

## DEPARTMENT OF HEALTH SERVICES

714/744 P STREET  
SACRAMENTO, CA 95814



(916) 739-3200

July 22, 1988

All County Welfare Directors  
All County Administrative Officers

Letter: 88-53

SUBJECT: OTHER HEALTH COVERAGE

REFERENCE: ALL COUNTY WELFARE DIRECTORS LETTER 87-44

The Department of Health Services (DHS) will be conducting cost avoidance data matches with Kaiser North, Kaiser South, Aetna Life and Casualty Company, and the Department of Defense (CHAMPUS coverage) to identify Medi-Cal beneficiaries currently insured with these entities. As a result of the data matches, DHS will update the Medi-Cal Eligibility Data System (MEDS) with cost avoidance other health coverage (OHC) codes for beneficiaries identified as having full coverage. We expect to begin coding Medi-Cal cards for the October 1988 month of eligibility.

Affected beneficiaries will be sent a letter explaining cost avoidance and informing them that their providers must bill the other health coverage carrier prior to billing Medi-Cal. Beneficiaries are instructed to contact their county welfare department in the event they no longer have the coverage now identified on their Medi-Cal card. A copy of the beneficiary letter is enclosed for your information.

As each match is completed, counties will receive the OHC Indicator Change Report (RCV 139-BR002) listing the beneficiaries coded as a result of the match. Counties are not required to update their records to match MEDS. However, because other health coverage information is printed on share of cost forms (MC 177), counties should update their MC 177 share of cost records to alert providers to a beneficiaries' cost avoidance coverage prior to their rendering services.

Counties were previously instructed on how to remove or change cost avoidance other health coverage codes from MEDS in ACWDL 87-44. These instructions still apply and should be reviewed by counties if there is a need to remove any "protected" cost avoidance code. As DHS continues to conduct data matches with additional carriers, more other health coverage codes will require the cost avoidance treatment. You will be notified of those codes in future ACWDLs. Currently, Blue Cross (B), Aetna (E), American General (G), and Blue Shield (S) are the only OHC codes treated as "protected" cost avoidance codes by MEDS. Although Medi-Cal claims for beneficiaries with Kaiser, CHAMPUS, Ross Loos, or PHP other health coverage indicators are treated as cost avoidance claims by the

All County Welfare Directors  
All County Administrative Officers  
Page 2

State's fiscal intermediary, MEDS has not treated them as "protected" cost avoidance codes. Effective October 1, 1988, however, MEDS edits will be changed to require cost avoidance treatment of Kaiser (K) and CHAMPUS (C) OHC codes due to scheduled data matches with the Kaiser and CHAMPUS entities.

If you have any questions, please call Paula Marty at (916) 739-3276.

Sincerely,

Original signed by

Frank S. Martucci, Chief  
Medi-Cal Eligibility Branch

Enclosure

## IMPORTANT MEDI-CAL NOTICE

MEDI-CAL IS EXPANDING ITS PROGRAM FOR USING PRIVATE HEALTH INSURANCE. THIS PROGRAM IS CALLED COST AVOIDANCE AND IT MEANS THAT IF YOU HAVE PRIVATE HEALTH INSURANCE, MEDI-CAL WILL NOT PAY FOR MEDICAL SERVICES COVERED BY YOUR INSURANCE. HOWEVER, YOU WILL STILL BE ABLE TO USE YOUR MEDI-CAL CARD FOR MEDI-CAL COVERED SERVICES THAT YOUR PRIVATE HEALTH INSURANCE DOES NOT COVER.

OUR RECORDS INDICATE THAT YOU HAVE PRIVATE HEALTH INSURANCE WITH AETNA. BEGINNING WITH YOUR AUGUST 1988 MEDI-CAL CARD, AN "E" CODE WILL BE PLACED IN THE OTHER COVERAGE FIELD ON YOUR MEDI-CAL CARD TO INDICATE THIS COVERAGE.

EFFECTIVE AUGUST 1, 1988, YOUR PROVIDERS OF SERVICE WILL HAVE TO BILL YOUR PRIVATE HEALTH INSURANCE FIRST. IF YOUR INSURANCE COMPANY DENIES PAYMENT, YOUR PROVIDER MAY THEN BILL MEDI-CAL.

IF YOU DO NOT HAVE PRIVATE HEALTH INSURANCE WITH THE INSURANCE CARRIER THAT WE HAVE CODED ON YOUR CARD, CONTACT YOUR COUNTY WELFARE DEPARTMENT.

## NOTIFICACION IMPORTANTE SOBRE MEDI-CAL

MEDI-CAL ESTA EXTENDIENDO SU PROGRAMA PARA USAR EL SEGURO PRIVADO DE SALUD. ESTE PROGRAMA SE LLAMA EVASION DEL COSTO (COST AVOIDANCE) Y SIGNIFICA QUE SI UD. TIENE SEGURO PRIVADO DE SALUD, MEDI-CAL NO PAGARA POR LOS SERVICIOS MEDICOS CUBIERTOS POR SU SEGURO. SIN EMBARGO, UD. PODRA USAR SU TARJETA DE MEDI-CAL POR LOS SERVICIOS CUBIERTOS POR MEDI-CAL QUE SE SEGURO PRIVADO DE SALUD NO CUBRE.

NUESTROS REGISTROS MUESTRAN QUE UD. TIENE SEGURO PRIVADO DE SALUD CON AETNA. COMENZANDO CON SU TARJETA DE MEDI-CAL DE AGOSTO DE 1988, UNA CLAVE "E" SERA PUESTA EN LA PARTE DE LA OTRA COBERTURA DE SALUD EN SU TARJETA DE MEDI-CAL PARA INDICAR ESTA COBERTURA.

ASIMISMO, A PARTIR DEL 1 DE AGOSTO DE 1988, SUS PROVEEDORES DEL SERVICIO TENDRAN QUE COBRAR PRIMERO A SU SEGURO PRIVADO DE SALUD. SI SU COMPANIA DE SEGURO LE NIEGA EL PAGO, SU PROVEEDOR PUEDE ENTONCES COBRARLE A MEDI-CAL.

SI UD. NO TIENE SEGURO PRIVADO DE SALUD CON LA COMPANIA INDICADA EN CLAVE EN SU TARJETA, PONGASE EN CONTACTO CON SU DEPARTAMENTO DE BIENESTAR DEL CONDADO.