPPCs). The Attachment provided below contains the minimum set of such conditions defined by CMS. CMS further defined OPPCs as conditions that: 1) are identified by the State Plan, 2) are reasonably preventable through the application of procedures supported by evidence-based guidelines, 3) have negative consequence for the beneficiary, 4) are auditable, and 5) include, at a minimum, the procedures listed in the Attachment below. As of July 1, 2012, CMS stopped making payments for HCACs that occur in an inpatient setting or for OPPCs that occur in any health care setting.

On April 3, 2017, the Department of Health Care Services (DHCS) replaced paper form DHCS 7107 with online reporting of PPCs for Medi-Cal. As a result, starting May 15, 2017, DHCS will no longer accept paper forms.

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<sup>1</sup> CMS-2390-F is available at: <https://s3.amazonaws.com/public-inspection.federalregister.gov/2016-09581.pdf>.

<sup>2</sup> APLs can be found at: <http://www.dhcs.ca.gov/formsandpubs/Pages/MgdCarePlanPolicyLtrs.aspx>

**POLICY:**

Title 42, CFR, Section 438.3(g) requires MCPs to report PPC-related encounters “in a form and frequency as specified by the State.” Accordingly, MCPs must screen the encounter data, including data received from their network providers, for the presence of PPCs on a monthly basis.

MCPs must use DHCS’ secure online reporting portal to report PPCs to DHCS. Please see the instructions about using the portal<sup>3</sup>, which include the link to the online portal.<sup>4</sup> Each MCP must report any identified PPCs pursuant to these instructions and in accordance with the steps enumerated below.

MCPs must:

1. Review encounter data submitted by network providers for evidence of PPCs that must be reported via the online reporting portal beginning on the date of the issuance of this APL.
2. Report each PPC per the instructions for the online reporting portal.
3. Issue a special notice informing all of their network providers that they must report PPCs to DHCS using the online reporting portal.
4. Require their network providers to also send them a copy of all PPCs submitted to the online portal.
5. Retain copies of all submissions.

DHCS recommends that each MCP designate a staff member to screen and identify PPCs in the MCP’s encounter data and ensure that each PPC is reported via the online reporting portal. Each MCP’s designated PPC screener can help identify PPCs in encounter data from MCP network providers who are not enrolled as Medi-Cal providers. Medi-Cal enrolled providers have already been informed of these requirements and are likely to be reporting their PPCs via the online portal. However, the designated PPC screener might identify PPCs in encounter data that network providers may have inadvertently overlooked. Therefore, MCPs must screen their encounter data for PPCs and issue a special notice informing all of their network providers of this reporting requirement.

MCPs are responsible for ensuring that their delegates comply with all applicable state and federal laws and regulations, and other contract requirements, including applicable APLs and Dual Plan Letters. DHCS’ readiness review process includes a review of each

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<sup>3</sup> Instructions for the online portal can be found at:

[http://www.dhcs.ca.gov/individuals/Pages/PPC\\_Form\\_Instructions.aspx](http://www.dhcs.ca.gov/individuals/Pages/PPC_Form_Instructions.aspx)

<sup>4</sup> The online portal can be accessed at: <https://apps.dhcs.ca.gov/PPC/SecurityCode.aspx>

MCP's delegation oversight. MCPs must receive prior approval from DHCS for each delegate.

More information about PPC reporting requirements, PPC definitions, and mandatory payment adjustments is available on the Medi-Cal website at [www.dhcs.ca.gov/individuals/Pages/AI\\_PPC.aspx](http://www.dhcs.ca.gov/individuals/Pages/AI_PPC.aspx). MCPs may email questions about the new PPC process to [PPCHCAC@dhcs.ca.gov](mailto:PPCHCAC@dhcs.ca.gov).

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

Sincerely,

Original signed by Nathan Nau

Nathan Nau, Chief  
Managed Care Quality and Monitoring Division  
Department of Health Care Services

Attachment: Provider Preventable Conditions<sup>5</sup>

**Category 1 – HCACs (For Any Inpatient Hospital Settings in Medicaid)**

- Any unintended foreign object retained after surgery
- A clinically significant air embolism
- An incidence of blood incompatibility
- A stage III or stage IV pressure ulcer that developed during the patient’s stay in the hospital
- A significant fall or trauma that resulted in fracture, dislocation, intracranial injury, crushing injury, burn, or electric shock
- A catheter-associated urinary tract infection
- Vascular catheter-associated infection
- Any of the following manifestations of poor glycemic control: diabetic ketoacidosis; nonketotic hyperosmolar coma; hypoglycemic coma; secondary diabetes with ketoacidosis; or secondary diabetes with hyperosmolarity
- A surgical site infection following:
  - Coronary artery bypass graft (CABG) - mediastinitis
  - Bariatric surgery; including laparoscopic gastric bypass, gastroenterostomy, laparoscopic gastric restrictive surgery
  - Orthopedic procedures; including spine, neck, shoulder, elbow
  - Cardiac implantable electronic device procedures
- Deep vein thrombosis/pulmonary embolism following total knee replacement or hip replacement **with pediatric and obstetric exceptions**
- Latrogenic pneumothorax with venous catheterization
- A vascular catheter-associated infection

**Category 2 – Other Provider Preventable Conditions (For Any Health Care Setting)**

- Wrong surgical or other invasive procedure performed on a patient
- Surgical or other invasive procedure performed on the wrong body part
- Surgical or other invasive procedure performed on the wrong patient

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<sup>5</sup> Adapted from [http://www.dhcs.ca.gov/individuals/Pages/AI\\_PPC.aspx](http://www.dhcs.ca.gov/individuals/Pages/AI_PPC.aspx), “Medi-Cal Guidance on Reporting Provider-Preventable Conditions,” and online portal instructions, available at [http://www.dhcs.ca.gov/individuals/Pages/PPC\\_Form\\_Instructions.aspx](http://www.dhcs.ca.gov/individuals/Pages/PPC_Form_Instructions.aspx)