

DEPARTMENT OF HEALTH SERVICES

1744 P STREET  
SACRAMENTO, CA 95834



August 7, 1987

To: All County Welfare Directors  
All County Administrative Officers

Letter No.: 87- 44

Subject: Cost Avoidance

Reference: All County Welfare Directors Letter 87-28

This is a follow-up letter to the All County Welfare Directors Letter (ACWDL) 87-28 informing the counties of the State's decision to directly update beneficiary records on MEDS with cost avoidance codes, resulting from matches with insurance companies. We had previously informed counties that matches with Blue Cross, Blue Shield, and American General would be completed in time for coding September 1987 cards. However, due to delays in negotiating contracts with Blue Cross and Blue Shield, we will only begin cost avoidance for American General in September. Counties will be notified when the carrier coding for Blue Cross and Blue Shield will occur.

This letter also addresses questions that have been asked by counties and clarifies the counties' role in handling clients who have had cost avoidance codes placed on their Medi-Cal cards by the state.

When will the counties receive notification of the beneficiary records updated with new cost avoidance codes?

Counties with beneficiaries from the American General match will receive either paper listings (one page per beneficiary) or a tape the first week in September. (See attached sample for paper listings and record layout for the tape.) This will be approximately two weeks after the match with the insurance company. The results of the remaining matches will be distributed as soon as each match is completed.

Do the counties have to update their files?

Counties are not required to update their records to match MEDS for the majority of cases. However, because other coverage information is printed on MC 177s, counties should at least update their MC 177 share of cost records so that providers are informed of beneficiaries' cost avoidance coverage identification prior to rendering services.

What beneficiary data elements are being matched against the insurance companies' files?

The State is sending a tape of Medi-Cal eligibles' Social Security numbers (excluding pseudo SSNs) to the insurance companies. The match with insurance company files will be by Social Security number. The insurance companies will return name and date of birth carried on their files. This data will then be compared to MEDS data utilizing the same name, date of birth, etc. as was used with the Social Security Number Validation process. See September 19, 1987 All MEDS Coordinator letter for edit criteria.

How will the counties know if the cost avoidance code was placed by the county or the State?

MEDS contains an OHC Source field on the new Pending Medi-Cal and Miscellaneous screen (INQP). This field was previously on page 3 of the Full Status Inquiry screen. This field will automatically show a "T" if the cost avoidance code was input from the matches with the insurance companies, "C" if input by the counties or "H" if input by Health Insurance Unit. Any update to a prior, current or pending Other Coverage field will change the OHC source.

When and how do counties correct cost avoidance OHC code on MEDS?

As stated in ACWDL 87-28, counties will be able to take the client's word as justification for removing the new cost avoidance OHC code ("B" for Blue Cross, "G" for American General, and "S" for Blue Shield). Counties can use an EW15, EW20, EW30 or EW55 transaction (either online or batch) to change an incorrect code when the recipient is active on MEDS for the month in question. An "O" (alpha) OHC code is required on the input transaction. This code will replace the cost avoidance code on MEDS with an "N". If the beneficiary does not have any other coverage, no other steps are needed.

If the OHC code must be changed to a non-cost avoidance OHC code other than "N", two transactions are required. The cost avoidance OHC code must be removed as stated above; the new code may then be added using any existing transactions that change the OHC code. The following procedures are to be used in these instances: (Please note that a card with an OHC code other than "N" cannot be produced on the county printer on the same day an "O" is used to remove a cost avoidance code.)

1. IF THE CLIENT DOES NOT NEED A CARD IMMEDIATELY:

FOR NON-SSI/SSP BENEFICIARIES:

The incorrect OHC code can be removed by using an EW15 with an "O" in the other coverage field and the card issue location "MEDS". The correct OHC code can be added by using a second EW15 with the correct OHC code and a card issue location of "LOGS" or an online EW30 with the new OHC code. When two EW15s are used, the EW15 with the OHC code "O" must be done first. The card sent out will then show the correct OHC code.

Both transactions should be done on the same day because only card print transactions are forwarded to the fiscal intermediary. By doing both transactions on the same day, the Medi-Cal card will show the correct other coverage code and the fiscal intermediary will have the correct OHC information for processing claims.

If for some reason the county is unable to do both transactions on the same day, a second EW15 must be done the following day. The card issue location for the second EW15 should be "LOGS". In this instance, the Medi-Cal card will show an other coverage code of "N", but the fiscal intermediary will have the correct OHC information for processing claims.

If the correction needs to be made for future card issuance only, (1) two online EW30 transactions can be used, the first with an "O" and the second with the correct other coverage code, or (2) two batch EW20 or EW30 transactions can be used if the county system can send a later Julian date on the second transaction. Both transactions can be sent in the same daily batch tape.

FOR SSI/SSP BENEFICIARIES:

Remove the incorrect code by using an EW55 with an "O" in the OHC field and the card issue location "LOGS". If the card is to be mailed, a second EW55 should be done the same day with the correct OHC code and card issue location "MEDS". If the card is to be printed in the county, a second EW55 should be done the following day with the correct OHC code and card issue location designating the county printer

2. IF THE CLIENT NEEDS A CARD IMMEDIATELY:

FOR NON-SSI/SSP BENEFICIARIES:

Counties should do an EW15 with an "O" and print a card on the county printer. A follow-up EW15 with card issue location of "LOGS" or an EW30 with the new other coverage information must be done on the same day so that the correct other coverage code can be passed to the fiscal intermediary.

If the county is unable to do an EW30 on the same day as the EW15, a second EW15 must be done the following day. The card issue location for the second EW15 should be "LOGS". This will ensure that the fiscal intermediary will have the correct other coverage information for processing claims.

FOR SSI/SSP BENEFICIARIES:

Counties should do an EW55 with an "O" and print a card on the county printer. A follow-up EW55 with the new other coverage information must be done with a card issue location "LOGS". The EW55 with the OHC code "O" must always be done first.

When will counties be required to input cost avoidance codes for new recipients and at redetermination?

The Department will issue formal procedures informing the County Welfare Departments when they must begin to determine if a cost avoidance treatment of other health coverage is appropriate. Until such time as these procedures are received, the counties are to continue to use the existing OHC codes with the following exception: at redetermination, counties must code dependents of parents identified in tape matches if the dependents are also covered by the same health insurance policy.

When is it necessary to complete HRB 2As?

The State will use the HRB 2A for retroactive billing, and to evaluate dependents' coverage. In order to accomplish this, counties must send HRB 2As in the following instances:

1. For dependents who are covered under a parent's policy that has been cost avoidance coded, counties must mark "CA/Dep" in the upper right hand corner of the HRB 2A.
2. If there is retroactive coverage for a newly coded cost avoidance client that was available prior to July 1, 1987, and the OHC has not been previously reported, counties must mark "CA/Retro" in the upper right hand corner.

If you have any questions regarding MEDS input, contact your MEDS liaison. Any other questions should be directed to the Health Insurance Unit, Paula Marty, at (916) 739-3274.

Sincerely,

Original signed by

Frank S. Martucci, Chief  
Medi-Cal Eligibility Branch

Attachment

STATE OF CALIFORNIA  
DEPARTMENT OF HEALTH SERVICES

OTHER HEALTH COVERAGE INDICATOR CHANGE REPORT

PROGRAM, RCV139D  
REPORT ID#, HR-RCV139D-R007

PAGE NUMBER, Z,ZZ9  
RUN DATE, 08/00/YY

HEIX-CAL BENEFICIARIES WITH PRIVATE FULL COVERAGE HEALTH INSURANCE  
SAN DIEGO COUNTY

DISTRICT OFFICE : XXX  
EN RO : XXXX

BENEFICIARY NAME	SSAN (HEDS-ID)	COUNTY-JB	DIRTDAT	DIIC CODE	CASE NAME
FIRSTNAME X LASTNAMEXXXXXX	233 21 4444	37 35 4567890 1 23	04 24 886	B	Lasinano, Flrs

