



# MEDICAL ASSISTANCE BULLETIN

COMMONWEALTH OF PENNSYLVANIA • DEPARTMENT OF PUBLIC WELFARE

ISSUE DATE

April 25, 2008

EFFECTIVE DATE

May 1, 2008

NUMBER

99-08-05

SUBJECT

Prudent Payment of Claims - Updated

Michael Nardone, Deputy Secretary  
Office of Medical Assistance Programs

**IMPORTANT REMINDER:** Have you obtained and registered your **National Provider Identifier (NPI) number**? Don't delay! **Payments will deny on May 23, 2008** if you are a health care provider and you have not registered your NPI with the Department of Public Welfare.

## PURPOSE:

The purpose of this bulletin is to notify providers that the Department of Public Welfare's (Department) Prudent Payment of Claims policy will now apply to Intermediate Care Facilities for the Mentally Retarded (ICF/MR), and to update the provider types and provider specialty codes listed on the attached Prudent Payment chart.

**PLEASE NOTE: Medical Assistance (MA) Bulletin Number 99-06-04, "Prudent Payment of Claims", issued April 20, 2006, otherwise remains in effect.**

## SCOPE:

This MA Bulletin applies to all ICF/MR providers enrolled in the MA Program that render services to MA recipients in the Fee-for-Service delivery system.

## BACKGROUND:

Federal regulations at 42 CFR § 447.45(d) (relating to timely processing of claims) set 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) within 30 days of the date of receipt. The practice of paying clean claims within 30 days of receipt, but not sooner, by holding the claim in processing is called "Prudent Payment" and is consistent with general business standards.

The Department implemented the Prudent Payment of Claims policy effective April 1, 2006. Under the Prudent Payment of Claims policy, the Department 'holds' clean claims up to

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 website at [www.dpw.state.pa.us/omap](http://www.dpw.state.pa.us/omap)

21 days from receipt before processing the claims through the weekly Financial Cycle. The remaining 9 days is used to produce a Remittance Advice, to clear the claim for payment and to have the payment mailed or paid via Automated Clearinghouse.

As noted on the Prudent Payment chart attachment to MA Bulletin 99-06-04, the Department implemented Prudent Payment for all providers enrolled in the MA Program who were not already subject to Prudent Payment, with several exemptions including ICF/MR.

Effective May 1, 2008, the Department will apply the Prudent Payment policy to ICF/MR, and has revised the attached Prudent Payment chart to reflect this change.

**PROCEDURE:**

The Department will apply Prudent Payment to ICF/MR claims in a manner that assures claims are paid within 30 days. ICF/MR claims will be processed through the claims processing edits and audits as they are currently. The Prudent Payment process of holding the claims will occur after the claims have been processed and are ready for the Financial Cycle. Only paid claims are subject to prudent pay provisions. Denied claims are exempt.

The Prudent Payment process will be applied to ICF/MR (provider type 03, specialty codes 032, 033, and 039) in 3 monthly increments beginning May 1, 2008. The initial monthly increment will hold clean claims for seven days before processing the claim through the Financial Cycle. The second increment, which will be effective June 2, 2008, will hold clean claims for 14 days before processing through the Financial Cycle. The third increment, which will be effective July 1, 2008, will hold clean claims for 21 days before processing through the Financial Cycle. NOTE: Providers should continue to submit their claims in their normal manner.

An example of how prudent pay will affect the payment of ICF/MR claims:

	<b>CLAIM RECEIVED</b>	<b>FINANCIAL</b>	<b>RA DATE</b>	<b>CHECK DATE</b>
Current process	5/1/2008	5/3/2008	5/5/2008	5/14/2008
1 <sup>st</sup> step – 7 days	5/1/2008	5/10/2008	5/12/2008	5/21/2008
2 <sup>nd</sup> step – 14 days	6/2/2008	6/21/2008	6/23/2008	7/2/2008
3 <sup>rd</sup> step – 21 days	7/1/2008	7/26/2008	7/28/2008	8/6/2008
Thereafter	8/1/2008	8/23/2008	8/25/2008	9/3/2008

Billing instructions to submit a new claim if a submitted claim does not appear on a Remittance Advice within 45 days remain in effect. Providers may contact the appropriate toll free number for their provider type after the claim appears as approved if the payment was not received within 30 days of the date of receipt on the approved claim.

**Attachment:** Prudent Payment Chart