



Tanya E. Schuhmeier
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September 15, 2016

Subject: Adjustment of DRG Inpatient Claims Due to Retroactive Rate Updates

Dear Provider:

The Department of Health Care Services (DHCS) has updated the rates for Diagnosis Related Group (DRG) inpatient claims, effective retroactively for dates of service on or after July 1, 2015. If a facility had a reimbursement rate increased, the adjustment is positive. If a facility had a reimbursement rate reduced, the adjustment is negative.

No action is required on your part. Xerox State Healthcare, LLC (Xerox), will adjust the affected claims. These adjustments will appear on *Remittance Advice Details* (RAD) forms beginning September 22, 2016, with RAD code **0899: Inpatient Retroactive Rate Adjustment**.

The recoveries are authorized under the provisions of *Welfare and Institutions Code* (W&I Code), Sections 14176 and 14177, and *California Code of Regulations* (CCR), Title 22, Section 51458.1(a)(1). In addition, the W&I Code sections authorize DHCS to enter into repayment agreements with providers or offset overpayments against amounts due. If the total warrant amount is not sufficient to offset the recovery, the negative balance will be converted to an accounts receivable transaction and subtracted from future Medi-Cal reimbursements.

If you disagree with any of these adjustments, you may submit a *Claims Inquiry Form* (CIF) within six months of the new RAD date or you may submit an *Appeal Form* within 90 days of the new RAD date. For CIF completion instructions, please refer to the *CIF Completion* and *CIF Special Billing Instructions* sections in the appropriate Part 2 manual or on the Medi-Cal website (www.medi-cal.ca.gov). For *Appeal Form* completion instructions, please refer to the *Appeal Form Completion* section in the appropriate Part 2 manual or on the Medi-Cal website.

If you have questions regarding these adjustments, please call the Telephone Service Center at 1-800-541-5555, option 5, followed by option 6.

Sincerely,

Tanya E. Schuhmeier

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