

**Affected Programs:** BadgerCare Plus, Family Care, Family Care Partnership, Medicaid, SeniorCare, Wisconsin Chronic Disease Program, Wisconsin Well Woman Program

**To:** All Providers, HMOs and Other Managed Care Programs

## Remittance Advice Modified to Reflect Changes to Claim Adjustment Calculations

This *ForwardHealth Update* details modifications to the Remittance Advice to reflect changes in how claim adjustments are calculated.

As a result of provider feedback, ForwardHealth has modified the Remittance Advice (RA). The way claim adjustments and recoupment amounts appear on the RA is changing. Additionally, columns have been added to the Accounts Receivable section of the Financial Transactions/Summary Page.

The information in this *ForwardHealth Update* applies to RAs produced for the following ForwardHealth programs:

- BadgerCare Plus.
- Family Care.
- Family Care Partnership.
- SeniorCare.
- The Wisconsin Well Woman Program.
- Wisconsin Chronic Disease Program.
- Wisconsin Medicaid.

Information in this *Update* will also affect the RAs that state-contracted managed care organizations receive. For information on RAs, providers may refer to the ForwardHealth Provider Portal Remittance Advice User Guide on the Reference and Tools page of the ForwardHealth Portal at [www.forwardhealth.wi.gov/](http://www.forwardhealth.wi.gov/).

### Changes to How Claim Adjustments Are Calculated

Effective for RAs associated with payment dates on and after April 1, 2011, claims will be adjusted by recouping the *entire amount* of the original paid claim and calculating a new payment amount. ForwardHealth will no longer recoup the *difference* — or pay the *difference* — between the original claim amount and the adjusted claim amount. This change applies to claim adjustments that are provider-initiated and those that are system-generated by ForwardHealth.

For the claim adjustment listed on the RA, ForwardHealth will calculate the *difference* between the original paid claim and the new adjusted amount. This difference may show as a negative dollar amount, indicating a reduction in the overall payment for that claim, or as a positive dollar amount, indicating an increase in the overall payment for that claim.

*All* adjusted claims will result in an accounts receivable for the entire amount of the original paid claim (the “mother claim”). The new adjusted claim (the “daughter claim”) will issue payment for the entire new claim amount rather than calculate the net payment — even if there is no difference between the amount of the original paid claim and the new adjusted amount.

The recoupment amounts and the paid claim adjustments will continue to be totaled in the Summary of the RA to balance the net amount.

### **Fields Added to the Accounts Receivable Section**

To assist billing providers in balancing and reconciling their RAs to the payments for the financial cycle, two columns have been added to the Accounts Receivable section of the Financial Transactions/Summary Page:

- The “**Previous ICN**” column shows the prior internal control number (ICN) that corresponds to the claim for which the accounts receivable was established.
- The “**Amount Recouped In Current Cycle**” column, when applicable, shows the recoupment amount for the financial cycle as a separate number from the to-date recoupment amount.

The information in the additional Accounts Receivable fields is detailed separately and is balanced in the Summary section of the RA.

### **Field Renamed in the Accounts Receivable Section**

Additionally, in the Accounts Receivable section, the field header previously titled “Recoupment Amount” has been changed to “Recoupment Amount To Date.”

### **Electronic Transactions**

The changes to RAs outlined in this *Update* will also impact 835 Health Care Claim Payment/Advice (835) transaction payments. Providers should review how their system accepts 835 transactions to ensure they are prepared for modifications resulting from the revisions to the 835.

The changes to RAs do not impact the 820 Payroll Deducted and Other Group Premium Payment for Insurance Products.

The *ForwardHealth Update* is the first source of program policy and billing information for providers.

Wisconsin Medicaid, BadgerCare Plus, SeniorCare, and Wisconsin Chronic Disease Program are administered by the Division of Health Care Access and Accountability, Wisconsin Department of Health Services (DHS). The Wisconsin Well Woman Program is administered by the Division of Public Health, Wisconsin DHS.

For questions, call Provider Services at (800) 947-9627 or visit our Web site at [www.forwardhealth.wi.gov/](http://www.forwardhealth.wi.gov/).

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