

### THIRD PARTY LIABILITY – PAYMENT OF CLAIMS

The Nevada Medicaid program is designed to function primarily as a cost avoidance system, with cost savings. This method was chosen as the most efficient and least costly due to the multitude of insurance companies utilized by Nevada residents. Also, insurance data is fed ~~into our~~ through a secured transmittal bill paying system on an individual basis. ~~through our local Welfare district offices.~~ Direct contact is made by the fiscal agent TPL unit directly with insurance carriers Eligibility Certification Specialist (ECS) with ~~the policy holder or dependent~~ and all available information is collected.

The Nevada bill paying system has a direct connection to the Center for Medicare and Medicaid Services' system. Cost savings occur when ~~However, when necessary,~~ post-payment recovery is also incorporated.

Criteria have therefore been established for both systems with emphasis on cost effectiveness and FFP compliance.

#### CFR 433.139(b)(3)(ii)(C)

##### 1. Cost Avoidance Method ~~Medical Insurance/Established Casualty Policy~~

- a. Claims with Medicaid paid amounts greater than zero are rejected on the remittance advice with insurance billing instructions and carrier information.
- b. Services identified by individual policies as non-covered are not subject to cost avoidance or recovery.

#### 42 CFR 433.139(f)(2&3), 447.20 and 7 CFR 273.18(e)(8)(ii)

##### 2. Post-Payment Recovery ~~Medical Insurance~~

- a. Recovery - ~~from~~ Provider
  1. States only pursue recoveries from providers whenever Medicare is the primary source.
  - ~~1.2.~~ Claims which were unidentified or missed in cost avoidance are subject to claims with Medicaid outlined in 1.a- above. Recovery is made by computer history adjustments.
  - ~~2.3.~~ Due to Medicare timely filing, Rrecovery efforts are not attempted when more than 12 months have elapsed from date of service to the projected adjustment date. ~~(Insurance company filing dates rarely exceed this time limit. Also, it becomes increasingly difficult for providers to locate policy holders.)~~
- b. ~~Direct Post-Payment~~ Recovery – Insurance Carrier
  1. When necessary, direct recovery is attempted through individual insurance carriers. This can occur when providers are unsuccessful with billing attempts, but the fiscal agent (FA) has sufficient information to pursue collection. Claims with Medicaid paid amounts of less than \$25 are not pursued.
    - A. Claims with Medicaid paid amounts of less than \$25 are not pursued.
  2. Claims with Medicaid paid amounts of \$25 or greater are pursued by the FA

through the individual insurance company.

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