

APA-1

TRANSMITTAL SHEET FOR
NOTICE OF INTENDED ACTION

Control No: 560 . Department or Agency: Alabama Medicaid Agency

Rule No: 560-X-20-.04

Rule Title: Third Party Payments/Denials

_____ New Rule; X Amend; _____ Repeal; _____ Adoption by Reference

Would the absence of the proposed rule significantly harm or endanger the public health, welfare, or safety? _____ no

Is there a reasonable relationship between the state's police power and the protection of the public health, safety, or welfare? _____ yes

Is there another, less restrictive method of regulation available that could adequately protect the public? _____ no

Does the proposed rule have the effect of directly or indirectly increasing the costs of any goods or services involved and, if so, to what degree? _____ no

Is the increase in cost, if any, more harmful to the public than the harm that might result from the absence of the proposed rule? _____ no

Are all facets of the rulemaking process designed solely for the purpose of, and so they have, as their primary effect, the protection of the public? _____ yes

Does the proposed rule have any economic impact? _____ no

If the proposed rule has an economic impact, the proposed rule is required to be accompanied by a fiscal note prepared in accordance with subsection (f) of Section 41-22-23, Code of Alabama 1975.

Certification of Authorized Official

I certify that the attached proposed rule has been proposed in full compliance with the requirements of Chapter 22, Title 41, Code of Alabama 1975 and that it conforms to all applicable filing requirements of the Administrative Procedure Division of the Legislative Reference Service.

Signature of certifying officer: Stephanie Lindsay

Date: 11-18-2014

FOR APD USE ONLY

PUBLISHED IN VOLUME _____ ISSUE NO. _____

EDITED AND APPROVED BY _____ DOCUME__ DOCUMENT NO. _____

ALABAMA MEDICAID AGENCY

NOTICE OF INTENDED ACTION

RULE NO. & TITLE: 560-X-20-.04 – Third Party Payments/Denials

INTENDED ACTION: Amend 560-X-20-.04

SUBSTANCE OF PROPOSED ACTION: The above referenced rule is being amended to clarify the proper submission of third party payments and patient responsibility amounts on a Medicaid claim that coincides with recent claim processing changes made to the MMIS. Other changes being made to this rule are additional clarification to acceptable third party denials, the recipient's responsibility regarding third party requirements, and recent federal law prohibition against providers balance billing a Qualified Medicare Beneficiary (QMB).

TIME, PLACE, MANNER OF PRESENTING VIEWS: Written or oral comments may be submitted to the Alabama Medicaid Agency, 501 Dexter Avenue, Post Office Box 5624, Montgomery, Alabama 36103-5624. Agency business hours are 8:00 a.m. to 5:00 p.m. Monday through Friday.

FINAL DATE FOR COMMENT AND COMPLETION OF NOTICE: Written/Oral comments concerning this change must be received by the Alabama Medicaid Agency no later than January 2, 2015.

CONTACT PERSON AT AGENCY: Stephanie Lindsay, Administrative Secretary, Alabama Medicaid Agency, 501 Dexter Avenue, Post Office Box 5624, Montgomery, Alabama 36103-5624.



Stephanie McGee Azar
Acting Commissioner

Rule No. 560-X-20-.04. Third Party Payments/Denials

(1) Third Party Payments other than Medicare

(a) Third Party payments must be applied to the services for which the third party paid.

(b) Providers receiving a third party payment prior to filing Medicaid must document in the appropriate field on the claim the amount of the third party payment.

(c) Providers receiving a third party payment after Medicaid is filed must within 60 days of receiving duplicate payment:

1. ~~send a refund of the lessor of the insurance paid amount or the Medicaid paid amount money~~ to the Third Party Division, Alabama Medicaid Agency; or
2. ~~write the Medicaid fiscal agent and request an adjustment of Medicaid payment (a copy of the request MUST be sent to the Third Party Division, Alabama Medicaid Agency). Submit an adjustment request to the Medicaid Fiscal Agent that resolves the duplicate payment.~~

(d) If the third party pays the recipient or source other than the provider, the provider is responsible for obtaining the third party payment prior to filing Medicaid. ~~The provider is responsible for reimbursing Medicaid if a third party pays the recipient or source other than the provider for Medicaid covered services if the third party makes payment as a result of information released by the provider. If the Third Party pays a source other than Medicaid, as a result of information released by the Provider and Medicaid has paid the Provider, Medicaid may recoup its payment.~~

(e) If the provider accepts a patient with a third party resource ~~as and~~ Medicaid, the provider cannot bill the patient for Medicaid covered services if:

1. ~~The third party pays more than Medicaid allows which results in Medicaid not making payment and Medicaid zero pays the claim.~~
2. ~~the claim is denied by Medicaid because of third party resources and the recipient furnishes in a timely manner. Medicaid denies a claim because a third party resource exists and recipient has provided third party information in a timely manner.~~

(f) A provider may bill a Medicaid patient if Medicaid denies a claim because of available third party benefits and the provider cannot obtain sufficient information needed to file a third party claim from either the recipient, AVRS, MACSAS or the Medicaid Agency.

(2) Third Party Payments - Medicare

(a) Providers must attach a copy of the Medicare EOMBB to the Medicaid claim.

(b) Within 60 days of receiving duplicate Medicaid and Medicare payments the provider must:

1. Refund the Medicaid payment to the Medicaid fiscal agent and state the reason for the refund; or
2. Request that the Medicaid fiscal agent adjust the Medicaid claim.

(3) Third Party Denials

(a) Providers must attach third party denials of benefits to their Medicaid claim when filing for Medicaid benefits. These claims must be filed as paper claims.

(b) Providers must state on the Medicaid claim "Denied by Third Party" if third party benefits are denied.

(c) Only true denials of benefits are acceptable, i.e., policy has lapsed, benefits applied to deductible, non-covered services, etc.

(d) Denials due to the Third Party's requirement to use participating plan providers, service requires pre-certification, etc. will not be accepted as valid denials, unless further documentation is provided that justifies that the third party requirement cannot be met

(4) Recipient responsibility regarding third party requirements – A recipient must fulfill the primary insurance's requirement before Medicaid will pay. Claims that are denied by a third party payer because of precertification requirements, failure to use participating providers, etc., may be denied by Medicaid as an invalid denial reason. A recipient cannot be billed if the failure to meet the primary plan's requirements are due to the provider's error. If failure to meet the primary plan's requirement is due to the recipient's failure to notify the provider of the other insurance, then the recipient can be held responsible for the charges.

(45) Questions regarding third party payment/denials should be referred to the Third Party Division, Alabama Medicaid Agency.

(6) Balance Billing – Federal law prohibits Medicare providers from balance-billing QMBs for Medicare cost-sharing. All Medicare physicians, providers, and suppliers who offer services and supplies to QMBs are prohibited from billing QMBs for Medicare cost-sharing, including deductible, coinsurance, and copayments. QMBs have no legal obligation to make further payment to a provider or Medicare managed care plan for Part A or Part B cost sharing. Providers who inappropriately bill QMBs for Medicare cost-sharing are subject to sanctions.

Authority: Wanda Wright, Administrator, Third Party Liability Division.

Statutory Authority: 42 C.F.R. Sections 432 & 433; Section 1902(a)(25), Social Security Act; 22-6-6 of 1975 Code of Alabama. Sections 1902(N)(3)(b) of the Social Security Act.

History: Effective date of this amendment January 13, 1993. Amended: Filed November 18, 2014.