

Requirements for Third Party Liability – Payment of Claims

ODM's TPL program is designed to function primarily as a cost avoidance system. This method was chosen as the most efficient and cost effective option. Claims for medical services, unless excluded by federal law, are cost-avoided when a third party liability policy exists within MITS. Claims paid prior to the third party coverage being entered into MITS are pursued by a vendor for post-payment recovery as described in this attachment.

1. Monitoring provider compliance (42 CFR 433.139(b)(3)(ii)(C)):

The State Plan as referenced herein requires providers to bill third parties. When the probable liability of a third party is established, ODM notifies the provider that the claim was cost avoided due to the existence of TPL. Cost avoided services are identified with an Explanation of Benefits Code which provides the third party payor information that is transmitted to the provider with non-payment remittance advice. Exceptions to this procedure are those claims as specified in 42 CFR 433.139(b)(3)(i) and (ii) and any approved cost avoidance waiver.

If a provider has billed a third party and has not received payment, the provider will be required to submit proof that he or she has attempted to bill the third party three times within a 90 day period and has not received payment. It must be at least 90 days from the date of service before the state will pay. Providers are monitored for compliance with insurance billing requirements through post payment recovery responses by a vendor. If a report of prior payment to either the provider or the insured person is received, the amount paid by the insurer is recouped from the provider. When a Medicaid-enrolled behavioral health agency certified by the Ohio Department of Mental Health and Addiction Services has billed a third party, but the third party has not paid the claim within 30 days, and the provider has verified concerns regarding recipients' access to care, the provider may submit the claim to Medicaid and must include a certification statement that the provider waited 30 days and no response was received from the third party. These claims will be pursued for post-payment recovery by a vendor as described in this attachment until the institution of new contracts subsequent to managed care re-procurement.

2. Guidelines Used to Determine When to Seek Reimbursement from a Liable Third Party (42 CFR 433.139(f)(2)):

a. Health Insurance

For medical claims that were paid by ODM prior to the TPL policy being entered into the eligibility system or MITS, recovery is pursued by a vendor from the provider for amounts greater than \$25 within three years of the claim from date of service. The timeframe is only one year from date of service if the provider would need to bill Medicare.

For medical claims that were paid by ODM prior to the TPL policy being entered into the eligibility system or MITS, recovery is pursued by a vendor from the liable third party payer for amounts greater than \$0.01 within a timeframe of six years of the claim from date of service.

b. Casualty Recovery

ODM uses a \$250 threshold in determining whether to pursue casualty recovery after a liable third party payer has been identified. Personal injury investigative action occurs when hospital bills with trauma diagnoses having billed amounts equal to or greater than \$250 that are

accumulated over a one year timeframe from date of service. Audits of past claim recoveries have shown when a tort case totals less than \$250 and no response has been received from recipient, it is not cost effective to pursue these cases after sending one letter unless recipient or attorney makes contact to the State Medicaid Agency.

3. Dollar amount or timeframe for seeking recovery (42 CFR 433.139(f)(3)):

Health insurance recovery action on claim types likely to be covered by insurance occurs when payments made by the ODM are greater than \$0.01.

Personal injury investigative action occurs when hospital bills with trauma diagnoses having billed amounts equal to or greater than \$250 that are accumulated over a one year timeframe from date of service. Investigative resources which would be required to pursue smaller bills can be used more productively to carry out tasks that yield much higher rates of return.