



State of California—Health and Human Services Agency
Department of Health Care Services



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Dear Ebrahimi-Nuyken Nicole:

The Department of Health Care Services (DHCS) is notifying counties of a pending recoupment for Medi-Cal behavioral health services claims. DHCS is tracking a consolidated recoupment amount for the following:

- Office of the Inspector General (OIG) Chart Audit;
- CMS Financial Management Review of Medi-Cal Beneficiaries with Unsatisfactory Immigration Status (UIS); and
- Fee-for-Service Medi-Cal Specialty Mental Health Services (SMHS) Inpatient Claims.

For El Dorado County, the estimated recoupment amounts are:

OIG Chart Audit	CMS Financial Mgmt. Review-UIS SMHS	CMS Financial Mgmt. Review-UIS Drug Medi-Cal	SMHS Inpatient Claims	Total
\$354,348.32	\$26,064.04	\$67.38	\$1,331,553.07	\$1,712,032.82

DHCS will recoup the amount due for the OIG Chart Audit over a three year period, beginning in Fiscal Year (FY) 2022-23. DHCS will recoup the amount due for the CMS Financial Management Review and SMHS Inpatient Claims over a four year period, beginning in FY 2022-23. Descriptions of each recoupment type are provided below.

If you have questions on these recoupments, please email BHFSEops@dhcs.ca.gov.

Behavioral Health Financing Branch
 Local Governmental Financing Division

Explanations of Recoupments

OIG Chart Audit

In a report released August 2018, the United States Department of Health and Human Services Office of Inspector General (OIG) identified \$180.7 million due to the federal government for unallowable Medicaid reimbursements for Specialty Mental Health Services. In 2019, the State initially recouped ¼ of the repayment amount by offsetting county 1991 Realignment funds. Beginning in FY 2022-23, the State will offset the remaining OIG balance against 1991 Realignment funds over a three-year period.

Medi-Cal Beneficiaries with Unsatisfactory Immigration Status (UIS)

California provides state only full scope Medi-Cal services to certain immigrant populations who meet all Medi-Cal eligibility requirements except for their citizenship status. For these covered populations, federal funds (FFP) are only available for emergency and pregnancy-related services, and non-emergency and non-pregnancy related services are paid using state only funds. Affected populations include qualified non-citizens subject to the five-year bar, individuals who are Permanent Residents or Permanently Residing Under Color of Law, and individuals under 26 years of age who otherwise meet all Medi-Cal eligibility criteria (such as income and state residency) but for their citizenship status.

As a result of a CMS financial audit, in 2019 DHCS identified claims dating back to 2008 for ineligible covered benefits and was required to return federal funding to the Centers for Medicare and Medicaid Services (CMS). In FY 2020-21, DHCS repaid the FFP amounts totaling \$123.2 million, of which \$61 million is General Fund and \$62.2 million is the responsibility of counties. Specifically, DHCS is recouping amounts associated with qualified non-citizens subject to the five-year bar and individuals who are Permanent Residents or Permanently Residing Under Color of Law.

SMHS Psychiatric Inpatient Hospital Claims

DHCS consolidated the responsibility to provide inpatient and outpatient specialty mental health services under county mental health plans (MHP) of outpatient Specialty Mental Health Services (SMHS) in 1994 and inpatient services in 1997. The majority of hospitals providing inpatient specialty mental health services receive payment via Medi-Cal's Fee-for-Service claims adjudication system. Medi-Cal pays the federal and non-federal share for psychiatric inpatient hospital services. The non-federal share is initially funded by General Fund and later reimbursed by subtracting the expenditure amount from each county's Mental Health Subaccount in the Sales Tax Account of the Local Revenue Fund.

DHCS routinely adds aid codes to the Medi-Cal program. The DHCS and the former Department of Mental Health did not add new aid codes to the reporting structure used to identify the expenditure amounts for the Mental Health Subaccount. As a result, DHCS did not identify and was not fully reimbursed for all of the psychiatric inpatient hospital service expenditures. Recoupment amounts cover the period between CY 2011 and 2020.