

## Critical Processes (CPs) - Claims Processing

Revision:

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### **1.0 CLAIMS PROCESSING SYSTEM AND OPERATIONS**

During the period between the date of award and the start of health care delivery (SHCD), the incoming contractor shall, pursuant to an implementation schedule approved by the Defense Health Agency (DHA), meet the following requirements:

#### **1.1 Contractor File Conversions and Testing**

**1.1.1** The incoming contractor shall perform initial conversion and testing of all Automated Data Processing (ADP) files (e.g., provider files, beneficiary history files, and claims history files) no later than 30 calendar days following receipt of the files from the outgoing contractor(s).

**1.1.2** Integration testing will be conducted to validate the contractor's internal interfaces to each of the TRICARE Military Health System (MHS) Information Management/Information Technology (IM/IT) systems. This testing will verify the contractor's system integration, functionality, and implementation processes. The incoming contractor shall be responsible for the preparation and completion of Integration Testing 45 days prior to the SHCD. DHA Test Managers will work with the contractor to plan, execute and evaluate the Integration Testing efforts. The contractor shall identify a primary and a back-up Testing Coordinator to work with the DHA Test Managers. The Testing Coordinator is responsible for contractor testing preparations, coordination of tests, identification of issues and their resolution, and verification of test results. A web application will be available for use by contractor Test Coordinators to report and track issues and problems identified during integration testing.

#### **1.2 Receipt of Outgoing Contractor's Shipment of History Updates and Dual Operations**

**1.2.1** Beginning with the 120th calendar day prior to the start of health care delivery (SHCD) and continuing for the outgoing contractor's completion of claims processing, the incoming contractor shall convert all shipments of the beneficiary and claims history updates from the outgoing contractor(s) within two working days following receipt. These files shall be validated by the incoming contractor before use. Tests for claims and duplicate claims shall be performed within two workdays following conversion. Following the SHCD, these files shall be loaded to history and used for claims processing.

**1.2.2** During the 180 calendar days after the SHCD when both the incoming and outgoing contractors are processing claims, both contractors shall maintain close interface on history update exchanges and provider file information. During the first 60 calendar days of dual operations, the outgoing contractor shall provide beneficiary history updates with each claims processing cycle run. Thereafter, the outgoing contractor shall provide updated history not less than twice per week until the

end of dual processing. The incoming contractor shall assume total responsibility for the maintenance of the TRICARE Encounter Provider Record (TEPRV) beginning with the SHCD. The incoming contractor will coordinate and cooperate with the outgoing contractor to ensure that the outgoing contractor can continue to process claims accurately; conversely, the outgoing contractor has responsibility to notify the incoming contractor of any changes in provider status that they become aware of through their operations.

### **1.3 Processing of Residual Claims**

After 120 days following the SHCD for all claims, the incoming contractor shall process claims received for care that occurred during the outgoing contractor's health care delivery period. (Prior to these dates, any claims received for care that occurred during the outgoing contractor's period, shall be transferred to the outgoing contractor for processing.) In the case of network claims, the incoming contractor shall attempt to obtain any negotiated rate or discount information for reimbursement purposes. If the incoming contractor is unable to obtain this information, the claim shall be reimbursed using standard TRICARE reimbursement methodologies as if no negotiated or discount rates were in effect.

### **1.4 Court-Ordered Restitution**

Occasionally, when a TRICARE beneficiary has been injured as a result of negligent or willful action by a third party, the court having jurisdiction over the third party will order that restitution be made to DHA. Restitution is usually included in the terms of probation and it is the responsibility of the probation officer to assure that restitution is made pursuant to the court's order. The defendant in the action may be allowed to make restitution in monthly payments to the contractor (often through the Clerk of the Court or through the Probation Officer). When restitution is made pursuant to a court order, the contractor shall accept whatever payments are made, and notify the probation officer when a payment is missed. The contractor has no further responsibility for collection. [Chapter 10, Section 3](#) does not apply to court-ordered restitutions. Upon a contractor transition, the court-ordered restitution cases shall be transferred to the new contractor. The incoming contractor shall continue to collect whatever payments are forthcoming and advise the probation officer when a payment is missed.

### **1.5 Final Processing Of Outgoing Contractor**

#### **1.5.1** The outgoing contractor shall:

- Process all claims and adjustments for care rendered prior to the SHCD of the new contract that are received through the 120th day following cessation of the outgoing contractor's health care delivery. Processing of these claims shall be completed within 180 calendar days following the start of the incoming contractor's health care delivery. All claims shall meet the same standards as outlined in the current outgoing contract. Any residual claim received after 120 days shall be forwarded to the incoming contractor within 24 hours of receipt.
- Be liable, after the termination of services under this contract, for any payments to subcontractors of the contractor arising from events that took place during the period of this contract.

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- Process all correspondence, allowable charge complaints, and incoming telephonic inquiries which pertain to claims or services processed or delivered under this contract within the time frames established for response by the standards of the contract.
- Complete all appeal and grievance cases that pertain to claims or services processed or delivered under this contract within the time frames established for response by the standards of the contract.

**Note:** The provisions of this section are applicable to the TRICARE Overseas Program (TOP) except that the requirement for the outgoing contractor to process residual claims and adjustments for 120 days following cessation for health care delivery is waived for the TOP. The outgoing contractor is only required to process claims and adjustments received during its period of service delivery. Processing of all claims shall be completed within 280 calendar days following the start of the incoming contractor's services delivery.

#### **1.5.2 Correction of Edit Rejects**

The outgoing contractor shall retain sufficient resources to ensure correction (and reprocessing through DHA) of all TRICARE Encounter Data (TED) record edit errors no later than 210 calendar days following the start of the incoming contractor's health care delivery.

### **2.0 DHA PERFORMANCE READINESS VALIDATION (PRV)/PERFORMANCE READINESS ASSESSMENT AND VERIFICATION (PRAV)**

During transition, the incoming contractor's performance readiness status regarding claims processing will be subject to PRV/PRAV reviews as described below.

#### **2.1 Claims Processing PRV**

**2.1.1** The contractor shall validate its ability to process all TRICARE claim types with a minimum of a 98% accuracy rate no later than 90 days prior to SHCD. Claims testing shall include multiple claim types that represent a level of complexity involved in claims for TRICARE benefits. Validation shall include claims processing at the operational volume and stress testing at projected claims volumes. The contractor shall provide validation results, to include test scenarios used, to the Government within 10 days following conclusion of the contractor's validation.

**2.1.2** The contractor will validate its ability to provide timely and accurate responses to beneficiary and provider claims customer service inquiries and attest that they meet the following staffing requirements:

- Seventy-five percent (75%) of beneficiary and provider claims customer service staffing hired and trained on provider and beneficiary claims customer service, including internal and external systems interfaces, no later than 90 days prior to SHCD.
- Eighty-five (85%) of beneficiary and provider claims customer service staffing hired and trained on provider and beneficiary claims customer service, including internal and external systems interfaces, no later than 60 days prior to SHCD.

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- Ninety-five (95%) of beneficiary and provider claims customer service staffing hired and trained on provider and beneficiary claims customer service, including internal and external systems interfaces, no later than 30 days prior to SHCD.

**2.1.3** The contractor shall validate it can receive and utilize claims history file transfers from the outgoing contractor no later than 14 calendar days following receipt of the files from the outgoing contractor.

**2.1.3.1** The contractor shall include in its validation process a test of a statistically valid number of records to ensure readability and usability of information. Tests shall include accessibility to records, accuracy of data, and the contractor's ability to use the data to correctly to apply TRICARE policy, such as time or episode limited benefits.

**2.1.3.2** Results must reach a minimum of 98% accuracy no later than 45 days prior to SHCD. The contractor shall provide test scenarios as well as testing results to the Government no later than 45 days prior to SHCD.

**2.1.4** Reimbursement rate system applications validation.

**2.1.4.1** The contractor shall develop tests to ensure reimbursement rate system applications are correctly loaded and functioning properly. Areas tested shall include negotiated network discount rates, non-network rates, and specific reimbursement rates as required by policy (Example: Sole Community Hospitals (SCHs), Low/High-Volume Mental Health Facilities, Partial Hospitalization facilities, etc.). Validation shall include demonstrating a variety of claims scenarios where reimbursement rate system applications are applied.

**2.1.4.2** The contractor shall complete its reimbursement rate system validation no later than 90 days prior to SHCD and provide the Government with validation results, to include test case scenarios used, within 10 days following conclusion of the contractor's validation. If, after review, the Government finds the contractor's testing or outcomes are deficient, the contractor shall submit a detailed mitigation plan no later than 14 calendar days following receipt of the Government's findings.

**2.1.5** Validation that the claims processing system differentiates between beneficiary categories.

**2.1.5.1** The contractor shall validate that its claims processing system clearly identifies and appropriately differentiates between beneficiary categories to facilitate claims processing accuracy by testing a multitude of scenarios with different beneficiary categories (as specified in the TRICARE Systems Manual (TSM)) to ensure appropriate application of cost-shares, co-pays and rates.

**2.1.5.2** The contractor shall complete its system testing no later than 90 days prior to SHCD with a 95% accuracy rate. The contractor shall complete its claims processing system differentiation validation no later than 90 days prior to SHCD and provide the Government with validation results, to include test case scenarios used, within 10 days following conclusion of the contractor's validation. If, after review, the Government finds the contractor's testing or outcomes are deficient, the contractor shall submit a detailed mitigation plan no later than 10 business days following receipt of the Government's findings.

**2.1.6** Claims and TED records systems interface validation.

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**2.1.6.1** The contractor's validation shall include developing and executing tests to validate its claims processing system (Defense Enrollment Eligibility Reporting System (DEERS)/Defense Manpower Data Center (DMDC), Referrals/Authorizations, etc.) can process claims in accordance with TRICARE timeliness and accuracy standards. The contractor's validation methodology shall aggressively test system connectivity of its claims processing system with both internal and external systems in order to ensure timely and accurate processing of claims. Testing shall include responses consistent with production volume as well as stress testing.

**2.1.6.2** The contractor shall complete its system testing with Government interfaces and attest to the contractor's ability to apply information received from DEERS/DMDC (beneficiary eligibility, catastrophic cap (CATCAP), family association, etc.) in a timely and accurate manner, and that they are able to successfully process TEDs prior to moving to a production environment. The contractor shall provide its system test plan to the Government at contract award. Initial testing shall begin no later than three months following contract award, and the contractor's claims/TEDs system interfaces shall be fully operational no later than 60 days prior to SHCD.

**2.1.7** Validation that the contractor's claims processing system accurately and appropriately applies referrals and authorizations.

**2.1.7.1** The contractor's validation shall include demonstrate its ability to integrate its referrals and claims systems with the direct care system through CHCS and/or other Military Treatment Facility (MTF)/Enhanced Multi-Service Market (eMSM). The contractor shall validate that its claims processing system is able to accurately and appropriately transfer and apply information. The contractor shall attest to its ability to achieve a minimum of 98% accuracy in receiving and applying referrals/authorizations information received from MTFs/eMSMs and use this information to correctly process claims.

**2.1.7.2** Communication interface trustworthiness determinations between the contractor and MTFs/eMSMs must be obtained and operational no later than 120 days prior to the SHCD and all validation testing shall be completed no later than 60 days prior to SHCD.

## **2.2 Claims Processing PRAV**

**2.2.1** The contractor shall comply with the Government's approach for assessment and verification of the contractor's performance readiness regarding claims processing as described above. If, after review, the Government finds the contractor's performance readiness for claims processing to be deficient, the contractor must submit a detailed mitigation plan no later than 10 days business days following the Government's findings.

**2.2.2** Specific PRAV activities, assessment techniques, and performance readiness thresholds will be identified by the Government during the Transition Specification Meeting.

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