

# Arizona Health Care Cost Containment System

**Manual:** Office of Managed Care - Finance  
Policy and Procedures

**Effective Date:** February 1, 1997  
**Revision Date:** November, 2002  
**Reviewed Date:** November, 2002

**Subject:** #304, Claims Processing by Health Plan and Program Contractor Subcontracted Providers

**Authorized Signature:**

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## I. Purpose

This policy applies to all Contractors with subcontracts that require claims and encounters to be adjudicated and paid by or under the direction of a subcontracted provider group.

Per the Acute Care Request for Proposal, Section D, Paragraph 37, Subcontracts, "No subcontract shall operate to terminate the legal responsibility of the Contractor to assure that all activities carried out by the subcontractor conform to the provisions of this contract". Accordingly, AHCCCS holds its Contractors responsible for the complete, accurate, and timely payment of all valid provider claims arising from the provision of medically necessary covered services to its enrolled members regardless of subcontract arrangements.

## II. Definitions

**Timeliness of Payment** - Unless the subcontract specifies otherwise, a contractor shall pay a valid clean claim or provide notice of a denial or a reduction of a claim within the following timeframes:

- 90% within 30 days
- 99% within 90 days

**Timeliness of Claims Submission** - Contractors are not required to pay claims for covered services that are submitted more than six months after the date of the service for which payment is claimed or that are submitted as clean claims more than 12 months after the date of the service for which payment is claimed. For Prior Period Coverage claims, the original submission timeframe is 6 months from the date of eligibility posting and clean claim submissions within 12 months of the date of eligibility posting. However, Contractors may, by contract, require that claims must be submitted or resubmitted within shorter time periods.

**Date of Receipt** - The Contractor's date of receipt of inpatient or outpatient claims is the date the claim was received by the contractor and/or subcontracted provider group responsible for paying claims as indicated by the date stamp on the claim, the claim reference number or the date specific number system assigned by the contractor.

**Subcontracted Provider Group** - Any health plan subcontracted provider, provider group, or provider management company responsible for the coordination of health care service delivery to AHCCCS members.

**Contractor** – Health Plan or Program Contractor contracted to provide services for AHCCCS members.

### III. Policy

1. Contractors shall obtain prior approval from AHCCCS of all subcontracts that call for claims processing to be performed by or under the direction of a subcontracted provider group. All such contracts in place as of the effective date of this policy shall be submitted to the AHCCCS Office of Managed Care for review and approval within 30 days of the effective date of this policy.
2. The Contractor shall ensure they have a mechanism in place to inform providers of the appropriate place to send claims at the time of notification or prior authorization if the provider has not otherwise been informed of such information via subcontract and/or a provider manual.
3. The Contractor shall forward all claims received to the subcontracted provider group responsible for claims adjudication.
4. The Contractor shall require the subcontracted provider group to submit a monthly claims aging summary to the Contractor to ensure compliance with claims payment timeliness standards. The Contractor may consider requiring such reports to be consistent in format with the AHCCCS required reports.
5. The Contractor shall require quarterly financial statements of the subcontracted provider group to be submitted to the Contractor to ensure financial viability of the group. The Contractor may consider requiring such reports to be consistent in format with the AHCCCS required reports. The Contractor shall require a performance bond to be posted by the subcontracted provider (group) unless the contractor can provide AHCCCSA with justification as to why this is not necessary. The amount of the performance bond shall be at least sufficient to cover one month's payments to the subcontracted provider.
6. The Contractor shall monitor the volume of encounters received from the subcontracted provider group so that encounters are forwarded in accordance with AHCCCSA's standards and thresholds.

7. The Contractor shall ensure the subcontracted provider group's remittance advice meets the requirements in the AHCCCS RFP including, but not limited to:
  - The remittance advice shall contain sufficient detail to explain the payment including the composition of the net amount of the payment. In addition, if payment is being denied, there must be sufficient detail to explain the reasons for denial.
  - Provider grievance rights shall be referenced.
8. The Contractor shall provide AHCCCS with a mechanism to request copies of claims necessary for third party recovery performed by the Administration or its designated contractor.
9. The Subcontractor shall adhere to all HIPAA requirements according to public law 107-191, 110 Statutes 1936.

#### **IV. References**

- Acute Care Request for Proposal, issued February 3, 2003, Section D, Paragraph 37, *Subcontracts*
- R9-22-705: Payments by Contractors