




DATE: April 10, 2025

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

FROM: Brian Wagner, BHSD Director of Analytics and Reporting 

RE: State Denied Claims (DRC-9) Process UPDATE

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Dear County Contracted Providers:

This is an update to the previous memo sent from BHSD Finance & Administrative Services Manager, Katelyn Lu, dated January 21<sup>st</sup>, 2025. That previous memo can be found on the BHSD website at: <https://bhdp.santaclaracounty.gov/memos-bhhd-executive-office>.

As previously noted in the January 21<sup>st</sup> memo, the Department of Health Care Services (DHCS) issued an update regarding denied claims due to challenges associated with the implementation of CalAIM Payment Reform. Providers are permitted to resubmit adjusted (or “reworked”) 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.

The previous memo outlined processes for 4 distinct timeframes:

1. Resubmission of Denied Claims for Service Period July 1 – December 31, 2023.
2. Timely Rework of Claims from January 1, 2024 – June 30, 2024.
3. Regarding Claims for FY25 Beginning July 1, 2024.
4. Regarding Claims for FY26 Beginning July 1, 2025.

This memo serves as an update to the process **only** for items 1 & 2; items 3 & 4 are unchanged.

Update to #1:

The period for resubmission of denied claims for Delayed Reason Code #9 (DRC-9) is changed to **7/1/23 – 4/7/24**. And the reworked claims due date is changed to **5/11/25**. Specifically, BHSD is opening one more window to submit DRC-9 claims from **5/5/25** to **5/11/25**. That will be the 4<sup>th</sup> week that BHSD has opened the system to accept DRC-9 claims since the process began.

Please note that DRC-9 claims should only be submitted for claims that were:

1. Already initially submitted on time;
2. Denied by the State.

Additionally, note that 4/7/24 reflects claims that would be past BHSD timely filing as of 5/11/25. Claims that can be resubmitted within timely filing for resubmissions (400 days), should **not** be included in batches of claims for DRC-9 exceptions, but should be resubmitted normally.



The remaining information for period #1 still applies (with the relevant date change):

- Claims from this period that are not reworked by **May 11, 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.

Update to #2:

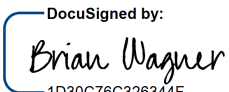
Consequently, based on the update to #1, the period for #2 has shifts to **April 8, 2024 – June 30, 2024**. The rest of the information previously provided remains:

- 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 around DRC-9.

CCPs will need to continue to focus on working State denials that fall within timely filing to assure that no further claims pass timely filing while additionally working to resubmit reworked claims from the start of CalAIM ahead of the deadline indicated in #1 (5/11/25).

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](mailto:sccbillingquestions@ntst.com) to gain advice on denials and reworking.

Thank you,

DocuSigned by:  
  
 Brian Wagner,  
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4/10/2025

Behavioral Health Services Department Director of Analytics & Reporting

Cc: Sherri Terao, Behavioral Health Services Department Director  
 Megan Wheelahan, Deputy Director  
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 Courtney Gray, Quality Management Director  
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