



1600 Green Hills Road, Suite 101 • Scotts Valley, CA 95066 • (831) 430-5500  
1000 S. Main St., Suite 313 • Salinas, CA 93901 • (831) 755-8220

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**Date:** April 14, 2009

**To:** Alliance Medical Supplies Provider

**From:** Provider Services Department

**Re:** Medical Supplies and HIPAA Compliance

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HIPAA-mandated changes to billing requirements for disposable and incontinence medical supplies become effective for dates of service on or after April 1, 2009. These changes include requirements for the use of the national Healthcare Common Procedure Coding System (HCPCS) Level II codes. Accordingly, the Department of Health Care Services (DHCS) has revised its policy for the use of HCPCS Level II codes on Treatment Authorization Requests (TARs). The TAR policy for pharmacy-only medical supplies, such as diabetic test strips and enteral nutritional formula, will not be impacted.

A 90-Day grace period will be allowed before providers must begin to submit claims using the national codes, extending the deadline to June 30, 2009. The code type that is submitted on the claim must match the code type submitted on the corresponding TAR.

TARs which have been submitted with the old local codes for services prior to June 30, 2009;

- Provider must submit claims using the same local codes as used on the TAR.
- If the provider has already started billing with the national codes, then a new TAR must be submitted noting the code conversion and the corresponding quantity conversion on the TAR to the new national code.

TARs which have been submitted with the new national codes for services effective April 1, 2009 or later:

- Providers must submit claims for these services using the same national codes as used on the TAR.
- If the provider will submit claims using the old local codes, then the provider must resubmit a new TAR noting the code conversion and the corresponding quantity conversion on the TAR back to the old code. The previously approved TAR number must be entered in the Medical Justification area.



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New TARs being submitted that require authorization beyond the June 30<sup>th</sup> deadline should include the local code for dates of service prior to June 30<sup>th</sup> (only if you are still using the local codes prior to June 30<sup>th</sup>), and the new national codes for dates of service July 1<sup>st</sup> and beyond.

An example of a TAR submitted with both codes:

Service Period 05/01/09 thru 06/30/09; NDC/UPN or Procedure Code = Old Local “99” Code.  
Service Period of 07/01/09 thru 08/31/09; NDC/UPN or Procedure Code= New HCPCS II Code.

Please note that in addition to the HCPCS Level II codes, the UPN will be required for contracted medical supplies on TARs that require pricing. Submission of the UPN will replace supplemental invoice attachments or catalog pages. UPNs will not be required for non-contracted items.

Guidelines for submitting new TAR conversions:

- The TAR should be clearly identified as a “Code Conversion” TAR. Providers should write “Code Conversion TAR” and the previously approved TAR number in the *Medical Justification* area. Please fax these TARs to Provider Services at (831) 430-5857 for special handling.

Please visit the Medi-Cal web-site to view this information at [www.medi-cal.ca.gov](http://www.medi-cal.ca.gov). If you have any questions, please contact your Provider Services Representative at (831) 430-5540.