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Year 2 Period 1 Revenue Reconciliation Provider Letters Issued

ODP Communication Number: 069-11

AUDIENCE: Waiver Direct Service Providers who participate in the Office of Developmental Programs (ODP) Revenue Reconciliation process

PURPOSE: This ODP communication is intended to inform waiver direct service providers, who participate in the ODP Revenue Reconciliation process, that the individual provider Year 2 Period 1 Revenue Reconciliation letters are expected to be issued Friday, June 3, 2011.

BACKGROUND

Revenue Reconciliation is a process intended to maintain stability in a provider's revenue during the transition to Prospective Payment System (PPS). It also serves to balance rate variances that may occur as a result of the provider specific rate setting methodology. Each quarter, specific data is collected and an algorithm is used to calculate whether an underpayment or an overpayment has occurred during the prior quarter. An underpayment occurs when a provider's revenue is less than the expected revenue while an overpayment occurs when a provider's revenue is more than the expected revenue. An underpayment or overpayment determination is based on a revenue target established by DPW. If an underpayment has occurred, ODP will provide supplemental payments to the provider. If an overpayment has occurred, ODP will initiate a recoupment against the provider. Supplemental payments and recoupments are processed using gross adjustments. Gross adjustments are payments or recoupments made by the Department of Public Welfare, DPW, to the provider that are applied to one or more of the provider's active service locations, each identified by a nine digit Master Provider Index (MPI) number and a four digit service location code.

DISCUSSION:

The Year 2 Period 1 Revenue Reconciliation letters to providers will indicate the total recoupment or payment amount associated with each specific provider for Year 2 Period 1.

Year 2 Period 1 recoupments are expected to begin to be made against claim submissions made Saturday, May 28, 2011 through Friday, June 3, 2011. Year 2 Period 1 Revenue Reconciliation recoupments will be reflected on Monday, June 6, 2011 remittance advices (RAs). If claim submissions made Saturday, May 28, 2011 through Friday, June 3, 2011 are not enough to satisfy your Year 2 Period 1 Revenue Reconciliation recoupment amount, your recoupment balance will continue to be applied against claim submissions that are approved for payment in future financial cycles until the Year 2 Period 1 Revenue Reconciliation recoupment balance has been depleted.

Year 2 Period 1 disbursements (payments) made for Year 2 Period 1 Revenue Reconciliation is anticipated to occur on Wednesday, June 15, 2011.

If you have any questions, please contact your Regional Fiscal Officer.