

## PROGRAM MANAGEMENT BUSINESS AREA FINANCIAL MANAGEMENT (FI) CHECKLIST

<b>STATE:</b>	<b>DATE OF REVIEW:</b>	<b>REVIEWER:</b>
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### FINANCIAL MANAGEMENT (FI) CHECKLIST

#### FINANCIAL MANAGEMENT (FI) CHECKLIST BACKGROUND

*Background for this checklist:*

1. The criteria in this checklist are mainly based on the MMIS requirements in the State Medicaid Manual (SMM). The MMIS requirements in the SMM have been used for decades of MMIS certification. The language used in the criteria has been modernized to reflect 21<sup>st</sup> century terminology. Additional criteria have been added to align with Industry Best Practices (IBP). Many of these IPB have become standards in most States. If a State requests an IBP function in its RFP or System Requirements Document, it will be considered a requirement to be reviewed during MMIS certification.
2. This checklist is intended to assess the adequacy of the way the MMIS handles the financial side of claims processing.

*Sources for the criteria in this checklist are as follows:*

SMM – State Medicaid Manual, MMIS Section, available from <http://www.cms.hhs.gov/Manuals/PBM/list.asp>, Document 45. The SMM

reference includes the State Buy-In Manual, document number 100-15, available from <http://www.cms.hhs.gov/Manuals/IOM/>

IBP – Industry Best Practices. Items are selected from RFPs for MMISs developed by states and approved by CMS's.

CFR – Code of Federal Regulations, available from <http://www.access.gpo.gov/uscode/title42/title42.html>

HIPAA – HIPAA act, available from

[http://www.cms.hhs.gov/TransactionCodeSetsStandards/02\\_TransactionsandCodeSetsRegulations.asp#TopOfPage](http://www.cms.hhs.gov/TransactionCodeSetsStandards/02_TransactionsandCodeSetsRegulations.asp#TopOfPage)

#### BUSINESS OBJECTIVES

Reference #	Business Objectives	Comments
FI1	Produce Individual Explanation of Benefits (EOB).	
FI2	Ensure that accounts payable and receivable transactions are recognized and posted in accordance with State and Federal regulations.	

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BUSINESS OBJECTIVES		
Reference #	Business Objectives	Comments
FI3	Ensure that all financial transactions related to program delivery are processed as defined by State and Federal regulations.	
FI4	Support management of program funds.	
<i>FISS1</i>	<i>Add State-specific business objectives for the Financial Management business area here.</i>	

FI1 – PRODUCE INDIVIDUAL EXPLANATION OF BENEFITS (EOB)					
Ref #	System Review Criteria	Source	Yes	No	Comments
FI1.1	Provides individual EOB notices, within 45 days of the payment of claims, to all or a sample group of the Beneficiaries who received services under the plan as described in §11210.	SMM			
<i>FI1SS.1</i>	<i>Add first State-specific criteria for this business objective here.</i>				

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<b>FI2 – ENSURE THAT ACCOUNTS PAYABLE AND RECEIVABLE TRANSACTIONS ARE RECOGNIZED AND POSTED IN ACCORDANCE WITH STATE AND FEDERAL REGULATIONS</b>					
<b>Ref #</b>	<b>System Review Criteria</b>	<b>Source</b>	<b>Yes</b>	<b>No</b>	<b>Comments</b>
FI2.1	Updates claims history and on-line financial files with the payment identification (check number, EFT number, warrant number, or other), date of payment, and amount paid after the claims payment cycle.	IBP			
FI2.2	Maintains garnishments and tax levies and assignment information to be used in directing or splitting payments to the provider and garnishor.	IBP			
FI2.3	Maintains financial transactions in sufficient detail to support 1099 and, if the State has elected to do so W-2 and FICA reporting requirements for personal service care providers and providers of services under self-directed care initiatives.	CFR			
FI2.4	Accounts for recovery payment adjustments received from third parties that do not affect the provider's 1099/W2.	CFR			
FI2.5	Provides a full audit trail to the source of general ledger transactions generated by the MMIS or other supporting financial packages.	SMM			
FI2.6	Provides automated processes for performing periodic bank account or fund allocation reconciliations.	IBP			
FI2.7	Maintains a history of claim recovery payments in excess of expenditures and allows distribution to the appropriate parties, including providers, Beneficiaries, or insurers.	SMM			

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**FI2 – ENSURE THAT ACCOUNTS PAYABLE AND RECEIVABLE TRANSACTIONS ARE RECOGNIZED AND POSTED IN ACCORDANCE WITH STATE AND FEDERAL REGULATIONS**

Ref #	System Review Criteria	Source	Yes	No	Comments
FI2.8	Maintains a history of refunds.	SMM			
FI2.9	Withholds the Federal share of payments to Medicaid providers to recover Medicare overpayments.	SMM CFR			
FI2SS.1	<i>Add first State-specific criteria for this business objective here. Example: Maintains all system available data needed for State financial reports.</i>				

**FI3 – ENSURE THAT ALL FINANCIAL TRANSACTIONS RELATED TO PROGRAM DELIVERY ARE PROCESSED AS DEFINED BY STATE AND FEDERAL REGULATIONS**

Ref #	System Review Criteria	Source	Yes	No	Comments
FI3.1	Tracks Medicare deductibles and coinsurance paid by Medicaid for all crossover claims, by Beneficiary and program type.	SMM			
FI3.2	Processes and retains all data from provider credit and adjustment transactions.	SMM			
FI3.3	Produces payment instruments (both warrants and EFT transactions) or transfers payment information to the payment issuing system.	IBP			
FI3.4	Issues a remittance advice detailing claims processing activity at the same time as the payment or payment information transfer.	SMM			

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Ref #	System Review Criteria	Source	Yes	No	Comments
FI3.5	Ensures that the system supports sending electronic claim payment/advice transactions (ASC X12N 835) meeting the standards required by 45 CFR Part 162.	HIPAA			
FI3.6	Provides payment via electronic funds transfer (EFT) as an option.	SMM			
FI3.7	Nets provider payments against credit balances or accounts receivable amounts due in the payment cycle in determining the payment due the provider.	SMM			
FI3.8	Processes voids and replacements for incorrect payments or returned warrants, crediting fund source accounts and creating accounts receivable or credit balances where appropriate.	SMM			
FI3.9	Supports stop payment processes.	IBP			
FI3.10	Allows on-line access to accounts receivable or provider credit balances to authorized individuals.	IBP			
FI3.11	Allows on-line access to remittance advice through a Web-based browser.	IBP			
FI3.12	Provides support for identification and application of recovery funds and lump-sum payments.	IBP			
FI3.13	Identifies providers with credit balances and no claim activity during a state-specified number of months.	IBP			
FI3.14	Notifies providers when a credit balance or accounts receivable has been established.	IBP			

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Ref #	System Review Criteria	Source	Yes	No	Comments
FI3.15	Displays adjustment/void in a separate section of the remittance advice.	IBP			
FI3.16	Allows for withholding of payments in cases of fraud or willful misrepresentation without first notifying the provider of its intention to withhold such payments.	CFR			
FI3.17	Supports refunding of Federal share of provider overpayments within 60 days from discovery of an overpayment for Medicaid services.	CFR			
FI3SS.1	<i>Add State-specific criteria for this objective here.</i>				

**FI4 – SUPPORT MANAGEMENT OF PROGRAM FUNDS**

Ref #	System Review Criteria	Source	Yes	No	Comments
FI4.1	Provides a financial transaction application for processing non-claim specific financial transactions, including payouts, accounts receivable, refund checks, and returned warrants.	IBP			
FI4.2	Supports the process of issuing a manual check, retaining all data required for fund source determination, payee identification, and reason for check issuance.	IBP			
FI4.3	Updates records to reflect the processing of uncashed or cancelled (voided) Medicaid checks. Process replacements for lost or stolen warrants and updated records with new warrant information.	CFR			

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**FI4 – SUPPORT MANAGEMENT OF PROGRAM FUNDS**

Ref #	System Review Criteria	Source	Yes	No	Comments
FI4.4	Processes payments from providers for refunds and updates records as needed. Adjusts 1099/W2 reporting.	CFR			
FI4.5	Allows for history adjustments to claims processing to reflect changes in funding sources and other accounting actions that do not impact provider payment amounts or 1099/W2 reporting.	CFR			
FI4SS.1	<i>Add first State-specific criteria for this business objective here. Example: Supports the export of payment and expenditure data to a Microsoft Excel spreadsheet or other formats specified by the State. Example: Provides payment cycle reports to the State by 8:00 a.m. on the day following the payment processing cycle.</i>				

**FISS1 – ADD FIRST STATE-SPECIFIC OBJECTIVE HERE**

Ref #	System Review Criteria	Source	Yes	No	Comments
FISS1.1	<i>Add State-specific criteria for this State-specific objective here.</i>				