

Administrative Simplification
Policy Statement

Simplification Area: Managed Care Referrals

Topic: Tolerance Period for Referral Effective Dates

Objective: Reduce a member's risk of financial responsibility for services delivered by a specialist

Establishing a tolerance period around referral effective dates will reduce this administrative burden.

Expected Impact: *Practitioners* – PCP staff spends 15 minutes creating a new referral. Staff in the PCP and Specialists' offices spends 30 minutes to an hour getting a claim reconsidered when it was denied because care was delivered outside of a referral's effective dates. And their cash flow is delayed. On average practitioner staff spends nine hours per month taking care of issues related to/resulting from delivering services outside of a referral's effective dates.

Health Plans – Staff spends five minutes processing a new referral and 15 minutes reconsidering a claim when it was denied because care was delivered outside of a referral's effective dates. On average health plans spend 70 hours per month taking care of issues related to/resulting from services that were delivered outside of a referral's effective dates.

Synopsis:

When referring a managed care patient to a specialist, PCPs must specify a date range in which the referred services must be provided. Ideally, the patient will receive services within this referral date range. However, participating health plans will honor a tolerance period around the referral effective dates.

X-----Before-----*-----*-----After-----X
7 days tolerance **Referral Effective Dates** 15 days tolerance

Background:

For patients covered by managed care products, the Primary Care Provider (PCP) is oftentimes required to notify the responsible health plan of a referral before the patient receives care from the specialist. Occasionally, patient care demands make it difficult for the PCP to notify the health plan of the referral in a timely manner. Submission delays

by the PCP increase the risk that a patient will be financially responsible for a service, for which they would otherwise be covered. To minimize this risk for their members, participating health plans have established a tolerance period around referral effective dates.

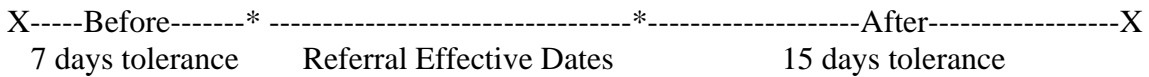
Policy Statement:

For a number of managed care services, PCPs must notify participating health plans when referring patients to another care provider. Notification about a referral must include a date range in which care will be provided. (A start date is required. The start date is specified by the PCP. If an end date is not supplied by the PCP, the health plan will establish the end date according to their individual policies.)

Ideally, the patient will receive services within the referral date range set by the PCP. However, participating health plans will honor a tolerance period around the referral effective dates. Health plans will provide coverage for services delivered to a patient as long as:

- a) The patient has eligibility and benefits at the time of service, and
- b) The services are provided within seven calendar days prior to the start date of the referral and 15 calendar days after the end date of the referral, and
- c) The quantity of services delivered do not exceed the quantity of services specified on the referral, and
- d) The PCP recorded in the patient chart the need for the referral prior to the patient receiving the service from the 'referred to' provider.

Tolerance period:



Tolerance days will not apply to mental health.