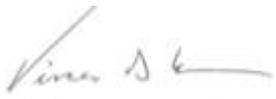




ISSUE DATE September 30, 2011	EFFECTIVE DATE October 3, 2011	NUMBER 99-11-07
SUBJECT Prudent Payment of Claims		BY  Vincent D. Gordon, Acting Deputy Secretary Office of Medical Assistance Programs

IMPORTANT REMINDER: If you submit HIPAA compliant electronic healthcare claim transactions to the department, you need to be prepared for the ANSI X12 v5010 and NCPDP vD.0 upgrades in order to prevent the rejection of your claims. The CMS mandated compliance date for all covered entities to use the new standards is January 1, 2012. For additional information, visit the DPW website at:
<http://www.dpw.state.pa.us/provider/doingbusinesswithdpw/softwareandservicevendors/hipaa5010d.0upgradeinformation/index.htm>

PLEASE NOTE: This Bulletin updates Medical Assistance Bulletin Number 99-06-04, "Prudent Payment of Claims", issued April 1, 2006.

PURPOSE:

The purpose of this bulletin is to notify providers that the Department of Public Welfare (Department) will modify Prudent Payment policies regarding claims billed for the following general types of services: Institutional Inpatient services; Institutional Outpatient Services; Long Term Care services; and Medicare Part A Inpatient Crossover claims.

SCOPE:

This Medical Assistance (MA) bulletin applies to all providers enrolled in the MA Program that render services to MA recipients in the Fee-for-Service delivery system, with an emphasis on those providers billing claims designated with the following MA claim types: *Inpatient*, *Outpatient*, *Long Term Care*; and *Inpatient Crossover*. These services are typically billed on UB04 claim forms. Refer to MAB 99-06-04 regarding the treatment of any claims, in relation to Prudent Payment, not specifically addressed within the content of this bulletin.

COMMENTS AND QUESTIONS REGARDING THIS BULLETIN SHOULD BE DIRECTED TO:

The appropriate toll free number for your provider type

Visit the Office of Medical Assistance Programs Web site at
<http://www.dpw.state.pa.us/provider/healthcaremedicalassistance/index.htm>

BACKGROUND:

Federal regulation at 42 CFR § 447.45(d)(2) (relating to timely processing of claims) sets forth that the Department will pay 90 percent of clean claims (a claim that can be processed without obtaining additional information from the provider of the service or a third party) from practitioners within 30 days of the date of receipt.

In order to comply with payment standards set forth by the American Recovery and Reinvestment Act of 2009 (ARRA), the Department temporarily dropped its threshold on the number of Prudent Pay days for most claims. As a result of ARRA, the Department currently 'holds' clean claims of both practitioners and non-practitioners from a minimum of 11 days up to 18 days from receipt before processing the claims through the weekly Financial Cycle. The remaining days leading up to the 30-day threshold are used to produce a Remittance Advice; to clear the claim for payment; and to have the issued payment mailed or paid via ACH (Automated Clearinghouse). Given that ARRA standards have lapsed and in accordance with Federal regulations, general business standards, and prudent management of the taxpayer's money, the Department will return most non-practitioner claims to a point closer to that of the original Prudent Pay threshold in place prior to ARRA. All practitioner clean claims are to remain at their current Prudent Pay threshold.

Effective October 3, 2011 the Department will begin to augment Prudent Payment thresholds for specified MA claim types rendered exclusively by non-practitioner provider types and specialties enrolled in the MA Program, in a manner consistent with the procedure identified in the following section of this bulletin.

PROCEDURE:

Claims will be processed through the claims processing edits and audits as they are currently. The Prudent Payment process of holding clean claims occurs after the claims have been adjudicated to pay and before the corresponding payment is set to issue as part of the weekly Financial cycle. Only claims to be paid are subject to Prudent Pay provisions. Denied claims are exempt.

The Department will incrementally modify the Prudent Payment threshold of days from (no less than) 11 days to (no less than) 18 days for the four distinct MA claim types listed on the following page. The threshold for other MA claim types will remain unchanged.

The following MA claim types are subject to a modified Prudent Payment threshold:

<u>MA Claim Type</u>	<u>Claim Type Description</u>	<u>Claim Format</u> <small><u>Paper / EDI</u></small>	<u>ICN Batch Range</u>
INPATIENT	Institutional Inpatient Service claims	UB04 / 837-I	311-351
OUTPATIENT	Institutional Outpatient Service claims	UB04 / 837-I	352-401
LONG TERM CARE	Long Term Care Service claims	UB04 / 837-I	402-511
INPATIENT CROSSOVER	Medicare Part A Inpatient Crossover claims	UB04 / 837-I	000-049

For those claim types listed on the preceding page, the Prudent Payment process will be modified in seven monthly increments, beginning with claims received on or after October 3, 2011. The initial monthly increment will hold claims in an adjudicated status for a minimum of 12 days before processing the claim through the weekly Financial cycle. Effective the following month, the second increment will hold adjudicated claims for a minimum of 13 days before processing through the Financial cycle. In the next month, the third increment will hold adjudicated claims for a minimum of 14 days before processing through the Financial cycle. In the fourth month, the next increment will hold adjudicated claims for a minimum of 15 days. In the fifth month, the increment will then hold adjudicated claims for a minimum of 16 days. In the sixth month, the next increment will hold adjudicated claims for a minimum of 17 days. In the seventh month, the final increment will hold adjudicated claims for a minimum of 18 days, where the hold duration is to then remain for specified MA claim types.

The following chart is a schedule of how the change to prudent pay will affect the payment of non-practitioner claim types.

	Claim Received	Financial Cycle	Remittance Advice Date	Payment Date
Current Process - 11 days	10/3/2011	10/15/2011	10/17/2011	10/26/2011
1st Increment - 12 days	10/3/2011	10/22/2011	10/24/2011	11/2/2011
2nd Increment - 13 days	11/6/2011	11/26/2011	11/28/2011	12/7/2011
3rd Increment - 14 days	12/3/2011	12/24/2011	12/26/2011	1/4/2012
4th Increment - 15 days*	2/3/2012	2/25/2012	2/27/2012	3/7/2012
5th Increment - 16 days	3/8/2012	3/31/2012	4/2/2012	4/11/2012
6th Increment - 17 days	4/4/2012	4/28/2012	4/30/2012	5/9/2012
7th Increment - 18 days	5/1/2012	5/26/2012	5/28/2012	6/6/2012
*The month of January was excluded from the schedule in consideration of the Department's upgrade to version 5010 for HIPAA compliancy. Please refer to the notice at the beginning of this bulletin.				

In the scheduling chart above, the column labeled 'Claim Received' reflects the date on which claims received by the Department will first be affected by each monthly, incremental change. The first two rows of the chart illustrate the effect that the Prudent Pay change will have on claim payment. Under the current process in the first row of the chart, claims received by the Department on 10/3/2011 would have appeared on Remittance Advice date 10/17/2011 which corresponds to a payment date of 10/26/2011. As a result of the first incremental change in October reflected in the second row of the chart above, impacted, non-practitioner claims received on 10/3/2011 will instead process as part of the following week's Financial cycle. In accordance with the scheduling chart, all impacted claims received on or after 5/1/2012 will continue to be held at the 18-day Prudent Pay threshold.