KERN HEALTH SYSTEMS POLICY AND PROCEDURES			
Policy Title	Reversal and Reprocessing of Previously Paid or Denied Claim	**Policy #**	6.11-P
Policy Owner	Claims	**Original Effective Date**	01/01/2004
Revision Effective Date	06/21/2025	**Approval Date**	08/1/2025
Line of Business	☒ Medi-Cal ☐ Medicare ☐ Corporate		

I. PURPOSE

To establish claims handling for corrected claim submissions.

II. POLICY

Any previously paid or denied claim that needs to be reprocessed for subsequent necessary adjustments or corrections as a result of retrospective review or complaints and disputes shall be processed under a document number that can be easily identified and linked to the original document number in order to facilitate compliance with regulatory requirements for tracking processing time for claims disputes and adjustments.

III. DEFINITIONS

TERMS	DEFINITIONS
Reversal	The act of backing out the original processing of the claim, up to and including payments.
Corrected Claim	A new claim received to replace a prior claim that was submitted with missing or incorrect information.

IV. PROCEDURES

A. SYSTEM ASSIGNMENT OF CLAIM NUMBERS

Kern Health System's core claims processing system will automatically assign document numbers for reprocessing original claims The system does allow the use of the originally assigned document

number to process any subsequent adjustments or corrections but will add a suffix of A1, A2, etc. for each time the claim is reprocessed to denote the new claim number for adjustment.

B. ASSIGNMENT OF SUBSEQUENT CLAIM NUMBERS

To process an adjustment or a correction to a previously paid or denied claim, the claims adjudicator will process the reversal and/or the adjusted claim using the applicable original claim document number plus an applicable "alpha" suffix number as provided for in the following document numbering assignment structure.

MANUAL DOCUMENT NUMBERING ASSIGNMENT STRUCTURE FOR REPROCESSING AND ADJUSTING CLAIMS PREVIOUSLY PAID OR DENIED

	PAYMENT ACTION/STATUS	DOCUMENT NO.	ADJUSTMENT CODE	PAID DOC. COUNT ACTION	DENIED DOC. COUNT ACTION
1.	ORIGINAL CLAIM PAID IN FULL	ORIGINAL ASSIGNED NO.	BLANK/C CODE	+1	NO
2.	ORIGINAL CLAIM DENIED IN FULL	ORIGINAL ASSIGNED NO.	D CODE	NO	+1
3.	PAYMENT REVERSAL	ORIGINAL NO. +R1	R CODE	-1	NO
4.	CORRECTED PAYMENT	ORIGINAL NO. +A1	C CODE	+1	NO
5.	2ND PAYMENT REVERSAL	ORIGINAL NO. +R2	R CODE	-1	NO
6.	2ND CORRECTED PAYMENT	ORIGINAL NO. +A2	C CODE	+1	NO
7.	3RD PAYMENT REVERSAL	ORIGINAL NO. +R3	R CODE	-1	NO
8.	3RD CORRECTED PAYMENT	ORIGINAL NO. +A3	C CODE	+1	NO

C. DISPUTED CLAIM PROCESS

Use original receive date on claim when re-entered for those claims that were previously underpaid in error. Dispute received date is used when additional information is received to change the determination of handling from the original claim.

D. REPORTS AND QUERIES

All applicable reports and query systems/programs that provide for the counting and reporting the number of claims paid or denied shall be modified in accordance with the document counting scheme indicated in the above table to minimize or avoid distortion of claims volume data and related unit cost and utilization statistics. A previously denied claim will not be reversed by the system and will only create an adjusted "A" claim.

E. EDIT 1111

When a provider submits a corrected claim, but fails to identify it as a corrected claim, QNXT will enter the claim into QNXT as a new claim with edit 1111. The processor will create the reversal and adjustment on the original claim with information from the new claim, and then, deny the new claim number as a duplicate to the adjustment**.**

V. ATTACHMENTS

N/A	

VI. REFERENCES

Reference Type	Specific Reference
Regulatory	DMHC AB1455

VII. REVISION HISTORY

Action	Date	Brief Description of Updates	Author
Revision	2025-06	Annual Compliance Review. Update including version change from 'I' to 'P'.	Robin Dow-Morales Claims
Revision	2017-01	Revised reference from MHC to QNXT. Numbering assignment revised for disputes and other corrected adjusted claims in QNXT.	Trannie Ryan Claims
Revision	2006-01	Requested by Claims Director after internal review of reversed claims.	-
Creation	2004-01	Created to comply with new DMHC regulations for AB1455 effective 01/01/2004	-

VIII. APPROVALS

Committees | Board (if applicable)	**Date Reviewed**	**Date Approved**
Choose an item.		

Regulatory Agencies (if applicable)	**Date Reviewed**	**Date Approved**
Choose an item.		

Chief Executive Leadership Approval *		
Title	**Signature**	**Date Approved**
Chief Executive Officer		
Chief Medical Officer		
Chief Operating Officer		
Chief Financial Officer		
Chief Compliance and Fraud Prevention Officer		
Chief Health Equity Officer		
Chief Human Resource Officer		
Deputy Chief Information Officer		
*Signatures are kept on file for reference but will not be on the published copy		

KERN HEALTH SYSTEMS

Policy and Procedure Review

KHS Policy & Procedure: 6.11-P Reversal and Reprocessing of Previously Paid or Denied Claim

Last approved version: 01/2017

Reason for revision: Compliance with annual policy reviews

Director Approval		
Title	**Signature**	**Date Approved**
Senior Director of Claims		

Date posted to public drive: _____

Date posted to website ("P" policies only): _____