



Section: Third Party Liability

6.6 Billing Medicaid after Receiving a Third Party Payment or Denial

After receiving payment or denial from all third party sources, the provider is required to file a claim with the Medicaid fiscal agent. The amount of third party payment must be indicated in the appropriate claim field, indicated in the table shown in Section 6.1 of this handbook. The claim is processed and Medicaid either pays the balance due on the claim (the total Medicaid payment amount less the third party payment amount) or makes no additional payment if the third party payment is equal to or greater than the total amount due from Medicaid. In either situation, the beneficiary's history of services is updated.

In the event the third party amount is less than 20 percent of the provider's charges, the provider must attach the Explanation of Benefits (EOB) from the third party source that lists the TPL amount. Even when it is necessary to attach the third party EOB that lists the third party payment, the third party amount must still be written in the appropriate field on the Medicaid claim form. If the third party amount is less than 20 percent of the billed charges and no attachment is included, the claim will be returned to the provider requesting verification of the third party amount. If no response is received within the 20 day allotted response period, the claim will be denied. After denial, the provider must resubmit the denied claim including the appropriate EOB.

If the third party denies the claim because: (1) the service is not covered by insurance, (2) insurance benefits have been exhausted, or (3) insurance coverage has expired; the provider must attach a copy of the denial EOB or denial letter to the Medicaid claim. The claim will be processed according to Medicaid payment policies. The third party resource file is updated appropriately.

All claims billed with third party denials may be billed either as a hardcopy or submitted electronically, with attachments, through the web portal.

If a claim is filed with the third party source as listed on the payment register and a denial is received as either service not covered, benefits exhausted, or coverage expired, submit the claim to the Medicaid fiscal agent with the denial EOB attached. The third party resource file is updated as appropriate. The claim is denied if a Medicaid claim is filed without a TPL amount, without the TPL insurer's denial EOB, without the NCPDP override code, and the Medicaid TPL file indicates that the beneficiary is covered for the services billed on the dates of service listed on the claim. The provider's payment register will indicate the name, address, and policy number of the third party source of coverage. The provider should submit the claim to the third party source.

The exceptions to the requirement for filing with the third party source prior to filing with Medicaid are found in this section under "Exceptions to Cost Avoidance and Casualty Cases".

The following are examples of reporting scenarios for TPL payment.

Scenario 1:	
Often the contractual amount sometimes referred to as “provider write-off”, “contractual adjustment”, “Contractual write-off” or “PPO discount, will be indicated on the TPL EOB. However, if not specifically stated the amount can be calculated by subtracting the allowed charge from the total charge.	
Example:	
\$56.00	Billed Charge
<u>(54.09)</u>	Allowed amount
\$ 1.91	Contractual amount
\$ 1.91	Contractual Amount
<u>30.00</u>	Payment Amount
\$31.91	TPL amount to be shown on claim

Scenario 2:	
If the contractual amount indicated is positive, the TPL amount shown on the claim should be the sum of the actual payment and the contractual discount.	
Example:	
\$ 540.54	Contractual amount
<u>\$1,569.96</u>	Payment amount
\$2,110.50	TPL amount to be shown on claim

Scenario 3:	
If the contractual amount indicated is negative or a zero payment, the TPL amount shown on the claim should be the stated payment amount.	
Example A:	
(\$1,065.99)	Contractual Amount
<u>2,142.36</u>	Payment amount
\$2,142.36	DO NOT SUM AMOUNTS
Example B:	
\$ 65.99	Contractual amount
<u>0.00</u>	Payment Amount
\$ 0.00	TPL amount to be shown on claim