

Rule No. 560-X-20-.02. Third Party Cost Avoidance and Recovery

(1) General

(a) All providers must file claims with a third party as specified by this rule.

(b) Providers should not file with Medicaid until the third party responds with a payment or denial.

Exceptions: Providers may file Medicaid and Medicare simultaneously if the Medicare intermediary crosses over claims to the Medicaid fiscal agent. Providers may also file Medicaid prior to actual payment being received from a third party when the benefit is paid on a "set fee per day basis"; however, the provider must indicate the amount to be paid by the third party on the Medicaid claim.

~~(b) Providers must file claims with a primary third party within sufficient time for the third party to make payment. If the provider has difficulty obtaining a response from the third party or with the processing of Medicaid claims due to Third Party procedures, the provider should contact the Third Party Division, Alabama Medicaid Agency.~~

~~(c) An aged, outdated claim which is timely submitted to Medicare or another third party must be received by the fiscal agent within one hundred twenty (120) days of the notice of the disposition of such claim to the provider.~~

~~(d) Providers cannot file with Medicaid until the third party responds. Exception: Providers may file Medicaid and Medicare simultaneously if the Medicare intermediary crosses over claims to the Medicaid fiscal agent.~~
(c) Providers must file claims with a primary third party within sufficient time for the third party to make payment. If the provider has difficulty obtaining a response from the third party or with the processing of Medicaid claims due to Third Party procedures, the provider should contact the Third Party Division, Alabama Medicaid Agency.

(d) An aged, outdated claim which is timely submitted to Medicare or another third party must be received by the fiscal agent within one hundred twenty (120) days of the notice of the disposition of such claim to the provider.

(2) Health Insurance Resources

(a) Cost Avoidance - Medicaid requires All providers (except as excluded through HCFACMS - approved cost avoidance waivers or those excluded from cost avoidance requirements by federal regulations) are required to file for and obtain available third party health insurance benefits or a valid denial for all services, except those excluded from cost avoidance requirements by federal regulations. Cost avoidance is a way to ensure that Medicaid is the payer of last resort.

~~(b) Pay and Chase - Claims for services exempted by federal regulations from cost avoidance will not be denied by Medicaid due to available third party resources when the provider does not file with the third party. Such claims will be filed with the third party by the Medicaid Agency which will seek reimbursement of its payment from the third party. Pay and Chase occurs when the Alabama Medicaid Agency pays providers for submitted claims and then attempts to recover payments. This may be done through post payment billing to the third party insurance or through recoupment of Medicaid payment from the provider who must then file with the primary payer. Medicaid recoups certain claims from the provider when the insurance carrier requires additional medical information that Medicaid cannot provide or when Medicaid pays for medical services under a managed care/global rate, for example: Maternity Waiver~~

services. Alabama Medicaid will pay and chase claims when TPL insurance is identified after payment of claims.

~~(e) HCFA has approved a cost avoidance waiver for prescription drug claims; therefore, pharmacy providers are required to file for third party health insurance benefits prior to filing Medicaid only when~~

~~1. the recipient is covered through a prescription drug plan of an employer group health insurance program. (See Rule No. 560-X-20-01.); or~~

~~2. the recipient's prescriptions are covered by the Veterans Administration.~~

(3) Casualty and Other Third Party Resources

(a) All providers are required to file for liability insurance and other third party benefits ~~if~~ when the recipient is insured with the plan ~~as well as~~ and/or the recipient is eligible for worker's compensation benefits.

(b) The Third Party Division, Alabama Medicaid Agency, will file for third party benefits in situations where there is a third party other than the recipient's Health insurance and an injury is involved. Medicaid will file for casualty related resources to insure that all related medical care paid by Medicaid will be considered in a settlement. Therefore, once a provider has filed a claim with Medicaid on a casualty/litigation case, the provider cannot submit an adjustment request to Medicaid's fiscal agent in order to bill the liability insurance. Once a claim has been paid by Medicaid, Medicaid has a subrogation interest with the liable third party.

(c) In the case of a recipient who receives medical assistance through a managed care organization, the amount used in Medicaid's subrogation claim shall be the amount the managed care organization pays (if available) for medical assistance rendered to the recipient or the amount captured through encounter data that represents the amount Medicaid would have paid if fee for service.

(ed) If a provider files with a third party resource other than the recipient's own insurance, the provider must notify the Third Party Division, Alabama Medicaid Agency, within five days of filing with the third party.

(4) Credit Balances

(a) Credit balances owed to Alabama Medicaid occur when a provider's reimbursement for services exceeds the allowable amount or when the provider receives payments from multiple parties for the same service. Any credit balance resulting from an excess payment, as a result of patient billing or claims processing error, must be conveyed to the Alabama Medicaid Agency.

(b) A provider must refund to Alabama Medicaid any overpayments, duplicate payments, and erroneous payments which are paid to a provider by Medicaid as soon as the payment error is discovered.

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Authority: 42 CFR Section 432 & 433; Section 1902(a)(25), Social Security Act; 22-6-6 of 1975 Code of Alabama; 42 CFR Section 447.45; Title XIX, Social Security Act.

History: Rule effective October 1, 1982. Amended March 11, 1985, April 11, 1986, May 11, 1987. Effective date of this amendment January 13, 1993. Amended: Filed November 18, 2014.