



# News Release

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## **CALIFORNIA REDUCES RATE OF MEDI-CAL PAYMENT ERRORS AND POTENTIAL FRAUD FOR THIRD CONSECUTIVE TERM**

*Payment Error Study Finds Anti-Fraud and Provider Education Measures Helped Save California Nearly \$200 Million in 2009*

SACRAMENTO – The Department of Health Care Services (DHCS) today released its fifth [Medi-Cal Payment Error Study](#) (MPES), which finds that 94.55 percent of payments to fee-for-service Medi-Cal providers in 2009 were billed appropriately and paid accurately, an improvement from the 93.44 percent accuracy rate of 2007.

“Protecting taxpayer dollars in these tough economic times and ensuring the fiscal integrity of our programs is a top priority for this department,” said DHCS Director Toby Douglas. “This study demonstrates that our aggressive provider education and anti-fraud efforts are working. We will continue to pursue innovative methods to ensure our scarce resources are used to protect the health and well-being of our beneficiaries.”

Data shows the state’s efforts are working. A comparison of MPES 2009 with the three previous MPES studies (2005-2007) illustrates that the MPES overall payment error rate has continued to decline over time, from 8.40 percent in MPES 2005 to 5.45 percent in MPES 2009. In terms of dollars, the projected potential losses in 2009 totaled \$1.07 billion, \$339 million less than the 2005 total. This substantial decline occurred despite a large increase in overall fee-for-service payments over that period.

The potential provider fraud rate, which is a part of the overall payment error rate, has also declined significantly, from 3.23 percent in 2005 to 1.16 percent in 2009. In terms of dollars, the potential losses from fraud have dropped from \$542 million in MPES 2005 (total Medi-Cal budget in 2004-05 was \$31 billion) to \$228 million in MPES 2009 (total Medi-Cal budget in 2008-09 was \$40 billion).

The potential fraud error rate may reflect a provider’s intent to defraud Medi-Cal, such as intentionally billing for an X-ray the beneficiary did not need or did not receive. However, this does not hold true for the overall MPES error rate since these errors may be due to provider billing errors, such as mistakenly using the wrong billing code for a procedure.

“It is imperative that we continue to improve our efforts to prevent fraud against the Medi-Cal program and ensure that these funds are only used to provide critical health care to our state’s most vulnerable populations,” said Douglas.

As a follow-up to the MPES 2009, all providers with errors identified in their claims will receive further review, and efforts will be made to collect overpayments that are determined to be due.

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The MPES findings are based upon a random sample of 1,149 Medi-Cal fee-for-service claims paid during the fourth quarter of 2009 (October 1 through December 31) and is organized by provider type. Because Medi-Cal stopped paying for most dental services as of July 1, 2009, dental claims are excluded from MPES 2009.

Medi-Cal is California's Medicaid program, providing vital health care services to more than 7.6 million low-income individuals, including families with children, pregnant women, seniors and persons with disabilities. The total budget for fiscal year 2011-12 is more than \$40 billion.

[MPES Reports By Year](#)

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