

MEDI-CAL ADJUSTMENTS ON APPROVED CLAIMS

There have been a number of reports from Legal Entity contract providers that claims were paid at a lower rate than their latest provisional rates that were billed. Based upon the Los Angeles County Department of Mental Health's (DMH) research, this matter was confirmed and DMH consulted with the State regarding this matter.

The State acknowledged that although DMH submitted the County Maximum Allowable Rates (CMA) for Fiscal Year (FY) 2022-23, the rates for some services were not updated in their Short-Doyle/Medi-Cal (SDMC) claims adjudication system. As a result, Medi-Cal claims were processed, approved, and paid based on last FY's CMA. This issue impacted FY 2022-23 claims submitted prior to December 1, 2022.

Claims paid at the lower rate are considered approved claims. The difference between the amount billed and the approved amount is explained using the Claim Adjustment Reason Code (CARC) CO-45 (Charges exceed your contracted/legislated fee arrangement).

DMH worked with the State to correct this error. The State confirmed that the increased rate for Mode 15 services was added on January 19, 2023. Claims processed and approved by the State after this date were paid at the correct rate.

To obtain the correct reimbursement for these claims, providers may choose to wait until the Interim Settlement process or submit replacement claims now. Providers choosing to wait until Interim Settlement will receive payment for the balance of these claims in about 18 months after FY end.

Providers preferring to submit replacement claims (sometimes referred to as corrected claims) to receive the adjusted balance of the payment now should use the Claim Frequency Type Code 7 in the CLM05-3 segment. (For more detailed information about creating replacement claims, please refer to the [DMH 837 Companion Guide](#).) Providers submitting replacement claims should open a [HEAT ticket](#) to notify the Central Business Office (CBO) before submitting the file with these replacements.

*The deadline to submit replacements for these claims is **March 30, 2023**.*

Providers unable to create replacement claims must open a [HEAT ticket](#) to determine the best option for the agency. Please adhere to the claim's submission timelines documented in Financial Exhibit A of the Legal Entity Contract. This timeline allows for the time required by DMH to process the claims and submit them to the State within the claiming statute for original and replacement claims.

Please note that these are the only options provided by the State to handle this matter. DMH CBO is available to assist you.