



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



EDMUND G. BROWN JR.
GOVERNOR

DATE: October 31, 2017

MHSUDS INFORMATION NOTICE NO.: 17-058

TO: COUNTY BEHAVIORAL HEALTH DIRECTORS
COUNTY DRUG & ALCOHOL ADMINISTRATORS
COUNTY BEHAVIORAL HEALTH DIRECTORS ASSOCIATION OF CALIFORNIA
CALIFORNIA COUNCIL OF COMMUNITY BEHAVIORAL HEALTH AGENCIES
COALITION OF ALCOHOL AND DRUG ASSOCIATIONS
CALIFORNIA ASSOCIATION OF ALCOHOL & DRUG PROGRAM EXECUTIVES, INC.
CALIFORNIA ALLIANCE OF CHILD AND FAMILY SERVICES
CALIFORNIA OPIOID MAINTENANCE PROVIDERS

SUBJECT: CARRIER AND PROVIDER RECOVERIES and OTHER HEALTH COVERAGE CODES

The purpose of this Information Notice is to notify counties and Medi-Cal providers that, beginning in September 2017, Other Health Coverage (OHC) claim category codes 21, which applies to specialty mental health services (SMHS), and 37, which applies to Drug Medi-Cal (DMC) services, are subject to the third party liability recovery process.

Background

Section 433.138, Title 42 of the Code of Federal Regulations and Section 1902 (a) of the Social Security Act require State Medicaid agencies to take all reasonable measures to ascertain the legal liability of third parties to pay for care and services furnished to Medicaid beneficiaries and to pursue third parties liable for Medicaid paid claims.¹ Accordingly, counties and Medi-Cal providers are required to bill the OHC first before submitting a claim to Short-Doyle/Medi-Cal System for Medi-Cal reimbursement.

Medi-Cal beneficiaries who have OHC through a third party insurance carrier or health plan are coded in the Medi-Cal Eligibility Data System (MEDS) with unique designators,

¹(See 42 United States Code Section 1396a (25); 42 Code of Federal Regulations, Section 433; Welfare & Institutions Code, Section 10022; and [Centers for Medicare & Medicaid Services' letter SMD 14-006](#).)

called cost avoidance codes. These cost avoidance codes identify if a Medi-Cal beneficiary should have services paid for by their third party insurance carrier or health plan. This ensures Medi-Cal is the payer of last resort. If a beneficiary's OHC is one of the carriers listed in the table below, and the service rendered falls within the recipient's Scope of Coverage under the OHC, the provider must advise the beneficiary to contact the Health Maintenance Organization or bill the OHC before billing Medi-Cal.

OHC Code	Carrier
A*	Pay and Chase (applies to any carrier)
C	Military Benefits Comprehensive
D	Medicare Part D Prescription Drug Coverage
E	Vision Plans
F	Medicare Part C Health Plan
G	Medical Parolee
H	Multiple Plans Comprehensive
I	Institutionalized
K	Kaiser
L	Dental only policies
P	PPO/PHP/HMO/EPO not otherwise specified
Q	Commercial Pharmacy Plans
V ²	Any carrier other than the above (includes multiple coverage)
W	Multiple Plans Non-Comprehensive

*If the MEDS cost avoidance code for the beneficiary is "A," providers are allowed, but not required, to bill the OHC carrier prior to billing Medi-Cal.

A beneficiary is required to use their OHC prior to Medi-Cal when the same service is available under the beneficiary's OHC. Providers are not allowed to deny Medi-Cal services based upon potential third party liability. If the beneficiary elects to seek services not covered by Medi-Cal, Medi-Cal is not liable for the cost of those services. To establish Medi-Cal's liability for a covered Medi-Cal service, the provider must obtain an acceptable denial letter from the OHC.

In the case of DMC or the DMC Organized Delivery System Narcotic Treatment Program (NTP) providers, they have been given an exemption from submitting the claim to OHC due to the fact that they will always receive a denial for NTP claims.

² Effective January 1, 2017, OHC code V will only be used for historical reference.

DHCS OHC Recovery Process

DHCS contracts with a Safety Net Recovery vendor, Health Management Systems, Inc. (HMS), to bill liable third parties for Medi-Cal claims. If HMS identifies a Medi-Cal beneficiary for whom SMHS and/or DMC have been claimed, and that beneficiary has OHC liable for a paid SMHS or DMC claims, then HMS will request the OHC to submit payment to DHCS. The OHC carrier will then either provide DHCS with a reason for the denial of its coverage or issue payment to DHCS.

If the OHC carrier issues payment to DHCS, the OHC carrier should produce an Explanation of Benefits (EOB) to the policyholder of the Medi-Cal beneficiary, and potentially to the respective county Mental Health Plan and/or Drug Medi-Cal Organized Delivery System Plan/Prepaid Inpatient Health Plan. EOBs are generated as part of the OHC's obligation to inform its policyholders of claims processed on their behalf. The EOB is not a DHCS claim or bill. Therefore, the OHC EOB process will not affect services to Medi-Cal beneficiaries or payments to providers. Counties and Medi-Cal providers should also receive an adjusted remittance advice (835) posted to the DHCS Information Technology Web Services site.

As part of the recovery process, the provider should not receive payment from the OHC. If a provider receives a check from an insurance carrier that is payable to the DHCS Mental Health Services Division (MHSD) or Substance Use Disorder Services-Program Policy and Fiscal Division (SUD-PPFD), the provider should return the check to the insurance carrier. If the provider receives a payment from an insurance carrier payable to DHCS or HMS, the provider should forward the check and any supporting documents to:

DHCS
P.O. Box 742635
Los Angeles, CA 90074-2635

Additional Information

More information about the Medi-Cal program and benefits can be found at:

<http://www.dhcs.ca.gov/formsandpubs/publications/Documents/PUB68.pdf>

For OHC instructions specific to DMC, please refer to [ADP Bulletin 11-01](#), [ADP Bulletin 12-03](#), and [MHSUDS Information Notice 15-011](#).

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Questions regarding the content of this Information Notice that is related to SMHS may be directed to the MHSD County Customer Services Section at MedCCC@dhcs.ca.gov or (916) 650-6525. For DMC, please contact the SUD-PPFD Fiscal Policy Unit at (916) 327-2745.

Sincerely,

Original signed by

Karen Baylor, Ph.D., LMFT, Deputy Director
Mental Health & Substance Use Disorder Services