

August 26, 2024

Billing Guidance for Behavioral Health Providers – Preventing Underpayments

Dear behavioral health provider,

Effective January 1, 2024, the Department of Health Care Services (DHCS) began dispersing additional funding for providers serving Medi-Cal members. These provider rate increases are known as Targeted Rate Increases (TRI) and impact non-specialty mental health services for dates of service on or after January 1, 2024.

Recently some behavioral health providers have billed the expected reimbursement amount, which may be less than the actual fee schedule resulting in underpaid claims and subsequent claim adjustments. This may be a direct result of changes recently made to the Medi-Cal Fee Schedule through the TRI or rate increases issued by Centers for Medicare & Medicaid Services (CMS).

To alleviate this, we suggest that you consider billing your usual customary and reasonable charges to HPSM instead of the expected reimbursement even if they are higher than your contracted rate. This will ensure your systems are ready for any rate changes in advance, eliminating the need for any retro changes or adjustments.

Learn more about TRI here: <https://www.dhcs.ca.gov/Pages/Medi-Cal-Targeted-Provider-Rate-Increases.aspx>

Please review our provider notification from earlier this year regarding TRI:
<https://www.hpsm.org/docs/default-source/provider-notices/20240207---targeted-provider-rate-increases-in-2024.pdf>

Usual Customary and Reasonable (UCR) fees are fees that are used to establish a reasonable and customary rate for reimbursement from third-party payers in billing and insurance claims. These fees are usually based on the amount of money a health care provider would normally charge for a given service or procedure and can be more than the contractual obligations agreed to in the provider contract.

Please direct questions to HPSM Provider Services at PSInquiries@hpsm.org.

Thank you,
The Health Plan of San Mateo