OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

STATE:	DATE OF REVIEW:	REVIEWER:

CLAIMS ADJUDICATION (CA) CHECKLIST

CLAIMS ADJUDICATION (CA) 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 21st century terminology. Additional criteria have been added to align with Industry Best Practices (IBP). Many of these IBP 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 is a generic checklist covering all types of claims submitted by all types of providers with the exception of pharmacy Point of Service (a.k.a., Point of Sale, POS) claims. There is a separate checklist for pharmacy POS claims receipt and adjudication.
3. Unless otherwise stated, criteria apply to all claim types paid by the State Medicaid agency including atypical provider claims.
4. This checklist covers the basic functions of claims adjudication including prior authorization.

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
IBP – Industry Best Practices. Items are selected from RFPs for MMISs developed by states and approved by CMS.
HIPAA – HIPAA act, available from
http://www.cms.hhs.gov/TransactionCodeSetsStands/02_TransactionsandCodeSetsRegulations.asp#TopOfPage

BUSINESS OBJECTIVES

Reference #	Business Objectives	Comments
CA1	Route claims for processing and track claim progress, status, and location.	

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

BUSINESS OBJECTIVES		
Reference #	**Business Objectives**	**Comments**
CA2	Process claim data against defined service, policy, and payment parameters.	
CA3	Validate that claims are from properly enrolled and eligible providers.	
CA4	Validate that claims are for eligible Beneficiaries.	
CA5	Provide for the timely disposition of prior authorization requests.	
CASS1	*Add State-specific business objectives for this checklist here.*	

CA1 – ROUTE CLAIMS FOR PROCESSING AND TRACK CLAIM PROGRESS, STATUS, AND LOCATION					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA1.1	Tracks all claims within the processing period – paid, suspended, pending or denied.	SMM			
CA1.2	Suspends claims with exceptions/errors and routes for correction to the organizational entity that will resolve the exception/error, unless automatically resolved. The organizational entity will resolve the claim based upon the State's criteria.	SMM			
CA1.3	Verifies that suspended transactions have valid error/exception codes.	HIPAA			

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

CA1 – ROUTE CLAIMS FOR PROCESSING AND TRACK CLAIM PROGRESS, STATUS, AND LOCATION					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA1.4	Tracks claims flagged for investigative follow-up because of third party discrepancies.	SMM			
CA1.5	Generates audit trails for all claims, maintains audit trail history.	SMM			
CA1.6	Verifies that all claims for services approved or disallowed are properly flagged as paid or denied.	SMM			
CA1.7	Documents and reports on the time lapse of claims payment, flagging or otherwise noting clean claims (error free) that are delayed over 30 days. (See 447.45 CFR for timely claims payment requirements.)	SMM			
CA1.8	Provides prompt response to inquires regarding the status of any claim through a variety of appropriate technologies, and tracks and monitors responses to the inquiries. Processes electronic claim status request and response transactions (ASC X12N 276/277) required by 45 CFR Part 162.	SMM HIPAA			
CA1.9	Provides claims history for use by Program Management and Program Integrity.	SMM			
CA1.10	Assigns claim status (i.e., approved, denied, pended, rejected) based on the State's criteria.	IBP			
CA1.11	Verifies that claim correction activities have entered only valid override code(s) or manual prices.	IBP			

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

CA1 – ROUTE CLAIMS FOR PROCESSING AND TRACK CLAIM PROGRESS, STATUS, AND LOCATION					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA1.12	Identifies and hierarchically assigns status and disposition of claims (suspend or deny) that fail edits (based on the edit disposition record).	IBP			
CA1.13	Identifies and tracks all edits and audits posted to the claim in a processing period.	IBP			
CA1.14	Provides and maintains, for each error code, a resolution code, an override, force or deny indicator, and the date that the error was resolved, forced, or denied.	IBP			
CA1SS.1	*Add State-specific criteria for this objective here.*				

CA2 – PROCESS CLAIM DATA AGAINST DEFINED SERVICE, POLICY, AND PAYMENT PARAMETERS					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA2.1	Verifies that all fields defined as numeric contain only numeric data.	SMM			
CA2.2	Verifies that all fields defined as alphabetic contain only alphabetic data.	SMM			
CA2.3	Verifies that all dates are valid and reasonable.	SMM			
CA2.4	Verifies that all data items which can be obtained by mathematical manipulation of other data items, agree with the results of that manipulation.	SMM			

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

CA2 – PROCESS CLAIM DATA AGAINST DEFINED SERVICE, POLICY, AND PAYMENT PARAMETERS					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA2.5	Verifies that all coded data items consist of valid codes, e.g., procedure codes, diagnosis codes, service codes, etc. are within the valid code set HIPAA Transactions and Code Sets (TCS) and are covered by the State Plan.	SMM HIPAA			
CA2.6	Verifies that any data item that contains self-checking digits (e.g., Beneficiary I.D. Number) passes the specified check-digit test.	SMM			
CA2.7	Verifies that numeric items with definitive upper and/or lower bounds are within the proper range.	SMM			
CA2.8	Verifies that required data items are present and retained) including all data needed for State or Federal reporting requirements (see SMM 11375).	SMM			
CA2.9	Verifies that the date of service is within the allowable time frame for payment.	IBP			
CA2.10	Verifies that the procedure is consistent with the diagnosis.	SMM			
CA2.11	Verifies that the procedure is consistent with the Beneficiary's age.	SMM			
CA2.12	Verifies that the procedure is consistent with the Beneficiary's sex.	SMM			
CA2.13	Verifies that the procedure is consistent with the place of service.	SMM			

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

CA2 – PROCESS CLAIM DATA AGAINST DEFINED SERVICE, POLICY, AND PAYMENT PARAMETERS					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA2.14	Verifies that the procedure is consistent with the category of service.	SMM			
CA2.15	Flags and routes for manual review claims with individual procedures and combinations of procedures which require manual pricing in accordance with State parameters.	IBP			
CA2.16	Verifies that the billed amount is within reasonable and acceptable limits or if it differs from the allowable fee schedule amount by more than a certain percentage (either above or below), then the claim is flagged and routed for manual review for: ▪ Possible incorrect procedure ▪ Possible incorrect billed amount When too high, possible need for individual consideration.	SMM			
CA2.17	Verifies that the claim is not a duplicate of a previously adjudicated claim (including a prior one in the current processing period).	SMM			
CA2.18	Verifies that the dates of service of an institutional claim do not overlap with the dates of service of an institutional claim from a different institution for the same Beneficiary.	SMM			
CA2.19	Verifies that the dates of service for a practitioner claim do not overlap with the dates of service for another claim from the same practitioner for a single Beneficiary unless the additional services are appropriate for the same date of service.	SMM			

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

CA2 – PROCESS CLAIM DATA AGAINST DEFINED SERVICE, POLICY, AND PAYMENT PARAMETERS					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA2.20	Utilizes data elements and algorithms to compute claim reimbursement for claims that is consistent with 42 CFR 447.	SMM			
CA2.21	Flags for review claims from a single provider for multiple visits on the same day to a single Beneficiary.	IBP			
CA2.22	Verifies that the provider type is consistent with the procedure(s).	IBP			
CA2.23	Flags and routes for manual intervention claims that do not contain prior authorization if the services require prior authorization or require prior authorization after State-defined thresholds are met.	IBP			
CA2.24	Flags and routes for manual intervention claims that fail State-defined service limitations including once-in-a-lifetime procedures and other frequency, periodicity, and dollar limitations.	IBP			
CA2.25	Has the capability to pay claims per capita, from encounter data or fee-for-service.	IBP			
CA2.26	Prices out-of-State claims according to State policy (i.e., at the local rate, at the other State's rate or flags and routes for manual pricing).	IBP			
CA2.27	Records and edits that all required attachments, per the reference records or edits, have been received and maintained for audit purposes.	IBP			

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

CA2 – PROCESS CLAIM DATA AGAINST DEFINED SERVICE, POLICY, AND PAYMENT PARAMETERS					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA2.28	Prices claims according to pricing data and reimbursement methodologies applicable on the date(s) of service on the claim.	IBP			
CA2.29	Deducts Third Party Liability (TPL) paid amounts and Medicare paid amounts, as defined in the State Plan, when pricing claims.	IBP			
CA2.30	Deducts Beneficiary co-payment amounts, as appropriate, when pricing claims.	IBP			
CA2.31	Prices Medicare coinsurance or deductible for crossover claims, depending on State policy, at the lower of the Medicaid or Medicare allowed amount.	IBP			
CA2.32	Prices services billed with procedure codes with multiple modifiers.	IBP			
CA2.33	Edits claims for consistency and payment limitations using the Medicare Correct Coding Initiative or similar editing criteria, based upon the State Plan.	IBP			
CA2.34	Prices claims according to the policies of the program the Beneficiary is enrolled in at the time of service and edits for concurrent program enrollment.	IBP			
CA2.35	Provides and maintains test claim processing capabilities including testing with providers.	IBP			
CA2SS.1	*Add State-specific criteria for this objective here.*				

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

CA3 – VALIDATES THAT CLAIMS ARE FROM PROPERLY ENROLLED AND ELIGIBLE PROVIDERS					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA3.1	Verifies that the provider is eligible to render service(s) during the period covered by the claim.	SMM			
CA3.2	Verifies that the provider is eligible to render the specific service covered by the claim.	IBP			
CA3.3	Verifies that the provider is eligible to provide the specific service covered by the plan to the specific Beneficiary.	IBP			
CA3SS.1	*Add State-specific criteria for this objective here.*				

CA4 – VERIFY THAT CLAIMS ARE FOR ELIGIBLE BENEFICIARIES					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA4.1	Verifies that the Beneficiary was eligible for the particular category of service at the time it was rendered.	SMM			
CA4.2	Flags for review claims, for the same Beneficiary, with a diagnosis and procedure which indicate an emergency that occur within one day of a similar claim from the same provider.	IBP			

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

CA4 – VERIFY THAT CLAIMS ARE FOR ELIGIBLE BENEFICIARIES					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA4.3	Identifies, by Beneficiary, the screening and related diagnosis and treatment services the Beneficiary receives for Early and Periodic Screening Diagnosis, and Treatment, (EPSDT).	SMM			
CA4.4	Routes and reports on claims that are processed that indicate the Beneficiary's date of death for follow-up by the Beneficiary eligibility or Third Party Liability (TPL) personnel.	IBP			
CA4.5	Provides and maintains the capability to monitor services for suspected abusers using a "pay and report", lock-in, or some equivalent system function that will provide reports of the claim activity for these Beneficiaries as scheduled or requested.	IBP			
CA4.6	Provides and maintains the capability to pend or deny claims for Beneficiaries assigned to the Beneficiary lock-in program based on state guidelines.	SMM			
CA4.7	Provides and maintains the capability to edit claims for Beneficiaries in long term care (LTC) facilities to ensure that services included in the LTC payment rate are not billed separately by individual practitioners or other providers.	SMM			
CA4.8	Provides and maintains the capability to process Beneficiary cost sharing (e.g., co-payments, LTC patient liability) on any service specified by the state using a fixed amount or percent of charges.	IBP			

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

CA4 – VERIFY THAT CLAIMS ARE FOR ELIGIBLE BENEFICIARIES					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA4.9	Edits claims for newborns' eligibility based upon State-defined newborn enrollment policies and procedures.	IBP			
CA4.10	Edits for Beneficiary participation in special programs (i.e. waivers) against program services and restrictions.	IBP			
CA4.11	Limits benefits payable by Beneficiary eligibility category or other Beneficiary groupings.	IBP			
CA4SS.1	*Add State-specific criteria for this objective here.*				

CA5 – PROVIDE FOR THE TIMELY DISPOSITION OF PRIOR AUTHORIZATION REQUESTS					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA5.1	Processes and retains all prior authorization request data.	SMM			
CA5.2	Ensures that there is a field for authorization or identification when an override indicator (force code) is used.	IBP			

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

CA5 – PROVIDE FOR THE TIMELY DISPOSITION OF PRIOR AUTHORIZATION REQUESTS					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA5.3	Supports receiving, processing and sending electronic health care service review, request for review, and response transactions required by 45 CFR Part 162, as follows: ▪ Retail pharmacy drug referral certification and authorization ▪ Dental, professional and institutional referral certification and authorization (ASC X12N 278) Optionally, supports Web or Internet submissions or prior authorization requests.	HIPAA			
CA5.4	Enables the prior authorization staff to send requests for additional information on paper or electronically.	IBP			
CA5.5	Supports searching for prior authorizations based on: ▪ Provider name ▪ Provider ID ▪ Beneficiary name ▪ Beneficiary Medicaid ID Number ▪ Date of submission range ▪ Dates of service requested range ▪ Service requested ▪ Status of the request	IBP			
CA5.6	Supports retroactive entry of prior authorization requests.	IBP			

CA5 – PROVIDE FOR THE TIMELY DISPOSITION OF PRIOR AUTHORIZATION REQUESTS					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA5.7	Assigns a unique prior authorization number as an identifier to each prior authorization request.	SMM			
CA5.8	Edits prior authorization requests with edits that mirror the applicable claims processing edits.	IBP			
CA5.9	Establishes an adjudicated prior authorization record, indicating: ▪ Single Beneficiary or Beneficiaries ▪ Status of the request ▪ Services authorized ▪ Number of units approved ▪ Service date range approved ▪ Cost approved ▪ Provider approved (unless approved as non-provider-specific)	IBP			
CA5.10	Edits to ensure that only valid data is entered on the prior authorization record, and denies duplicate requests or requests that contain invalid data.	SMM			
CA5.11	Captures and maintains both the requested amount and authorized amount on the prior authorization record.	IBP			
CA5.12	Provides and maintains the capability to change the services authorized and to extend or limit the effective dates of the authorization. Maintains the original and the change data in the prior authorization record.	IBP			

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST

CA5 – PROVIDE FOR THE TIMELY DISPOSITION OF PRIOR AUTHORIZATION REQUESTS					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CA5.13	Accepts updates from claims processing that "draw down" or decrement authorized services.	IBP			
CA5.14	Uses imaging equipment to capture, store, and retrieve hard copy prior authorization requests and associated documents.	IBP			
CA5.15	Generates automatic approval and denial notices to requesting and assigned providers, case managers, and Beneficiaries for prior authorizations. Denial notices to Beneficiaries include the reason for the denial and notification of the Beneficiary's right to a fair hearing.	IBP			
CA5.16	Provides and maintains a toll free telephone number for providers to request prior authorizations.	IBP			
CA5SS.1	*Add State-specific criteria for this objective here.*				

CASS1 – FIRST STATE-SPECIFIC OBJECTIVE					
Ref #	**System Review Criteria**	**Source**	**Yes**	**No**	**Comments**
CASS1	*Add other criteria based on the APD, RFP, etc., that are relevant to this State-specific objective.* *Example: Apply the claims edits CMS' Correct Coding Initiative (CCI).*				

OPERATIONS MANAGEMENT BUSINESS AREA
CLAIMS ADJUDICATION CHECKLIST