

## SHD Paraphrased Regulations - Medi-Cal

### 510 Overpayments

#### 511-1A

A potential overpayment occurs when a beneficiary, or the person acting on the beneficiary's behalf, has been informed verbally and in writing of the responsibility to report completely and accurately all facts which would affect eligibility or SOC, and to report any changes of those facts within 10 days. The beneficiary or the beneficiary's representative must also have signed a certification for assistance, and then provided incorrect oral or written information, or failed to report changes within 10 days, which would affect eligibility or SOC. The beneficiary or representative must have had the competence to report the incorrect or missing information.

No potential overpayment exists if the beneficiary or representative informed the county of the relevant factual circumstances, or when the beneficiary or representative failed to perform an act which is a condition of eligibility if the failure is due to an error by the CDHS or the county department.

(§50781)

#### 511-1B

A potential overpayment occurs when a beneficiary, or the person acting on the beneficiary's behalf, fails to report other health coverage and: (1) the other coverage is of a type designated by CDHS as not subject to postservice reimbursement and the beneficiary failed to utilize such coverage without good cause; or (2) the beneficiary has received services for which Medi-Cal paid, and the beneficiary also claimed and received payment through private health coverage. (§50781.5)

#### 511-2

When it appears that there may be a potential overpayment, the county is to determine the correct eligibility status and SOC and, if a potential overpayment has occurred, the county is to refer the matter to the CDHS. (§50783)

#### 512-2

Upon receipt of a potential overpayment referral, the Department's Recovery Section or the county unit contracted to collect overpayments shall determine the amount of Medi-Cal benefits received by the beneficiary during the affected period. When the potential overpayment is due to increased SOC, the actual overpayment shall be the lesser of:

- (1) The actual cost of services received in the SOC period which were paid by the Department; or
- (2) The amount of the increased SOC for the SOC period.

(§50786(a)(2)(B))

#### 512-3

When the potential overpayment was due to excess property, the actual overpayment shall be the lesser of the actual cost of services paid by the Department, and the amount of property in excess of the property limit. This excess amount is determined by computing the excess property at the lowest point for each consecutive month, and then using the highest monthly amount to determine the overpayment. (§50786(a)(2)(A))

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#### 512-3A

While *Principe v. Belshé* requires counties to permit applicants to retroactively establish property eligibility by spending excess property on qualified medical expenses, the *Principe* case does not modify overpayment procedures for those Medi-Cal beneficiaries who have received Medi-Cal benefits, and then are discovered to have excess property during a month or months in which they received Medi-Cal. Overpayment recovery is governed by the regulations, as set forth in §§50781 through 50787. (All-County Welfare Directors Letter No. 97-41, October 24, 1997)

#### 512-4

State law provides that no liability for a Medi-Cal overpayment shall result when a recipient failed to perform an act constituting a condition of eligibility when the failure was caused by an error made by DHS or by the county. In addition, when the beneficiary has accurately and completely reported within his or her competence facts material to a correct determination of eligibility and share of cost, there shall be no liability for any resulting overpayment. (Welfare and Institutions Code (W&IC) §14009(d))

#### 512-5

For purposes of calculating Medi-Cal overpayments, any managed care capitation rates are treated as covered Medi-Cal services. (All-County Welfare Directors Letter No. 01-38, July 12, 2001)

#### 513-1

The CDHS or county unit contracted to collect overpayments may take other collection actions as permitted under state law against the income or resources of the beneficiary or the income and resources of any person who is financially responsible for the cost of the beneficiary's health care in accordance with §§50088, 50163, and 50185. (§50787(c))

#### 514-1

The CDHS or county unit contracted to collect overpayments shall demand repayment of actual overpayments in accordance with procedures established by CDHS. (§50787(a))

The CDHS or county unit shall inform the beneficiary, or the person acting on the beneficiary's behalf, in writing, of the overpayment and of the right to a state hearing on the overpayment. If the person requests a state hearing on the overpayment, collection action shall be suspended until a final decision has been rendered in accordance with §50953. (§50787(b))