

## MEDI-CAL ADJUSTMENTS ON APPROVED CLAIMS - UPDATED

In February 2023, the Central Business Office (CBO) issued [CBO Bulletin NGA 23-003](#) regarding a State-acknowledged error that caused claims to be approved and paid at a rate lower than the provisional rate that was billed. The difference between the amount billed and the approved amount was explained using the Claim Adjustment Reason Code (CARC) CO-45 (Charges exceed your contracted/legislated fee arrangement).

After the State published confirmation that the rates were corrected on January 19, 2023, and that claims processed and approved by the State from this date forward would be paid at the correct rate, the Department of Mental Health (DMH) advised providers that they had the option to replace claims to obtain the correct rate.

In spite of the confirmation, however, it was determined that the State did not adjudicate the replacement claims at the expected rate. As a result, DMH alerted providers that the error was continuing to occur and to refrain from submitting replacement claims for Fiscal Year (FY) 2022-23 service dates effective June 28, 2023, until further notice.

The State has now resolved the issue that caused the incorrect adjudication and corrected the rates in their system. DMH sent a small set of claims to confirm that the rates had been corrected. The State processed the claims at the correct rates.

Providers may choose to replace these adjusted claims; however, understanding the tremendous effort needed to submit the replacement claims, DMH is offering to pay out the CO-45 adjustment amounts without providers having to submit a replacement. Providers who prefer this option should open a [HEAT ticket](#) requesting payment for the adjusted amounts and include a detailed record of the claims impacted by the CO-45 adjustment amount due. The data should include the following information:

- Claim Submitter ID
- Claim Type: Original or Replacement
- Funding Source
- Amount adjusted (CO-45 Amount)
- Summary of data by Funding Source

Payment will be based on the amount adjusted by CO-45. DMH will review the submitted data to confirm the amount to be dispersed prior to issuing payment and will communicate with agencies when there is a discrepancy between what is submitted and State and County data.

To the extent an agreement cannot be reached on the payment amount, Providers may opt to submit replacement claims to receive the adjusted balance of the payment prior to interim cost settlement. Providers preferring to submit replacement claims 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](#).) Before submitting a file with these replacements, open a [HEAT ticket](#) to notify CBO of the incoming CO-45 replacements to ensure that DMH does not deny the claims as late.

Replacement claims should be submitted as soon as possible to ensure timely processing. DMH will accept FY 22/23 Replacements for those claims with a CO-45 adjustment through **November 2, 2023**. Claims that will not reach the State within fifteen months of the month of service are eligible for a Delay Reason or Late Code. The Late Code will be added on behalf of providers. While the Late Code is available, in order to avoid processing delays, providers are encouraged to submit claims immediately.