

## 5. Third Party Resources (Section 14.0 Third Party Resources)

We have a specialized team and formalized policies, procedures and systems dedicated to third party liability (TPL) identification, validation and recovery. This concerted effort — which includes requiring full participation from our subcontractors — is designed to verify the Commonwealth is the payer of last resort for all covered services. Our proven processes and procedures allow us to carry out TPL discovery, cost avoidance and recovery activities effectively. Our experienced TPL staff provides careful oversight and thoroughly researches and tracks any indication of other third-party coverage.

Our coordination of benefits (COB) resolution process and dedicated team is in place primarily to validate that our Medicaid enrollees are not held fiscally responsible, and the COB specialists continue to follow any submitted issues until completion and resolution.

Our approach complies with Attachment C – Draft Medicaid Managed Care Contract, Section 14.0 Third Party Resources. This response provides a detailed overview of our approach to identifying third-party resources from all sources, and recovering costs appropriately from those resources, including avoiding costs up front. We are committed to providing our Commonwealth enrollees with effective cost avoidance and recovery services. In fact, ***in 2018 across all our Medicaid businesses, we achieved more than \$2.65 billion in cost avoidance savings from our efforts to identify and access TPL.*** As an example, based upon our historical data, we have achieved an average per enrollee per month cost savings of \$100 for TANF populations.

In terms of COB, we identify overlapping coverage through a variety of information resources, including eligibility data, enrollee communications, claims and prior authorization data. We have direct eligibility file connections with CMS that allow us to match our membership to identify enrollees with Medicare primary coverage. Over the last decade, we have built a suite of sophisticated algorithms to identify enrollees with other possible coverage through our claims and demographic data.

We comply with state and federal mandates regarding claim types that are exempt from COB/TPL denials. Instead, we pay these claims as primary and turn them over to our audit recovery operations team for COB recovery. Claim types exempt from COB/TPL denials include the following: Health Check EPSDT, prenatal services, claims resulting from a medical emergency, and other state or federally mandated exceptions. We automatically approve these claims; we then reimburse the provider and bill the correct third-party payer to seek recovery for the amount paid.

Our TPL staff makes every reasonable effort to determine the legal liability of third parties to pay for services rendered to our Medicaid enrollees. We assume responsibility for all TPL requirements as required by federal and state laws and proactively seek out primary payers through regular and consistent communication with providers.

The most effective TPL approach is cost avoidance, which rejects claims that should be covered by other available resources prior to payment when no evidence of EOB from primary carrier is attached. Our procedures confirm that other responsible payers are identified, verified and recorded in our claim system prepayment to make certain we are the payer of last resort. Enrollees' other coverage is identified through enrollee and provider notification, claim indicators, direct eligibility matching with other payers and a suite of identification services from TPL vendors. Once we identify TPL and verify it directly with the other payer, we determine whether to avoid or coordinate the costs for services with the liable third party. If we cannot

establish timely TPL, we adjudicate the claim and pursue post-payment recovery, as appropriate.

We will provide all TPL information in formats and mediums prescribed by DMS. Our encounter data includes collections and claims information, and retrospective findings via encounter adjustments. At the request of DMS, we can provide information that is not included in encounter data but may be necessary for the administration of TPL activity (e.g., casualty and estate recoveries). We will submit a monthly COB report for all enrollee activity and a report that includes subrogation collections from auto, homeowners, or malpractice insurance or other. We will respond to enrollee and provider requests for COB or TPL updates according to the following timelines: for urgent requests, within 48 hours; or for routine requests, within 3 business days.

## Cost-avoidance Process

We have extensive experience coordinating benefits and thoroughly understand the coverage rules of other payers. Our robust COB program is built upon organizational expertise, knowledgeable staff and an understanding of the financial and regulatory importance of COB/TPL activities, specifically for Medicaid plans. With extensive edits engineered to verify payments are not remitted on provider claims for non-covered services, our claims processing system, CSP, is our primary cost-avoidance mechanism. Additional edits automatically deduct the enrollee's cost-sharing obligation from our provider payment. Additional cost-avoidance techniques include:

- **TPL Data Collection and Validation:** Our COB team validates each unverified TPL lead we receive from providers, enrollees or DMS. Once we receive DMS's TPL file, validation and confirmation methods of third-party resource and payment information include Explanation of Benefits (EOB) received with claims, outbound calls to referenced carriers, the Council for Affordable Quality Healthcare COB Smart Utility, web-based eligibility tools and online verification systems, and coordination with other payers.
- **TPL Documentation:** Our COB team enters pertinent enrollee TPL information in CSP, our claims platform, with a COB indicator, policy number, group number and effective and/or term dates.
- **COB with Third Parties:** CSP filters and edits enable COB with a variety of payers, including Medicare, Special Needs Plans, Medicare Advantage Plans and Medicaid crossover claims through the Coordination of Benefits Agreement. We also coordinate benefits with auto insurance and commercial health insurance carriers.
- **Cost Sharing:** Any copayment, coinsurance or deductible required by the primary payer is paid in full up to the allowed amount based upon the contract requirements, or the lesser of the other carrier's allowed amount or the Medicaid allowed amount. We will reject the claim and instruct the provider to pursue payment from the other payer, unless a claim meets Pay and Chase criteria, or if we receive a claim with the primary carrier's EOB.

## Subrogation Activities

Subrogation activities, conducted by our affiliate subcontractor OptumInsight, recover medical benefit payments when the treatment was the result of an accident caused by a third party, or the payment is the responsibility of another accident insurer. When costs cannot be avoided and another party is responsible for payment of covered services, recovery is pursued from the enrollee's attorney or from the responsible carrier through the legal rights of subrogation and reimbursement, the enforcement of workers' compensation benefit exclusions and coordination

of benefits with auto insurance policies. The subrogation services team conducts data mining activities on a regularly defined schedule to identify enrollees who have accident-related diagnosis codes in their medical claims data files. Once identified, we use external accident databases to identify if any accident claims have been filed. If we do not receive any accident claim matches, we will contact those enrollees for more information about their cases. If we are initially unable to reach an enrollee, we continue to follow up every 45 days, making up to three separate attempts. Subrogation activities include:

- Identifying accident claims
- Thoroughly investigating to determine facts surrounding a case
- Identifying all potential sources of recovery
- Asserting our enrollees' legal rights of subrogation or reimbursement
- Recovering paid claims resulting from accidents, such as motor vehicle accidents, occupational injuries, property liability, product liability, malpractice or others
- Consulting on subrogation program performance
- Providing legal subrogation support and litigation, when necessary

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