AUDIENCE: Direct Service Providers including Consolidated and Person/Family Directed Support (P/FDS) Providers, Administrative Entities (AEs), County Mental Health/Mental Retardation (MH/MR) Programs, and Supports Coordination Organizations (SCOs)

PURPOSE: This Office of Developmental Programs (ODP) Informational Packet is intended to provide notification to the audience above that the “Prudent Payment of Claims” policy will be enforced effective July 1, 2011. Original claim submissions, resubmitted claims and claim adjustments submitted to PROMiSe™ for Consolidated and P/FDS Waiver services with a claim submission date* of July 1, 2011 and forward will be subject to the Prudent Payment of Claims policy.

BACKGROUND:

Beginning July 1, 2009, ODP providers who rendered services in the approved Consolidated and P/FDS Waivers became exempt from the Prudent Payment of Claims policy for a period of two fiscal years. This decision was made in order to give ODP Waiver providers time to adapt to the new prospective cost based system and to ensure their cash flow was maintained by allowing payments to be made weekly for “clean claims”. “Clean claims” refer to claims submitted and processed with no errors.

Informational Packet #017-09 was issued on October 16, 2009. Although this particular communication focused on the different payment timelines for Targeted Service Management (TSM) and SC services, it also indicated that “Beginning July 1, 2011, all ODP waiver services will be subject to the “Prudent Payment of Claims “policy detailed in Bulletin number 99-06-04”. View Medical Assistance Bulletin 99-06-04, issued April 20, 2006, for more details regarding the Prudent Payment of Claims policy.

* The 3rd through 8th digit of the ICN represents the claim submission date.
DISCUSSION:

The Prudent Payment of Claims policy is defined by Federal regulation, 42 CFR Part 447 – Payment for services § 447.45(d). This regulation sets forth that states are permitted to hold payments for the prudent management of taxpayer’s money. Prudent pay impacts the length of time in which a claim is held before it is released to the financial cycle and directly impacts when claim payments are issued.

How does the system determine the length of time a claim should be held for prudent pay?

PROMIsé™ uses the Internal Control Number (ICN) to track the length of time a claim is held for prudent pay. The ICN is a unique 13-digit number that is assigned to each claim when it enters PROMIsé™ and is the identifying means through which each claim is processed, tracked, and reported. The ICN is comprised of multiple components that identify critical information about the claim for Department of Public Welfare (DPW)-defined claims processing. The third (3rd) through eighth (8th) digit of the ICN is called the Julian date and represents the date the claim was submitted to PROMIsé™. PROMIsé™ begins counting prudent pay days using the Julian date found in the ICN as the first day.

A claim will be held for 11 calendar days before it is released from prudent pay. On the 12th calendar day it is released from prudent pay and is available to be processed through the next financial cycle. If a claim has been held for 11 or fewer calendar days when the financial process runs early Saturday morning, it will have to wait until the next financial cycle to be processed, which occurs in 7 more calendar days. Once a claim processes through the financial cycle, the generation of a remittance advice (RA) is initiated and is available in two (2) calendar days. The generation of the RA initiates the release of payment to the provider which occurs 10 calendar days later.

The maximum number of days it could take a claim to go through each step of the process is as follows:

- Up to 19 calendar days from the claim submission date* for a “clean claim” to be released to the financial cycle;
- Up to 21 calendar days from the claim submission date* before the RA is generated; and
- Up to 31 calendar days from the claim submission date* before payment is issued.

The following three examples describe when payment will be issued based on three different claim submission days using the PROMIsé™ internet:

Example 1: If a provider submits “clean claims” on Saturday, then the next time the financial cycle runs (the following Saturday), those claims would have been held for prudent pay for only 8 calendar days and would continue to be held for prudent pay another 3 calendar days, which is a Tuesday. On Wednesday, the 12th calendar day from the claim submission date, these claims would be released from prudent pay and available to process through the next financial cycle, which is in 3 more calendar days on Saturday. In this example, it would be 12 calendar days from the claim submission date* when the claims are released from

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* The 3rd through 8th digit of the ICN represents the claim submission date.
prudent pay, 15 calendar days from the claim submission date\(^*\) when the claims are processed through the financial cycle, 17 calendar days from the claim submission date\(^*\) when the RA is generated and 27 calendar days from the claim submission date\(^*\) before payment is issued.

**Example 2:** If a provider submits “clean claims” on a Monday, the next financial cycle (Saturday) is in 5 calendar days from the claim submission date\(^*\). These claims submitted on Monday would have only been held for prudent pay for a period of 6 calendar days when the financial process runs on Saturday. In order to be released from prudent pay, these claims will be held for prudent pay an additional 5 calendar days (a total of 11 calendar days from the claim submission date\(^*\)) and be released for financial processing the day after (day 12), which is when the next financial cycle runs. In this example, it would be 12 calendar days from the claim submission date\(^*\) when the claims are released from prudent pay, 13 calendar days from the claim submission date\(^*\) when the claims process through the financial cycle, 15 calendar days from the claim submission date\(^*\) when the RA is generated and 25 calendar days from the claim submission date\(^*\) before payment is issued.

**Example 3:** If a provider submits “clean claims” on a Tuesday, the next financial cycle (Saturday) is in 4 calendar days from the claim submission date\(^*\). These claims would have only been held for prudent pay for a period of 4 calendar days when the financial process runs on Saturday. In order to be released from prudent pay, these claims will be held for prudent pay an additional 7 calendar days (a total of 11 calendar days from the claim submission date) and be released for financial processing the day after, Saturday, when the next financial cycle runs. Although these claims were held for prudent pay a total of 11 calendar days the day the financial process runs, they are not released from prudent pay until the 12\(^{th}\) calendar day, Sunday, the day after the financial cycle runs. The claims in this example will have to wait until the next financial cycle to be processed, the next Saturday, which is in 6 more calendar days. In this example, it would be 18 calendar days from the claim submission date\(^*\) when these claims would be processed through the financial cycle, 20 calendar days from the claim submission date\(^*\) when the RA is generated and 30 calendar days from the claim submission date\(^*\) before payment is issued.

The next page contains the approximate timelines associated with claim submission, prudent pay, and the payment schedule for Consolidated (including supports coordination services) and P/FDS claims and TSM services, effective July 1, 2011.

Base claims **do not** process through the financial cycle and **will not** be impacted by prudent pay. There will be no change to the county and provider payment files and they will continue to be generated and available during FY 2011-2012.

If you have questions regarding this Informational Packet, please contact the ODP Claims Resolution Section at: E-mail: [ra-odpclaimsres@state.pa.us](mailto:ra-odpclaimsres@state.pa.us), Phone: 1-866-386-8880

Monday – Thursday 8:30 am - 12:00 pm and 1:00 pm - 3:30 pm

\(^*\) The 3\(^{rd}\) through 8\(^{th}\) digit of the ICN represents the claim submission date.
## PAYMENT CYCLE FOR PRUDENT PAY

**AUDIENCE:** ODP Direct Service Providers, TSM Providers, and SCO Providers

<table>
<thead>
<tr>
<th>Steps</th>
<th>Step Description</th>
<th>Approximate # of Calendar Days</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>Once a claim is submitted via the PROMISe™ Internet application, PROMISe™ assigns an ICN to the claim or claims and processes them immediately (real time). If the claim is submitted as an 837 batch transaction, it may or may not process the same day depending on the volume of batch transactions submitted by other providers that are already waiting to be processed.</td>
<td>1 – 2</td>
</tr>
<tr>
<td>2</td>
<td>Once a claim has gone through claims processing (adjudicated) and has been approved for payment, it gets held for prudent pay for a total of 11 calendar days starting with the claim submission date.</td>
<td>11</td>
</tr>
<tr>
<td>3</td>
<td>12 calendar days from the claim submission date, claims are released from prudent pay and are available to process through the next financial cycle, which may be up to 6 additional days after the claims were released from being held for “prudent pay”. The Financial cycle runs once a week very early Saturday morning.</td>
<td>1 - 6</td>
</tr>
<tr>
<td>4</td>
<td>The Remittance Advice (RA) is generated two calendar days (Monday) after the financial process has run (early Saturday morning).</td>
<td>2</td>
</tr>
<tr>
<td>5</td>
<td>PROMISe™ payments (Electronic Funds Transfers and checks) are released on a Wednesday, 10 calendar days from the day the RA is generated. For providers who typically receive payments via check, time should be added for the check to be delivered to your “Pay to” address through the United States Postal Service.</td>
<td>10</td>
</tr>
</tbody>
</table>

### Approximate number of calendar days it may take to issue payment to the provider from the claim submission date

| Approximate # of Calendar Days | 25 - 31 |