



California Dialysis Council

1904 Naomi Place • Prescott, AZ 86303 • Prescott, AZ 86303 • Phone: 928-717-1156 • Fax: 928-441-3857



NEWS UPDATE

Memorandum

TO: CDC Members
DATE: October 4, 2008
SUBJECT: Update on Medi-Cal Rate Cut--Court Injunction

The following information is from the Medi-Cal website.

Ten Percent Provider Payment Injunction

On July 1, 2008, the Department of Health Care Services (DHCS) implemented a 10 percent payment reduction for providers for various services, as required by Welfare and Institutions Code 14105.19, provided in ABX3 5, Chapter 3, Statutes of 2008. On August 18, 2008, the U.S District Court issued a preliminary injunction to halt certain portions of the 10 percent payment reduction affecting payments to various providers under the Medi-Cal Program. The injunction applies to Medi-Cal covered payments made to physicians, dentists, adult day health care centers, optometrists, clinics and pharmacies with respect to prescription drugs, effective dates of service on or after August 18, 2008.

The 10 percent reduction will no longer be applied to claims processed on or after Friday, September 5, 2008, for the provider types below, for all services for dates of service on or after August 18, 2008.

- Adult Day Health Care Centers
- Optometrists
- Physicians Group
- Optometrists Group
- Pharmacies/Pharmacists
- Physicians
- Free Clinics
- Community Clinics
- **Chronic Dialysis Clinics**
- Multi-specialty Clinics
- Surgical Clinics
- Exempt from Licensure Clinics
- Rehabilitation Clinics

County Clinics Not Associated with Hospital Birthing Center Services -

Primary Care Clinic Clinic-Otherwise Undesignated Alternative Birth Centers-Specialty Clinics An Erroneous Payment Correction (EPC) will follow to reprocess previously adjudicated claims for the provider types shown above for dates of service on or after August 18, 2008. The EPC is anticipated to begin in late September and take approximately eight weeks.

Although the following programs and services are not subject to the Court order, in order to expeditiously implement this order, the 10 percent payment reduction is temporarily not being applied to State only California Children Services (CCS) and CCS/Healthy Families Genetically Handicapped Persons Program claims and to non-drug products (e.g., medical supplies and nutritionals) provided at a pharmacy. After more detailed system changes are made, DHCS will restore the 10 percent payment reduction and install an EPC to also recover the 10 percent reduction payments missed for these programs and services."