6.9 Exceptions to Cost Avoidance and Casualty Cases

Federal law requires that in all instances, other than those outlined below, Medicaid must use the cost avoidance claims payment procedure. "Cost avoidance" means the Medicaid agency pays claims involving third party liability only to the extent Medicaid's established reimbursement exceeds the amount paid by the third party. To protect the rights of DOM, the provider must file with the third party source before filing with Medicaid.

DOM is required to reimburse the practitioner for certain covered services prior to billing the third party source, and then pursue recovery of Medicaid payment. Those services include:

1. pregnancy related services for women (prenatal, labor and delivery, and postpartum),

2. preventive pediatric services (including EPSDT services), and

3. covered services furnished to an individual on whose behalf child support enforcement is being carried out by the state Title IV-D program.

Claims submitted for pregnancy related services and/or preventive pediatric services must be submitted on separate claim forms.

Claims submitted for inpatient and outpatient hospital charges for labor and delivery and postpartum must be cost avoided. By law, all other hospital claims are excluded from the above exceptions. Hospital claims must be filed with the third party prior to billing Medicaid.

Claims submitted for individuals for whom child support services are enforced by the state's Title IV-D program will pay without any additional coding by the provider. The Medicaid third party record contains the necessary coding that allows these claims to bypass third party edits. The Title IV-D program for Mississippi is managed within the Department of Human Services (DHS).
Pharmacists must pursue any third party benefits to the extent of the paid drug claims except for covered services furnished to an individual on whose behalf child support enforcement is being carried out by the state Title IV-D program.

The exceptions to cost avoidance listed above do not relieve the provider from notifying the DOM, Office of Recovery of possible third party liability as a result of casualty cases. In casualty cases involving the treatment of injuries arising out of vehicular collision, industrial accident, product liability, malpractice cases, etc. in which collection from the third party may be contingent upon legal action, the provider is authorized to submit claims immediately to the Medicaid fiscal agent. At the time the claim is submitted, the provider is obligated to notify the Bureau so that the collection of DOM's claim against the identified third party or parties can be pursued. The notice should contain the beneficiary's name and Medicaid ID number, the name and address of the potentially liable third party, the date and nature of the accident, and a copy of the claim submitted to the Medicaid fiscal agent. Once Medicaid has paid, the provider is not permitted to recoup from the beneficiary or the third party the differences between the provider's billed charges and the amount paid by the Medicaid agency.

If the provider elects not to bill the Medicaid agency in casualty cases, the provider may seek recovery

of the full charges against the potentially liable third party. Should the provider elect to pursue the collection of the claim directly against the legally liable third party unsuccessfully and the Medicaid agency pursues the collection of all other claims against the legally liable third party, the provider is not then authorized to make claim against DOM or the beneficiary for the services rendered on behalf of the injured Medicaid beneficiary.