



November 30, 2009

Dear Provider,

As you are likely aware, the Department of Health Care Services excluded several “optional” benefits from the Medi-Cal Program effective July 1, 2009 as a result of State revenue shortfalls. In July, CenCal Health elected not to follow suit by eliminating these services to our members. Instead, benefit reductions were delayed even though revenue to CenCal Health for the coverage of these services was eliminated.

After a comprehensive review, CenCal Health projected that the cost of indefinitely providing these uncompensated optional benefits totaled over \$1M annually. The unfortunate news is that we **cannot continue to cover all of these optional benefits**. After much deliberation at its meeting on October 21, 2009, CenCal Health’s Board of Directors determined it necessary to eliminate the following optional benefits for the Santa Barbara and San Luis Obispo Health Initiative programs **effective January 1, 2010**.

- **Acupuncture services**
- **Chiropractic services**
- **Optometric and optician services** (*except for eye examinations and refractions for diabetic members for the determination of diabetic retinopathy*)

Over the last five months, the State continued to define a complex list of exceptions for which services can still be provided (i.e. reimbursed). Services to members in the following categories are not impacted. A shortened list and abbreviated descriptions are given below:

Exempted Services

- **Medical and surgical services provided by physicians**
- Hospital inpatient and outpatient services
- California Children’s Services (CCS) authorized services

Exempted Members

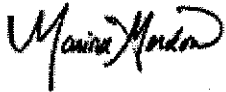
- Members under the age of 21
- Members in skilled nursing facilities
- Members who are developmentally disabled
- Crossover claims for members with Medicare and Medi-Cal

We take this opportunity to notify our contracted ophthalmologists that although your professional services are still reimbursed, eye appliances are no longer covered benefits unless a member falls into the above categories. Pursuant to your Agreement held with CenCal Health, we are providing this written notification of the above changes.

We sincerely hope that you, our providers, continue to help us in our task of ensuring quality health care for residents of Santa Barbara and San Luis Obispo Counties using a system that is publicly governed, non-profit, and directly accountable to the communities it serves. CenCal Health has gone to great lengths over the past five months to shelter our contracted providers from the state budget crisis and benefit reductions and is the last County Organized Health system to pass on these reductions.

If you have any questions regarding these changes, you may contact the Provider Services Department with any questions or concerns at (805) 685-9525, extension 1676.

Sincerely,

A handwritten signature in black ink, appearing to read "Marina Gordon". The signature is written in a cursive style with a large initial "M".

Marina Gordon
Director of Provider Services