



DATE: January 21, 2025

TO: Short-Doyle/Mental Health Services Act and Substance Use Treatment Services County Contracted Providers

FROM: Katelyn Lu, Behavioral Health Services Department Finance & Administrative Manager

RE: State Denied Claims Process

Dear County Contracted Providers:

The Department of Health Care Services (DHCS) has issued a key update regarding denied claims due to challenges associated with the implementation of CalAIM Payment Reform. Effective January 15, 2024, providers are permitted to resubmit and adjust claims for services rendered on or after July 1, 2023, to address issues encountered during the transition to CPT codes and fee for service billing. Outlined below are the key updates and necessary actions:

1. **Resubmission of Denied Claims for Service Period July 1 – December 31, 2023:**

- Claims denied for services provided for this period may now be reworked; the County will be applying Delay Reason Code 9 (DRC-9). CCPs should begin preparing those submissions and await instructions about when to submit those files; an email will be forthcoming from the EHR team.
- All reworked claims for this period must be submitted no later than **April 15, 2025**; this deadline ensures sufficient time for processing and resolution.
- Claims from this period that are not reworked by April 15, 2025 (regardless of reason) will result in the **deduction of the corresponding amounts from future invoice payments** by the County.
- The County will **not** deduct any resubmitted claims that are subsequently denied by the state. However, if a resubmitted claim is denied, CCPs should continue reworking the claim if allowable under the guidelines.

2. **Timely Rework of Claims from January 1, 2024 – June 30, 2024:**

- Any State-denied claims for this period can still be reworked and resubmitted; CCPs should now be actively reworking these claims starting with the earliest dates of service.
- Any claims initially denied by the State, that remain denied by the State after the County allowable rework period (13 months from date of service), will lead to deductions from agency payments, unless further information is shared by the County based on State direction around DRC-9.



3. **Regarding Claims for FY25 Beginning July 1, 2024:**

- Since denied claims are required to be reworked within 13 months from date of service, CCPs should submit services promptly to allow maximal time to rework when necessary.
- The BHSD invoicing reports (BHSD 7582 and BHSD 7583) will be updated shortly to reflect only the deduction of claims that **remain denied past timely filing for resubmissions.**

4. **Regarding Claims for FY26 Beginning July 1, 2025:**

- Any denied claims for services beginning July 1, 2025, will be deducted from the agency claims when the County receives and processes denials from the State.
- Denied claims must be reworked within 13 months after the service date. Thus, CCPs should submit their service invoices promptly to allow for more time to rework when necessary.
- Once the claim is reworked, payment will again be issued and will remain unless another subsequent denial is received from the State.

For each claim, please review the “State Denial Details – Understanding CARCs and RARCs” compiled by the BHSD EHR and Netsmart RCM Teams to address the issue and contact the Netsmart RCM team at sccbillingquestions@ntst.com to gain advice on denials and reworking.

Your attention to this matter is greatly appreciated as we navigate these updated processes together. If you have any questions or require further clarification on this process, please do not hesitate to contact me at Katelyn.Lu@hhs.sccgov.org.

Sincerely,

DocuSigned by:
Katelyn Lu
016A21A5437841E...

Katelyn Lu
Behavioral Health Services Department Finance & Administrative Manager

Cc: Sherri Terao, Behavioral Health Services Department Director
Darren Tan, Administrative Services Deputy Director
Brian Wagner, Analytics and Reporting Director
Courtney Gray, Quality Management Director
Margaret Obilor, Adult and Older Adult System Director
Soo Jung, Adult and Older Adult System Director
Stephanie Macwhorter, SUTS Adult and Older Adult Director
Zelia Faria-Costa, Children, Youth, and Family System Director
Tina Cordero, HHS Chief Fiscal Officer
Leilani Villanueva, Provider Relations Division Director
Vince Robben, HHS Health Care Financial Manager