Penalties for Uncorrected Erroneous Encounter Claim Data
Technical Specifications - Contract Year 2016

I. **Purpose.** Hold managed care organizations (MCOs) accountable for correction of managed care encounter claim data found to have errors identified by selected Department of Human Services (DHS) MMIS remark codes. After each of a series of four calendar year (CY) quarters, penalties will be assessed for each uncorrected claim having errors as described in this document.

II. **Penalty Computation.** The MCO shall be given a grace period of one CY quarter, following the end of the quarter in which the claim was processed by DHS (also referred to as ‘Error Submission Quarter’), to correct the claim header or claim line. If the successful correction is not received by DHS within the CY quarter, a penalty of $1.00 will be assessed for the claim header and claim line. If the error is not corrected by the end of the second CY quarter following the end of the Error Submission Quarter, a second penalty of $1.00 will be assessed. The same assessment will be imposed for the third and fourth CY quarters after the Error Submission Quarter.

III. **Assessment Calculation.** For each assessment period, the penalty will be the count of uncorrected headers and lines multiplied by the penalty.

Even though a header or line may have multiple errors, the penalty will be applied once per header or line per assessment period. If a header or line error is corrected and, upon submission to DHS, a new error posts to the claim, the original error will be considered corrected and the clock will reset on the new error using the DHS process date when the new error posted.

IV. **Definitions.**

A. **Error Submission Quarter:** Represents the calendar quarter in which the claim was processed by DHS. “Processed” equals DHS’ “warrant date”. Example: if an encounter was submitted to DHS in early April 2015 and the DHS warrant date is 04/21/2015, the Error Submission Quarter would be the second quarter of 2015. All claims with warrant dates between 4-1-2015 and 6-30-2015 would belong to the second Error Submission Quarter of 2015.

B. **Assessment Periods:** The four CY quarters following the end of the Error Submission Quarter.

C. **Report Deadline Date:** The 21st day of the month following the end of the Error Submission Quarter and the 21st day of the month following the end of each assessment period.
D. DHS Received Date: The date that DHS receives the correction. For use in this assessment, the date will be the julian date in the second through sixth characters of DHS’ Transaction Control Number (TCN) (claim number). Example: DHS TCN 71504700702021346 was received on the 47th day of 2015 (February 16, 2015). This date accurately reflects the date the claim was accepted into MMIS.

E. Error Reference Report (ERR): By the Report Deadline Date, DHS will generate the ERR for the MCOs. This report will be a list of claim headers and lines by Error Submission Quarter where MMIS has identified an error. The report will include error submission quarter, warrant date, MCO internal control number (ICN) and line number, DHS TCN, remark codes and DHS received date for claims considered corrected. All claims from the first ERR will be included on the four subsequent ERRs with the status of corrections, etc. (This is a secondary notification of the disposition of encounter claims as the MCOs will also be receiving their regular remittance advice (RA) throughout the quarter).

- The ERR will be generated and distributed to the MCOs by the Report Deadline Date following the Error Submission Quarter.
- The ERR will be generated by the Report Deadline Date following the end of each of the four assessment periods thereafter.

F. Claim header or line (hereafter referred to as claim): The entity being assessed or penalized can be either the claim header or the claim line, or both. This is determined by where MMIS sets the exception code. There are several remark codes that set at the header and several that set at the line.

- Within any particular claim, the same exception code will never set at both the header and the line.
- The same exception code may set on multiple lines within the same claim.
- The same exception code will not set multiple times within the header, nor will it set multiple times on a given line.
- If there are multiple distinct remark codes that set on the same header or line, all errors on that header or line must be corrected to avoid penalty.

G. Selected Remark Codes: Remark codes included (see Appendix A) in this assessment have been carefully chosen to be those that most reliably set appropriately and offer the least likelihood of dispute. The list of exceptions may change over time as DHS develops new ways of assessing claims in the MMIS system. Remark codes found to be dysfunctional may be removed by DHS at any time and the MCOs will be notified immediately. DHS will provide a minimum of 90 days notice to the MCOs for any remark codes added.

H. Tracking ICN: This is the MCO’s internal control number or claim number that is being corrected. Because many of the MCOs create new ICNs for resubmissions, this new field will allow the MCO to point to the claim being corrected. It will be required as part of the correction. Without it, DHS will not consider claims to be corrected.
The tracking ICN should be sent in loop 2300 in the NTE segment on the 837P, 837I and 837D. On NCPDP the Tracking ICN should be sent in the 316-CG field. The format for the Tracking ICN is C=123456. It needs to be a capital C with an equal sign, followed by the alphanumeric ICN of the claim that is being corrected. There is a 30 character limit in the NCPDP 316-CG field. The tracking ICN should not contain spaces.

I. Declared Exemptions: Lists of claims voided by the MCOs that should not be part of this penalty because the claim should not have been sent to DHS as an accepted encounter. These lists can be sent to DHS as needed via e-mail or Excel in an email. See "Key Provisions" below for more detail regarding declared exemptions.

V. Key Provisions. Penalties will be determined by way of the following premises:

A. Claims with errors as identified using the selected remark codes will be grouped by Error Submission Quarter.

B. Claims found to have errors within the Error Submission Quarter and properly corrected (including the tracking ICN) within the same Error Submission Quarter will be recognized by DHS as corrected within the first CY quarter, and will not be penalized.

- By the Report Deadline Date, DHS will issue the first ERR detailing the claims and lines requiring correction. Claims on the ERR must be corrected prior to the end of the following assessment period to avoid penalty. (No penalty is applied at this point.)

- By the Report Deadline Date following the end of the first assessment period, a new ERR will be issued listing claims that have been corrected (identified by an indicator) from the previous ERR and listing those still needing correction to avoid additional penalty in the next assessment period. (Penalties for the first assessment period are applied at this point.)

- The same process will follow for the second, third and fourth assessment periods.

- Claims can be corrected by submitting a new claim that is identified as MCO denied if the claim has been recouped and the MCO is awaiting a corrected claim from the provider. The new claim that is MCO denied must have a tracking ICN pointing to the error.

- If correcting a claim by submitting an MCO denied claim, a void will be necessary if there were DHS-unedited lines on the original claim that is listed on the ERR.
Example:

- At the end of the first assessment period following the Error Submission Quarter, the MCO will be penalized $1.00 per claim line where the errors were not corrected.
- After the second assessment period, errors that remain uncorrected will be assessed another $1.00.
- After the third assessment period, uncorrected lines will be assessed another $1.00 each.
- After the fourth assessment period, uncorrected lines will be assessed another $1.00 each.

C. Correction timing: The determination of which calendar quarter assessment period a correction falls into is based on the DHS received date of the correction. (See DHS Received Date definition above.) Example: If the DHS received date of the submitted correction falls within the first calendar quarter following the end of the Error Submission Quarter, no penalty will be assessed.

In order that a claim can be removed from the penalty for a given assessment period, the corrected claim or the declared exemption void must be received by DHS prior to the last day of the assessment quarter.

D. Contested Errors: The MCO may contest encounter lines or claims that DHS has identified as erroneous by sending the encounter ICN and a detailed description of the contested encounter lines or claims by e-mail to the EDQU mailbox. If during any of the four assessment periods, the MCO contests an error with DHS and DHS removes the claim from the assessment, the claim will not be penalized at the end of that assessment period. Penalties will not be adjusted retroactively. Contesting errors must be done prior to administration of the penalty.

Example:

- If the MCO wants a claim to be removed from the first penalty, it must contest the assessment prior to the end of the first assessment period following the Error Submission Quarter.
- If not contested in the first assessment period, that claim could be contested and the penalty removed for the second assessment period if contested prior to the end of the second assessment period. The first period’s penalty would still apply.

E. Declared Exemptions: Claims cannot simply be voided to avoid the assessment. MCOs must attest via a declared exemption list those claims being voided that reside on the ERR, unless they intend to resubmit them as corrections. Claims on the declared exemption list will be removed by DHS from the ERR and not penalized.

Please note: This is an auditable list. Claims should only be listed as declared exemptions if they truly do not belong in DHS data. Some examples of these may include:
Claims submitted to DHS as paid claims where the MCO later adjusted them to deny and therefore they should not reside in DHS data as paid or allowed.

Claims that were submitted in error to DHS as paid or allowed claims, later voided by the MCO and no resubmission is planned.

The declared exemptions can be submitted to DHS through the EDQU mailbox by email, either as a list of ICN-line numbers within the body of the e-mail itself, or as an MS Excel attachment. Please do not submit private data unsecured via e-mail. Claim numbers alone are not considered private.

Declared exemptions must be submitted within the CY quarter assessment period or penalties will not be removed until the following assessment period.

F. Declared exemptions are line level entities. Examples:

- In a case where an encounter with three lines having errors, where one of the lines needs to be exempted, the MCO can exempt the one line, void and resubmit the claim with the error line removed, and correct the two remaining lines.

- Or, a claim declared as an exemption may be declared as a whole, the TCN with all lines.

- If a claim header level declared exemption is submitted, the entire claim will be exempted.

G. One claim may be assessed multiple times:

- The header can be assessed if there are errors at the header, along with each line within the claim that has errors. If the claim has five lines, it could be assessed six times, once at the header and once for each of the five lines if there are errors on each.

- A particular line will be assessed for each of the four assessment periods if the error goes uncorrected.

- A claim entity will not be assessed multiple times for errors where multiple remark codes set at the same time on the same header or line. Example: A line of a particular claim that has two of the selected edits that set at the same time will be assessed only one penalty per assessment period. However, both must be corrected to avoid the penalty.
H. A particular line can be assessed again if it was corrected AFTER the first assessment period and another exception code sets and goes uncorrected. However, the clock resets when NEW edits set.

I. Claims excluded from this assessment and penalty include:

- Claims having service-date-from more than 36 months prior to the end of the first assessment period after the Error Submission Quarter
- Claims identified by DHS as duplicates
- MCO-denied claims
- Medicare crossover claims
- Remark Code D248 will be excluded from the penalty when the service-date-from falls within an enrollment span where the individual’s ESPID is either ‘MA02’ or ‘MA17’ (Medicare integrated products)

J. Same claim with same errors submitted multiple times: There are many occasions where MCOs submit the same encounter multiple times, having the same errors. MMIS was designed so it rarely identifies these as duplicates. Therefore, DHS will regard these groups of encounters as multiple errors and each encounter in the group must be dealt with by the MCO individually.

Suggested course of action:

- All of the claims in a group must be voided.
- “Declared exemptions” must be submitted if each of the claims in a group have different MCO ICNs.
- One correction or resubmission (with a tracking ICN pointing to one of the claims in the group) must be submitted.

Example: In this example, all rows are multiple submissions of the same claim with no duplicate edits:

<table>
<thead>
<tr>
<th>MCO ICN</th>
<th>Line number</th>
<th>DHS TCN</th>
<th>Exception Code 2</th>
<th>Exception Code 2</th>
</tr>
</thead>
<tbody>
<tr>
<td>A123456</td>
<td>0001</td>
<td>71500800000000000</td>
<td>D152</td>
<td>D163</td>
</tr>
<tr>
<td>A654321</td>
<td>0001</td>
<td>71502500000000000</td>
<td>D152</td>
<td>D163</td>
</tr>
<tr>
<td>A987654</td>
<td>0001</td>
<td>71510000000000000</td>
<td>D152</td>
<td>D163</td>
</tr>
<tr>
<td>A058963</td>
<td>0001</td>
<td>71518800000000000</td>
<td>D152</td>
<td>D163</td>
</tr>
</tbody>
</table>

In this case, the MCO should void all four ICNs, declared exemptions for all 4 claims should be submitted, then a corrected claim should be submitted with a tracking ICN that points to any one of the four.
**Remark Codes on Which Penalties Will Be Assessed for Uncorrected Claims**

<table>
<thead>
<tr>
<th>Remark Code</th>
<th>Code Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 D124</td>
<td>First DOS missing, non-numeric, or invalid date</td>
</tr>
<tr>
<td>2 D126</td>
<td>First DOS after last DOS</td>
</tr>
<tr>
<td>3 D127</td>
<td>DOS after date processed by DHS</td>
</tr>
<tr>
<td>4 D152</td>
<td>NDC Code missing</td>
</tr>
<tr>
<td>5 D155</td>
<td>Last DOS missing, non-numeric, or invalid date</td>
</tr>
<tr>
<td>6 D163</td>
<td>Line DOS outside header DOS range</td>
</tr>
<tr>
<td>7 D228</td>
<td>Drug quantity missing or zero</td>
</tr>
<tr>
<td>8 D248</td>
<td>DOB does not match DOB on DHS recipient file</td>
</tr>
<tr>
<td>9 D360</td>
<td>NDC code does not follow FDA formatting</td>
</tr>
<tr>
<td>10 D395</td>
<td>PCA First DOS is not equal to Last DOS</td>
</tr>
<tr>
<td>11 D421</td>
<td>PCA treating provider type is a group practice or is not a PCA</td>
</tr>
<tr>
<td>12 D464</td>
<td>PCA units are blank, zero, or indicate greater than 24 hours</td>
</tr>
<tr>
<td>13 D466</td>
<td>MCO paid date is invalid, in the future, missing, or after DOS</td>
</tr>
<tr>
<td>14 D467</td>
<td>MCO paid amount is missing or less than zero</td>
</tr>
<tr>
<td>15 D476</td>
<td>PCA services require professional claim format</td>
</tr>
<tr>
<td>16 D508</td>
<td>MCO paid amounts on lines do not total header paid amount</td>
</tr>
<tr>
<td>17 D727</td>
<td>Encounter ICN is missing</td>
</tr>
<tr>
<td>18 D757</td>
<td>Pay-to or treating ID cannot be a contract, submitter, or pseudo ID</td>
</tr>
<tr>
<td>19 D760</td>
<td>MCO contract ID is invalid</td>
</tr>
<tr>
<td>20 D806</td>
<td>HM segment is missing</td>
</tr>
</tbody>
</table>