Policy:	FF.1005c
Title:	**Special Payments: High-Cost Exclusion Items**
Department:	Claims Administration
Section:	Not Applicable
CEO Approval:	*/s/ Michael Hunn 04/04/2024*
Effective Date:	01/01/2007
Revised Date:	04/01/2024
Applicable to:	☒ Medi-Cal ☐ OneCare ☐ PACE ☐ Administrative

I. PURPOSE

This policy describes the process by which CalOptima Health shall reimburse a Contracted Fee-For-Service (FFS) Hospital for a High-Cost Exclusion Item provided to a Medi-Cal Member as part of inpatient services paid on a per diem basis.

II. POLICY

A. CalOptima Health shall reimburse a Contracted FFS Hospital for a High-Cost Exclusion Item provided to a Member in an inpatient setting, in accordance with this Policy, subject to the availability of funding as established by the CalOptima Health Board of Directors.

B. A High-Cost Exclusion Item is any of the Covered Services identified in this Policy for which a hospital contracted with CalOptima Health is paid by CalOptima Health, a Health Care Services Plan (HMO) Health Network, or Physician-Hospital Consortium (PHC) Health Network, for inpatient services paid on a per diem basis.

C. High-Cost Exclusion Items include the following categories:

1. Implantable device;
2. Biologic;
3. High-cost pharmaceutical – individual ingredient per dose of a pharmaceutical agent;
4. Orthotic; or
5. Prosthetic.

D. A hospital is eligible for reimbursement for a High-Cost Exclusion Item if such hospital is a Contracted FFS Hospital on the date that it provides such High-Cost Exclusion Item to a Member.

E. CalOptima Health shall reimburse a Contracted FFS Hospital for a High-Cost Exclusion Item provided to a Member if:

1. CalOptima Health or the Member's designated Health Network authorized the inpatient stay;

2. The invoice cost of all items of the same Covered Service category, as specified in Section II.C. of this Policy, provided during a single procedure total at least five hundred dollars ($500); and

3. The Contracted FFS Hospital submits a claim, in accordance with Section III of this Policy, within three hundred and sixty-five (365) calendar days for dates of service on or after July 1, 2013.

F. CalOptima Health shall reimburse a Contracted FFS Hospital the total manufacturer's invoice cost of all High-Cost Exclusion Items in the same category provided during a single procedure, less the deductible and any amounts paid for the High-Cost Exclusion Items through the regular claims payment process.

1. Effective October 1, 2010: Deductible = $500 (high-cost pharmaceutical applied per dose, as defined in Section II.C.3. of this Policy).

2. CalOptima Health's reimbursement amount shall be solely based on the manufacturer's invoice submitted by the Contracted FFS Hospital.

G. Effective with dates of service on or after July 1, 2019, CalOptima Health shall reimburse a Contracted FFS Hospital for a High-Cost Exclusion Item provided to a Member who is admitted to the Contracted FFS Hospital for a California Children Services (CCS)-Eligible Condition.

H. The four (4) digit Revenue Codes that are potentially eligible for additional payment under this Policy include:

1. 0250 – Pharmacy – General Classification;

2. 0251 – Pharmacy – Generic Drugs;

3. 0252 – Pharmacy – Non-Generic Drugs;

4. 0253 – Pharmacy – Take Home Drugs;

5. 0254 – Pharmacy – Drugs Incident to other Diagnostic Services;

6. 0255 – Pharmacy – Drugs Incident to Radiology;

7. 0257 – Pharmacy – Non-Prescription;

8. 0258 – Pharmacy – IV Solutions;

9. 0259 – Pharmacy – Other Drugs/Other;

10. 0270 – Medical Surgical Supplies;

11. 0272 – Sterile Supplies;

12. 0274 – Prosthetic/Orthotic Devices;

13. 0275 – Pacemaker;

14. 0276 – Intraocular Lens;

15. 0278 – Other Implants;

16. 0279 – Other Supplies/Devices;

17. 0634 – Pharmacy – Erythropoietin (EPO) less than 10,000 units;

18. 0635 – Pharmacy - Erythropoietin (EPO) greater than 10,000 units; and

19. 0636 – Pharmacy – Drugs Requiring Detailed Coding.

I. A Contracted FFS Hospital shall submit claims for High-Cost Exclusion Items in accordance with the terms of this Policy.

III. PROCEDURE

A. A Contracted FFS Hospital shall submit a separate invoice for each category of High-Cost Exclusion Item per procedure for which it is seeking reimbursement.

B. A Contracted FFS Hospital shall include in a single claim all High-Cost Exclusion Items in the same category provided during a procedure.

C. For claims related to High-Cost Exclusion Items provided by a Contracted FFS Hospital to a CalOptima Health Member who is assigned to CalOptima Health Direct or a Shared Risk Health Network, the claim for high cost exclusion payment, containing the documentation identified in Section III.D.2.a.-e. of this Policy, may be included in Attachment A, or may be submitted as provided in Section III.D.

D. For claims related to High-Cost Exclusion Items provided by a Contracted FFS Hospital to a CalOptima Health Member who is assigned to an HMO or PHC Health Network:

1. The Contracted FFS Hospital shall submit a claim for reimbursement of the High-Cost Exclusion Item to CalOptima Health at:

   ATTN: Special Claims Unit
   CalOptima Health
   505 City Parkway West
   Orange CA 92868

2. The Contracted FFS Hospital shall submit a claim with the following:

   a. Original, or copy, of Attachment A documenting itemization of the High-Cost Exclusion Item;

   b. High-Cost Exclusion Item to be billed using the eligible revenue code as indicated in Section II.H. of this Policy;

   c. A copy of the manufacturer's invoice for the High-Cost Exclusion Item supported by itemized statement and/or implant log;

   d. A copy of the authorization for the inpatient stay; and

e. A copy of the remittance advice for payment of Attachment A on which the High-Cost Exclusion Items appear.

E. CalOptima Health shall adjudicate a Clean Claim for a High-Cost Exclusion Item within thirty (30) calendar days after receipt of such Clean Claim.

IV. ATTACHMENT(S)

A. Claim Form (UB-04)

V. REFERENCE(S)

A. CalOptima Health Contract with the Department of Health Care Services (DHCS) for Medi-Cal
B. CalOptima Health Contract for Health Care Services
C. This policy supersedes Financial Bulletin #37: Exclusions from hospital inpatient per diem rates; high cost items

VI. REGULATORY AGENCY APPROVAL(S)

Date	Regulatory Agency	Response
01/14/2011	Department of Health Care Services (DHCS)	Approved as Submitted
09/21/2015	Department of Health Care Services (DHCS)	Approved as Submitted

VII. BOARD ACTION(S)

Date	Meeting
12/04/2008	Regular Meeting of the CalOptima Board of Directors
03/06/2014	Regular Meeting of the CalOptima Board of Directors
11/01/2018	Regular Meeting of the CalOptima Board of Directors

VIII. REVISION HISTORY

Action	Date	Policy	Policy Title	Program(s)
Effective	01/01/2007	FF.1005c	Special Payments: High Cost Exclusion Items	Medi-Cal
Revised	01/01/2009	FF.1005c	Special Payments: High Cost Exclusion Items	Medi-Cal
Revised	10/01/2010	FF.1005c	Special Payments: High Cost Exclusion Items	Medi-Cal
Revised	07/01/2014	FF.1005c	Special Payments: High Cost Exclusion Items	Medi-Cal
Revised	11/01/2016	FF.1005c	Special Payments: High Cost Exclusion Items	Medi-Cal
Revised	11/01/2018	FF.1005c	Special Payments: High Cost Exclusion Items	Medi-Cal
Revised	03/01/2019	FF.1005c	Special Payments: High Cost Exclusion Items	Medi-Cal
Revised	08/01/2020	FF.1005c	Special Payments: High Cost Exclusion Items	Medi-Cal
Revised	04/01/2022	FF.1005c	Special Payments: High-Cost Exclusion Items	Medi-Cal

Action	Date	Policy	Policy Title	Program(s)
Revised	02/01/2023	FF.1005c	Special Payments: High-Cost Exclusion Items	Medi-Cal
Revised	04/01/2024	FF.1005c	Special Payments: High-Cost Exclusion Items	Medi-Cal

IX. GLOSSARY

Term	Definition
California Children's Services (CCS)-Eligible Conditions	A medical condition that qualifies a Child to receive medical services under the CCS Program, as specified in 22 CCR section 41515.1 et seq.
Clean Claim	A claim that can be processed without obtaining additional information from the Provider or from a third-party, including invoices that meet DHCS established billing and invoicing requirements.
Contracted Fee-For-Service (FFS) Hospital	A hospital that has entered into a CalOptima Health Hospital Services Contract to provide Hospital Services to CalOptima Health Members.
Covered Service	Those health care services, set forth in W&I sections 14000 et seq. and 14131 et seq., 22 CCR section 51301 et seq., 17 CCR section 6800 et seq., the Medi-Cal Provider Manual, the California Medicaid State Plan, the California Section 1115 Medicaid Demonstration Project, this Contract, and APLs that are made the responsibility of CalOptima Health pursuant to the California Section 1915(b) Medicaid Waiver authorizing the Medi-Cal managed care program or other federally approved managed care authorities maintained by DHCS. Covered Services do not include: 1. Home and Community-Based Services (HCBS) program as specified in Exhibit A, Attachment III, Subsections 4.3.15 (Services for Persons with Developmental Disabilities), 4.3.20 (Home and Community-Based Services Programs) regarding waiver programs, 4.3.21 (In-Home Supportive Services), and Department of Developmental Services (DDS) Administered Medicaid Home and Community-Based Services Waiver. HCBS programs do not include services that are available as an Early and Periodic Screening, Diagnosis and Treatment (EPSDT) service, as described in 22 CCR sections 51184, 51340 and 51340.1. EPSDT services are covered under this Contract, as specified in Exhibit A, Attachment III, Subsection 4.3.11 (Targeted Case Management Services), Subsection F4 regarding services for Members less than 21 years of age. CalOptima Health is financially responsible for the payment of all EPSDT services; 2. California Children's Services (CCS) as specified in Exhibit A, Attachment III, Subsection 4.3.14 (California Children's Services), except for Contractors providing Whole Child Model (WCM) services; 3. Specialty Mental Health Services as specified in Exhibit A, Attachment III, Subsection 4.3.12 (Mental Health Services); 4. Alcohol and SUD treatment services, and outpatient heroin and other opioid detoxification, except for medications for addiction treatment as specified in Exhibit A, Attachment III, Subsection 4.3.13 (Alcohol and Substance Use Disorder Treatment Services); 5. Fabrication of optical lenses except as specified in Exhibit A, Attachment III, Subsection 5.3.7 (Services for All Members); 6. Direct Observed Therapy for Treatment of Tuberculosis (TB) as specified in Exhibit A, Attachment III, Subsection 4.3.18 (Direct Observed Therapy for Treatment of Tuberculosis); 7. Dental services as specified in W&I sections 14131.10, 14132(h), 14132.22, 14132.23, and 14132.88, and EPSDT dental services as described in 22 CCR section 51340.1(b). However, CalOptima Health is

Term	Definition
	responsible for all Covered Services as specified in Exhibit A, Attachment III, Subsection 4.3.17 (Dental) regarding dental services; 8. Prayer or spiritual healing as specified in 22 CCR section 51312; 9. Educationally Necessary Behavioral Health Services that are covered by a Local Education Agency (LEA) and provided pursuant to a Member's Individualized Education Plan (IEP) as set forth in Education Code section 56340 et seq., Individualized Family Service Plan (IFSP) as set forth in California Government Code (GC) section 95020, or Individualized Health and Support Plan (IHSP). However, CalOptima Health is responsible for all Medically Necessary Behavioral Health Services as specified in Exhibit A, Attachment III Subsection 4.3.16 (School-Based Services); 10. Laboratory services provided under the State serum alpha-feto-protein-testing program administered by the Genetic Disease Branch of California Department of Public Health (CDPH); 11. Pediatric Day Health Care, except for Contractors providing Whole Child Model (WCM) services; 12. State Supported Services; 13. Targeted Case Management (TCM) services as set forth in 42 USC section 1396n(g), W&I sections 14132.48 and 14021.3, 22 CCR sections 51185 and 51351, and as described in Exhibit A, Attachment III, Subsection 4.3.11 (Targeted Case Management Services). However, if Members less than 21 years of age are not eligible for or accepted by a Regional Center (RC) or a local government health program for TCM services, CalOptima Health must ensure access to comparable services under the EPSDT benefit in accordance with APL 23-005; 14. Childhood lead poisoning case management provided by county health departments; 15. Non-medical services provided by Regional Centers (RC) to individuals with Developmental Disabilities, including but not limited to respite, out-of-home placement, and supportive living; 16. End of life services as stated in Health and Safety Code (H&S) section 443 et seq., and APL 16-006; and 17. Prescribed and covered outpatient drugs, medical supplies, and enteral nutritional products when appropriately billed by a pharmacy on a pharmacy claim, in accordance with APL 22-012.
Health Network	A Physician Hospital Consortium (PHC), physician group under a shared risk contract, or health care service plan, such as a Health Maintenance Organization (HMO) that contracts with CalOptima Health to provide Covered Services to Members assigned to that Health Network.
High-Cost Exclusion Item	Specific high-cost items that are excluded from a Contracted Hospital's outpatient reimbursement or inpatient per diem rate.
Member	A Medi-Cal eligible beneficiary as determined by the County of Orange Social Services Agency, the California Department of Health Care Services (DHCS) Medi-Cal Program, or the United States Social Security Administration, who is enrolled in the CalOptima Health program.
Physician Hospital Consortium (PHC)	A Physician Group or Physician Groups contractually aligned with at least one (1) hospital, as described in CalOptima Health's Contract for Health Care Services.