

Network Provider Update

To: Medi-Cal network participants

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Subject: Sales tax reminder

In accordance with Medi-Cal billing and reimbursement guidelines, effective **January 1, 2021**, Blue Shield of California Promise Health Plan has been following the Medi-Cal guidelines regarding sales tax for incontinence, medical supplies, and durable medical equipment (DME).

For your reference and convenience, the information below has been excerpted from the Medi-Cal Provider manuals, which may be accessed online at: [Incontinence Medical Supplies \(incont\)](#) or [*Taxable and Non-Taxable Items \(tax\) \(ca.gov\)](#) or [Medical Supplies \(mc sup\)](#)

For medical supplies: Items are reimbursable at the current **provider county** sales tax rate.

- Excerpt from the **mc sup** manual: Sales tax on taxable items, such as medical supplies, is included in the Medi-Cal reimbursement. After the Medi-Cal allowable amount is computed, sales tax, at rates appropriate to the **county**, is added to the reimbursement. The determination of which items are taxable is made in accordance with Board of Equalization rules.

For incontinence supplies and DME: Items are reimbursable at the current **California state** sales tax rate.

- Excerpt from the **tax** manual: Claims for items subject to or exempt from **California State** sales tax must contain the proper HCPCS procedure code and modifier.
- For information about specific taxable and non-taxable items, please refer to [*Taxable and Non-Taxable Items \(tax\) \(ca.gov\)](#) on the Medi-Cal website. Table 1 in this section lists the HCPCS codes that are subject to or exempt from California State sales tax.

Should you have any questions related to Blue Shield Promise billing, please contact Provider Services at **(800) 468-9935** from 6 a.m. to 6:30 p.m., Monday through Friday.