



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



GAVIN NEWSOM  
GOVERNOR

DATE: October 26, 2021

Medi-Cal Eligibility Division Information Letter No.: I 21-29

TO: ALL COUNTY WELFARE DIRECTORS  
ALL COUNTY ADMINISTRATIVE OFFICERS  
ALL COUNTY MEDI-CAL PROGRAM SPECIALISTS/LIASONS

SUBJECT: MEDI-CAL ELIGIBILITY DATA SYSTEM ENHANCEMENTS TO OVER  
ONE YEAR LETTER OF AUTHORIZATION PROCESSING  
(Reference: MEDS ELIGIBILITY AND PROCEDURES MANUAL  
SECTION 14-E)

The purpose of this letter is to inform County Welfare Departments (CWDs) of changes to managing the over one year Letter of Authorization (LOA) process for Provider reimbursement. These changes are part of an overall shift from the current manual LOA process, using the paper based forms MC180 (Eligibility Letter of Authorization) and MC180-2 (Medi-Cal/CMSP Share of Cost Record of Health Care Cost), to a more automated LOA process that no longer requires the use of these forms.

The changes outlined in this letter do not change previously provided policy guidance for approval of the LOA in the Medi-Cal Eligibility and Procedures Manual (MEPM) Section 14-E. Any changes in policy regarding approval of eligibility for months over one year will continue to be provided through All County Welfare Directors Letters (ACWDLs), Medi-Cal Eligibility Division Information Letters (MEDILs) and MEPM updates. MEPM Section 14-E is in the process of being updated to add the changes identified in this letter. ACWDLs, MEDILs and the MEPM related to LOA policy can be found on the DHCS website at [www.dhcs.ca.gov](http://www.dhcs.ca.gov).

## **Background**

Currently, either the County Welfare D or Department of Health Care Services (DHCS) is notified when an individual is approved for Medi-Cal for a month that is more than one year prior to current month eligibility, up to 48 prior months, through either a State Hearing decision or discovery of an administrative error. If the individual has outstanding bills for services covered by Medi-Cal during one of these months, or paid for services now covered by Medi-Cal during one of these months, and the individual's circumstances meet the LOA criteria, the CWD or DHCS issues the MC180 and/or MC180-2 (for Share of Cost) to the beneficiary. The CWD or DHCS also follows the procedures for recording and maintaining these documents as referenced in MEPM Section 14-E.

The beneficiary is then required to provide the MC180/MC180-2 to the Provider(s) of the services. The Provider has 60 days from the date the MC180/MC180-2 was generated to submit the necessary Treatment Authorization Requests (TARs) and claims for the services provided during the authorized LOA months to the California Medicaid Management Information Systems (CA-MMIS) for processing.

## **Overview of Changes to Process Over One Year LOAs**

The summary below highlights a number of changes to the LOA process and enhancements implemented in the Medi-Cal Eligibility Data System (MEDS) to support the process changes. These changes serve to implement the first phase to automate the LOA process, hereafter referred to as Electronic Letter of Authorization (E-LOA), and eliminate the paper forms MC 180 and MC 180-2. The change to move from paper based verification of eligibility for the LOA to an automated process is intended to result in reduced program costs due to discontinuance of printed forms, reduced manual workload at the county level for processing LOAs, and decreased Provider claims processing times.

Future updates will be provided through the use of the existing notification process of Work Groups, Change Cycle letters, and 60-Day Notices. The MEDS Manual and the MEDS Network Reference Guides have been updated to reflect changes to MEDS screens, transactions, processes, and data elements.

## **Summary of E-LOA Changes**

### **I. Enhanced Ability to Add Eligibility for Prior Months**

MEDS has been enhanced to allow eligibility to be updated or added for up to 48 months prior to the most recent 12 months through the use of transactions. The enhanced MEDS functionality is designed to indicate that eligibility has been added to the specific months and is eligible for claims payment. As a result, CWDs will no longer be required to process, store, maintain or track the MC180 or MC180-2 forms when the MEDS record is updated to authorize an E-LOA claiming request for the appropriate months, as long as the notification guidelines described in number III are followed. CWDs will use the newly developed EW51 transaction to add eligibility as a result of an LOA request. More information about the EW51 is provided in number IV below.

NOTE: Counties can choose to continue utilizing the MC180 and MC180-2 forms until existing stock has been depleted. If using existing form stock, current requirements for processing, storing, maintaining, and tracking the MC180 and MC180-2 apply.

### **II. Addition of Restriction Codes to Identify LOA Months**

MEDS has been enhanced to allow CWDS to indicate that eligibility over one year prior to current month is eligible for E-LOA claiming, instead of providing the paper form MC180/MC180-2 to the beneficiary. The MEDS functionality has been enhanced to place new Restriction Codes on the record and in conjunction with existing Eligibility Status Codes to indicate the month(s) of eligibility that are authorized for E-LOA claiming. Restriction codes are populated by MEDS based on both the MEDS record, and information contained in the E-LOA transaction. The new Restriction Code definitions are included in Attachment A and in the MEDS Quick Reference Guide.

### **III. LOA Notification Requirement**

CWDs are required to provide written notification to the beneficiary of the approval of eligibility that is a result of the E-LOA process. County generated notification will take the place of the paper forms MC 180/180-2 to notify the beneficiary that the LOA request was approved. Beneficiaries will need to furnish

a copy of the notification to the Provider(s) of the services. Providers continue to have 60 days from the notification date to submit retroactive claims.

CWDs can use internally developed forms for notification of LOA approval along with case documentation as long as the notification document includes a notification date. A sample of an acceptable notification is attached to this letter (Attachment B). In a future work effort, the ability to issue a paper Benefits Identification Card (BIC) will be available to use with, or in place of, the notification of eligible months. Counties will be notified via 60 Day Notice, Change Cycle Letter and, Stakeholder Workgroup processes when this functionality is ready to be implemented.

NOTE: The E-LOA functionality does not change the notification requirements under Conlan v. Shewry and Conlan v. Bonta. Requirements related to LOA policy under these lawsuits can be found on the DHCS website at [www.dhcs.ca.gov](http://www.dhcs.ca.gov).

- IV. New MEDS alerts, changes to existing MEDS alerts, and new error messages may occur as changes to MEDS are implemented. New MEDS Alerts and error message details will be provided to the County and SAWS through the Change Cycle Letter and Stakeholder Workgroup processes.
- V. Addition of EW51 Transaction  
CWDs may now update MEDS to allow for E-LOA claiming authorization through the use of a new online transaction, EW51. The EW51 transaction is limited to authorized MEDS users who are approved through the County MEDS Liaison. E-LOA eligibility utilizing the appropriate Restriction Code(s) is viewable by MEDS users through existing history screens. Months of eligibility that are over one year old, when not eligible for the E-LOA, will continue to be added via the current process by submission of the EW50 transaction. The MEDS Manual has been updated to include documentation for the EW51 transaction, and has also been updated with a new section for the E-LOA process.

## **Processing Considerations**

When using the new E-LOA process to submit eligibility to MEDS for months that are over one year old, CWDs should keep the following processing considerations in mind.

- The changes described above have been implemented beginning March 2021 Month of Eligibility. MEDS Manual and MEDS Network Reference Guides have been updated with the changes described in this letter.
- Since retroactive eligibility is always provided as full month eligibility, date specific functionality is not available when submitting E-LOA months of eligibility using the EW51. However, if there is an existing partial month in MEDS due to incarceration, two new E-LOA Restriction Codes have been developed to indicate partial month incarceration in a month that has approval of eligibility for E-LOA. Eligibility is only considered active during the time in the month when the individual was not incarcerated with suspended Medi-Cal benefits.. Additionally, to post retroactive eligibility in a month where incarceration is posted in error, a Release Date must be submitted using the EW32, prior to submitting the EW51.
- The EW51 can also be used to submit an E-LOA to MEDS due to reasons that do not require an update to eligibility on the MEDS record, e.g., the BIC was not provided upon approval of eligibility..
- An E-LOA Restriction Code will not replace a Hospice Restriction Code. To authorize an LOA in a month with a Hospice Restriction Code, a Remedy ticket is required. Hospice Restriction Codes can be found in the MEDS Quick Reference Guide.
- An E-LOA Authorization will not replace a Long-Term Care (LTC) Restriction Code. If assistance is needed for an LOA in a month with LTC, a Remedy ticket is required. (LTC Restriction Codes can be found in the MEDS Manual Quick Reference Guide)
- Counties are to submit Remedy tickets for corrections and removal of erroneous E-LOA information.

## Attachments

- Attachment A  
Provides the new Restriction Codes that indicate authorization for over one year E-LOA claiming.
- Attachment B  
Provides a sample notification letter developed through Stakeholder Workgroup meetings.
- Attachment C  
Provides a Q & A developed through Stakeholder Workgroup meetings.
- Attachment D  
Contains scenarios and actions to take for E-LOA processing.

If you have any questions or comments regarding the information in this letter, please contact Linda Page, by phone at (916) 345-8072 or e-mail at [linda.page@dhcs.ca.gov](mailto:linda.page@dhcs.ca.gov), [with a cc: to processunit@dhcs.ca.gov](mailto:linda.page@dhcs.ca.gov)

Sincerely,

Original Signed By

Sandra Williams, Chief  
Medi-Cal Eligibility Division

Attachment A: Restriction Codes

Attachment B: Sample Notification of Eligibility for Letter or Authorization

Attachment C: LOA Questions and Answers

Attachment D: LOA Scenarios

E-LOA Restriction Codes and Definitions:

<b>Restriction Code</b>	<b>Definition</b>
400	LOA authorized, no restrictions
410	LOA authorized; S/URS restriction
401	LOA authorized; Limited Access restriction
411	LOA authorized; S/URS restriction and limited access restriction
840	LOA authorized; partial month incarceration
841	LOA authorized; partial month incarceration and limited access restriction

1st and 2nd digits = Restricted Service Status  
 3rd digit of '1' = County Limited Inquiry Access  
 S/URS = Substance Use Disorder Restriction subject to Surveillance Utilization Review

E-LOA Reasons:

<b>LOA Reason</b>	<b>Definition</b>
D	SSI/SSP eligibility approved for a retroactive period
E	Court order requires that Medi-Cal be issued
F	State Hearing or other administrative hearing decision requires that Medi-Cal be provided
G	The California Department of Health Care Services requests that Medi-Cal be issued.
H	Administrative Error



## Notification of Eligibility for Letter of Authorization

Date: MM/DD/YYYY

Beneficiary Name: Jane Doe

Beneficiary CIN: XXXXXXXXXX

Authorized Representative (AR): John Doe

### Beneficiary Responsibility

You have been approved for a Letter of Authorization for the following applicable month(s):

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You or your representative must immediately give a copy of this letter to any doctor(s) or other medical provider(s) you saw during these months. This will allow them to bill Medi-Cal for the services you received.

For questions regarding this letter, please call x-xxx-xxx-xxxx.

### Provider Responsibility

Provider must submit this Eligibility Letter of Authorization letter, along with applicable claim(s) for processing within 60 days of the date of this letter to:

California MMIS Fiscal Intermediary  
Over-One-Year Attention: Claims Preparation Unit  
P.O. Box 13029  
Sacramento, CA 95813-4029

Per regulations, it is the provider's responsibility to contact debt collector(s) and have them cease collection.

### California Code, Welfare and Institutions Code - WIC § 14019.4

(d) When a Medi-Cal provider receives proof of a patient's Medi-Cal eligibility and that provider has previously referred an unpaid bill for services rendered to the patient to a debt collector, the Medi-Cal provider shall promptly notify the debt collector of the patient's Medi-Cal coverage, instruct the debt collector to cease collection efforts on the unpaid bill for the covered services, and notify the patient accordingly.



## E-LOA Questions and Answers

**Question 1:** Is there an expectation that counties will still need to keep an MC 180 log for auditing purposes since Medi-Cal Eligibility Data System (MEDS) does not track Comments?

Is there any reason for counties to keep a log of which providers requested the Letter of Authorization (LOA)?

**Answer:** The intent of the MC 180 log is to track the MC 180 and MC 180-2 forms. The log will no longer be necessary since there will no longer be a form. Counties are expected to follow existing County processes for case documentation.

**Question 2:** How long do we need to keep the existing logs?

**Answer:** There is no change to the current retention policy for existing logs. Please follow the Medi-Cal Eligibility Procedures Manual (MEPM) and your internal County guidance for retention information.

**Question 3:** With paper LOA, our manager signed off on the form. With EW51, there would no longer be a signature requirement correct?

**Answer:** There is still a signature requirement.

**Question 4:** What do we do with current stock on hand?

**Answer:** For now, please share with Counties who have run out of stock. After implementation, Counties will be able to continue to use paper stock, or the electronic process, until paper stock is depleted.

**Question 5:** Is it going to show anywhere in MEDS that an MC180 was issued?

**Answer:** New restriction codes will indicate LOA months.

**Question 6:** How long will MEDS store the MC 180 info?

**Answer:** Since the MC 180 information is now tied to the eligibility record, the retention will be the same as the retention for the eligibility record, which is currently ten years.

**Question 7:** Can you please explain the difference between the Minimum Essential Coverage (MEC) reasons and LOA reasons?

**Answer:** MEC reasons were developed in compliance Internal Revenue Service (IRS) and Franchise Tax Board (FTB) guidance and LOA reasons were developed in compliance with DHCS policy guidance.

**Question 8:** What are the eligibility status action codes (ESACs) we should use?

**Answer:** The details of the transaction, including ESAC, are provided in the MEDS Manual.

**Question 9:** On the EW51 screen there is an EFF DATE and TERM DATE. Does this mean one could put in a period of time longer than a month using those fields or does an EW51 transaction need to be done for each month approved?

**Answer:** A range of months can be entered on a single transaction, but the range must fall within the same year and the all dates must be prior to the last 12 months.

**Question 10:** How do you undo, withdraw or correct if an error was made creating an LOA via EW51?

**Answer:** For withdrawal and corrections of LOA periods, please submit a Remedy ticket. Functionality to make corrections and withdrawals using a transaction will be implemented in a subsequent work effort.

**Question 11:** When we re-issue the County generated notification, does the EW51 need to be resubmitted?

**Answer:** It is not necessary to resubmit the EW51 in this scenario.

**Question 12:** Will the EW51 update MEDS for changes to RESTRICT Codes, whether to add or remove?

**Answer:** The restriction code for LOA will be applied by MEDS. Please see Question 10 above about removal.

**Question 13:** What if we need both MEC for 1095-B but also need LOA?

**Answer:** When the eligibility is added for an LOA, a corrected or new 1095-B will be generated by existing 1095-B functionality.

**Question 14:** If a notification is provided to the beneficiary or their authorized representative timely, and they later report they were not notified timely, will there any way to work around the 60 day time limit for provider to bill?

**Answer:** Current County processes for this situation should be followed.

**Question 15:** Will there be an option to distinguish security rights for MEC and LOA transactions?

**Answer:** The EW51 transaction has separate security rights from the EW50 transaction.

**Question 16:** Is there still a limit to the number of days a provider has to actually bill? From what date would that be?

**Answer:** The number of days the Provider has to resubmit a claim has not changed. The date that starts the clock is the date of the notification granting the LOA.

**Question 17:** How will the person processing the claim know when we issued a letter?

**Answer:** The Provider is required to submit a copy of the authorization document to the claim.

**Question 18:** Is there going to be a documentation update about the LOA process to reflect this new approach?

**Answer:** The MEPM will be updated with the new process.

**Question 19:** Notification to Provider

- a. Just to clarify, the beneficiary would not have a MEDS printout to take to the provider. However, will counties now need to create an internal form to state what the LOA month is and what the aid code and SOC is?
- b. The MC180 is used to notify the recipient which months have been approved and to take the form to their provider right away. Can DHCS provide guidance around what counties should send upon issuing the LOA?
- c. With the paper MC 180 LOAs, we had to give each provider a letter so they could bill. With this new process, it sounds like the MEDS Codes will mark a retroactive month as “open for billing”. So, does that mean we will no longer have to do anything to indicate which providers can bill?
- d. Could the MC 1054 be used to communicate the LOA approval?

**Answer:** Please see attachment B for a sample notification of approval developed by County stakeholders as part of this effort. Counties can adapt the format and update as needed to use locally for LOA approvals, but cannot use the Department of Health Care Services (DHCS) logos or headers. In a future work effort, Counties will be able to use the paper Benefits Identification Card (BIC) as notification. The MC1054 is used for SOC changes for history months based on an LOA for Long Term Care (LTC). However, as a straight approval of LOA notice, this would not be sufficient.

**Question 20:** What about the issue date on re-issuances?

**Answer:** Reissuances can be generated when the paper BIC is implemented for use with the EW51. Prior to implementation, County generated notification of reissuance is acceptable.

**Question 21:** Will Counties be allowed to add or update Supplemental Security Income eligibility (aid codes 10, 20, or 60) or would a Remedy ticket be needed?

**Answer:** A Remedy ticket will be needed for the State to update these records.

**Question 22:** A Medi-Cal beneficiary is current active in County B and has a medical bill with County A over a year. County A is responsible to approve an LOA with administrative error. Would MEDS allow County A to perform EW50/EW51 since the current county responsibility is County B, or is a Remedy ticket needed?

**Answer:** The County of Responsibility for the months to be updated is responsible for submitting the transactions.

## Scenarios

### Scenario 1:

The county submits the EW51 on 1/11/21 to establish eligibility in 10/2019. County does not issue the notification to the client until 2/1/21. Provider submits their claim on 4/5/21. How will DHCS or Medi-Cal Eligibility Data System (MEDS) know when the client was notified?

Action:

The Provider is responsible for submitting claims timely based on the notification date given to the provider by the beneficiary through use of the MC180, MC180-2, County notification, or in the future, BIC paper card issuance. This documentation is attached to the claim by the Provider. In this example, the provider has 60 days to submit the claim from the notification date of 2/1/21.

### Scenario 2:

A beneficiary is approved for Medi-Cal on 3/1/2018 and through an administrative error eligibility is sent as to MEDS beginning 4/1/2018. The beneficiary is incarcerated on 5/3/2018. The incarceration restriction code of 820 (partial month incarceration) is currently on the MEDS record for the month of May 2018. The 800 (full month incarceration) restriction code begins in June of 2018 and is ongoing.

The beneficiary presents at the County office and informs the County that he was released on 8/1/2018. At the same time, the beneficiary presents a bill for March 2018. After reviewing the case, the County determines a Letter of Authorization (LOA) is approved for March 2018.

Action:

The County submits an EW32 with a release date of 8/1/2018 to remove the incarceration from the incorrect months. The next day, after verifying the removal of incarceration from the incorrect months, the County submits an EW51 to request the LOA be added to the MEDS record. The beneficiary is provided documentation of the LOA approval to give to the Provider.