

Medicaid Managed Care Weekly

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Managed Care Plans Must Follow Federal Prompt Payment Standards

Receiving prompt payment of Medicaid claims is important to all Medicaid providers of health care services, and it is an issue in both the fee-for-service and managed care service delivery systems. ODJFS is responsible for paying fee-for-service providers, but Medicaid Managed Care Plans (MCPs) have sole responsibility for ensuring health care providers receive their payments in a timely way.

Oversight of prompt payment for health care claims in Ohio is regulated by the Ohio Department of Insurance (ODI) and ODJFS. ODJFS's oversight is specific to Medicaid payments; whereas, ODI's oversight is within the commercial health care marketplace for other non-Medicaid claims. The state and federal standards for prompt payment are different, and some health care insiders consider the federal standards (from the US Centers for Medicare and Medicaid Services – CMS) more stringent than the standards in Ohio law.

Amended House Bill 66 enacted statutory changes (in Ohio Revised Code sections 5101.93, 3901.38 and 3901.381 to 3901.3814) regarding the standards for what constitutes prompt payment within Medicaid Managed Care. These changes were intended to exempt Medicaid MCPs from federal prompt pay standards and make them subject only to state standards. However, a legal review of the language conducted by both ODJFS and ODI indicated that, due to the way the language was crafted, MCPs would be subject to both state and federal standards.

Because this was not the original intent, the Ohio General Assembly further revised the affected code sections in Amended Substitute House Bill 530, Ohio's Budget Corrections Bill, and instructed ODJFS to seek a waiver from CMS so MCPs would be subject only to state requirements. Upon seeking guidance from CMS, ODJFS was informed that federal prompt pay requirements may not be waived. Therefore, the standards and processes for prompt payment will remain the same as they were prior to the implementation of HB 66 and HB530.

In short, MCPs will still be subject to federal prompt pay requirements. These standards, which apply to both electronic and paper claims, require MCPs to pay 90 percent of all "clean claims" within 30 days of receipt. In addition, 99 percent of such claims must be paid within 90 days of receipt. MCPs are only exempt from this standard if the provider contractually agreed to a different payment schedule.

Ohio Medicaid MCPs were notified of this outcome on December 21st.



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