

# Pharmacy Point of Sale - Cost Avoidance Billing MS Medicaid Secondary



MISSISSIPPI DIVISION OF  
**MEDICAID**

Effective October 1 2004, pharmacy providers will be required to bill prescription claims to private third party insurance carriers for those beneficiaries covered by both Medicaid and other third party insurance.

## MS Medicaid Electronic Billing Procedure for Cost Avoidance

Pharmacy sends electronic claim to fiscal agent and it is rejected with NCPDP Reject Code "41" - "Submit Bill to Other Processor or Primary Payer". The text of the rejection message (NCPDP Field 504-F4) will also state the Third Party payer information including name, address and telephone number. Pharmacy sends claim to Third Party Payer.

- A. **Third Party Payer pays 100% of the Medicaid allowable charge**- Claim may be resubmitted to Medicaid but no payment will result.
- B. **Third Party Payer pays less than 100% of the Medicaid allowable**- Claim should be resubmitted to Medicaid as a secondary claim with the following applicable NCPDP "other coverage" code:
  - i. **02 = Other Coverage Exists** – Payment Collected (Ex: Third party payer pays all or part of the claim)
    - a) **Enter '02' in 'Other Coverage Code' Field** (NCPDP field 308-C8- Other Coverage Exists- Payment Collected)
    - b) **Enter the total amount paid by Third Party Payer in the "TPL Amount Paid" Field** (NCPDP Field # 431-DV -'Other Payer Amount Paid')
    - c) **Submit secondary claim to Medicaid fiscal agent for the full usual and customary amount. DO NOT SUBMIT COPAY AMOUNT ONLY.**
    - d) Resulting payment will be Medicaid allowable minus TPL Amount Paid.

**Other coverage code '02' (308-C8) will require a TPL amount (431-DV) greater than \$0.00.**

Example of claim submission to Medicaid **AFTER PRIMARY INSURANCE has been billed**:

1. Claim Submitted to BCBS with a total submitted Charge of \$200.00 (Usual and Customary)
2. Blue Cross Blue Shield Pays Pharmacy \$100.00 and receipt states that Patient must pay \$80.00 copay.
3. Submit Secondary claim to Medicaid with a **TOTAL Charge of \$200.00**
4. **Enter a '02' in the "Other Coverage Code" field** (NCPDP 308-C8)
5. **Enter \$100.00 in the 'TPL AMOUNT PAID' (amount PAID by primary insurance) in field (NCPDP 431-DV). Do NOT bill only the copay amount to Medicaid.**

- C. **Third Party Payer sends back a \$0.00 Paid Amount\*** (Rejection or Denial)  
**Enter applicable other coverage code '01', '03', or '04' and enter \$0.00 in the 'TPL Amount Paid' field (431-DV) -this field is optional when Field #308-C8 'Other Coverage Code'= 01, 03 or 04**
  - i. **01= No Other Coverage Exists** (Ex: Claim denies due to coverage expired)  
**Beneficiaries whose data on file with Medicaid indicates other third party coverage OR beneficiaries whose data on file indicates no other coverage, but provider is aware of other insurance coverage** > Provider must report the beneficiary's other insurance to Medicaid by using the Insurance Update Form: <https://medicaid.ms.gov/wp-content/uploads/2017/05/ReportingInsuranceUpdate.pdf>

- ii. **03= Other Coverage Exists**-Claim Not Covered (Ex: Claim denies due to non-coverage of drug by insurance and drug is covered by Medicaid)

Examples include:

1. Other insurance company is a mail order only company.
2. Other insurance requires prior authorization for claim submitted. The prior authorization process should be initiated by the provider. Should the access of the beneficiary's prescription be delayed due to this process, the pharmacy may submit the claim to Medicaid. Once the prior authorization is acquired, the claim **must** be reversed then coordinated with the insurance carrier.

- iii. **04= Other Coverage Exists**-Payment Not Collected (Ex: Third party pays nothing on the claim, but applies charges to a deductible)

Examples include:

1. Beneficiary has insurance coverage (ex: 70-30), which requires the beneficiary to pay for the prescriptions, then the insurance company would reimburse the beneficiary a certain percentage of the claim.
2. Pharmacy submits claim to other payer. The beneficiary must meet a deductible before benefits pay for pharmacy claims. The other payer applies the claim to the beneficiary's deductible for the other insurance. The provider then submits the usual and customary charge to Medicaid.

- a) Submit claim to Medicaid fiscal agent
- b) Resulting payment will be Medicaid allowable

\*Valid Values for 'Other Payer Reject Codes' (Field # 472-6E) received from primary insurance are:

40= Pharmacy Not Contracted with Plan on Date of Service	69= Filled After Coverage Terminated
65= Patient is Not Covered	70= Product/Service Not Covered
67= Filled Before Coverage Effective	73= Refills are Not Covered
68= Filled After Coverage Expired	76= Plan Limitations Exceeded

- iv. **05=Managed Care Plan Denial** – Not an acceptable value
- v. **06= Other Coverage Denied** - Not an acceptable value
- vi. **07= Other Coverage Exists** - Not an acceptable value
- vii. **08= Billing for Copay** - Not an acceptable value

Pharmacy providers who submit their claims through the point of sale (POS) electronic system are not required to submit third party explanation of benefits (EOB) documents. However, federal and state laws require that documentation be kept to support services billed.

*These records and supportive materials must be available upon request to the Division of Medicaid upon request.*

**Provider must report the beneficiaries' other insurance to Medicaid. Changes in beneficiaries' insurance coverage should be reported to MS Medicaid Office of Recovery.**

- **Mail: Office of Recovery, Walter Sillers Building, Suite 1000, 550 High Street, Jackson, MS 39201**
- **Fax: 601-359-6632 (PREFERRED METHOD)**
- **Questions about Third Party Recovery or changes in beneficiaries' insurance coverage call 601-359-6095**

Providers may use the [Report Third Party Insurance Form](#) to notify the Office of Recovery of changes in third party insurance coverage.

**Remember, Medicaid is always the payer of last resort.**

Report Insurance Coverage Changes to Mississippi Medicaid  
Office of Recovery

Recipient's name: \_\_\_\_\_ Medicaid # \_\_\_\_\_

**Other Medicaid recipients in this household with this insurance:**

Recipient's name: \_\_\_\_\_ Medicaid # \_\_\_\_\_ DOB \_\_\_\_\_

Recipient's name: \_\_\_\_\_ Medicaid# \_\_\_\_\_ DOB \_\_\_\_\_

Recipient's name: \_\_\_\_\_ Medicaid# \_\_\_\_\_ DOB \_\_\_\_\_

Recipient's name: \_\_\_\_\_ Medicaid# \_\_\_\_\_ DOB \_\_\_\_\_

Recipient's name: \_\_\_\_\_ Medicaid# \_\_\_\_\_ DOB \_\_\_\_\_

**Type of information to report:**

\_\_\_\_ Add insurance coverage information

\_\_\_\_ Change in insurance information on Medicaid's file

\_\_\_\_ Remove insurance coverage information on Medicaid's file

**Please complete the following information:**

**Name of Insurance Company:** \_\_\_\_\_

**Address:** \_\_\_\_\_

**Name of Insured (Subscriber or Policyholder):** \_\_\_\_\_

**Policy Number:** \_\_\_\_\_

**Group Name:** \_\_\_\_\_

**Effective Date:** \_\_\_\_\_

**Termination Date:** \_\_\_\_\_

**What does this policy cover? (Check all that apply)**

Major Medical \_\_\_\_\_ Hospital \_\_\_\_\_ Cancer \_\_\_\_\_ Drugs \_\_\_\_\_ Dental \_\_\_\_\_ Vision \_\_\_\_\_

Accident \_\_\_\_\_ Medicare Suppl A and/or B \_\_\_\_\_

**Changes in coverage:** \_\_\_\_\_

**Mail: Office of Recovery**  
**Walter Sillers Building, Suite 1000**  
**550 High Street**  
**Jackson, MS 39201**

**Fax: 601-359-6632**