First and Third-Party Liability: Basics

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Learning Objectives

1. AHCCCS Resources on Third Party Liability (TPL)
2. Coordination of Benefits (COB) – What is it and how does it relate to TPL?
3. What is First and Third-Party Liability (TPL)?
4. How is First and Third-Party Liability Identified?
5. How do Health Insurers Identify First and Third-Party Liability when Adjudicating Claims?
6. How do Healthcare Providers Identify First and Third-Party Liability when Submitting Claims?
7. Things Billers Should Know, Including COB for Medicaid and Medicare

Sources used in this presentation include postings on the AHCCCS website created by the provider training team in regards to Third Party Liability and reference the Provider Billing Manuals. AHCCCS has excellent summaries and definitions. It also includes AACIHC team knowledge and experience from healthcare claims and billing, along with information available through the CMS website.

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AHCCCS is the Final Source on *All* Billing and Policy Guidance

Please note, that while we provide information in these trainings to assist tribal communities, that the final source of guidance for all billing and policy guidance is AHCCCS. ☺

AHCCCS has some excellent resources to assist policy makers, health care providers, and billers on their website. Some good areas to start are below:

1. **The IHS/638 Tribal Billing Manual:** https://www.azahcccs.gov/PlansProviders/RatesAndBilling/ProviderManuals/IHStribalbillingManual.html
2. **The DFSM Provider Training Team's Website** (lots of trainings here, which we will frequently site as they are heavily vetted by AHCCCS prior to posting): https://www.azahcccs.gov/Resources/Training/DFSM_Training.html
3. **AHCCCS Medical Policy Manual:** https://www.azahcccs.gov/shared/MedicalPolicyManual/

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AHCCCS Resources on Third Party Billing

Third Party Liability PowerPoint Training:

- https://www.azahcccs.gov/Resources/Downloads/DFSMTraining/2021/TPL.pdf

Medicare/Other Insurance Liability Billing Manual Chapter (Fee-for-Service Provider Billing Manual)

- https://www.azahcccs.gov/PlansProviders/Downloads/FFSProviderManual/FFS_Chap09Medicare.pdf:

Medicare/Other Insurance Liability Billing Manual Chapter (IHS-Tribal Provider Billing Manual):

- https://www.azahcccs.gov/PlansProviders/Downloads/IHS-TribalManual/IHS-Chap07Medicare.pdf

Coordination of Benefits (COB)

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COB is a rule that applies under many health insurance plans.

Insurance companies follow Coordination of Benefits rules to determine which health insurance plan (or in some cases which dental, vision, or prescription coverage) should pay first, which plan should pay second, and how much should be paid.

When Does it Apply?

- It applies when one individual is covered by more than one insurance company.
- It applies to health insurance, vision insurance, dental insurance, and even prescription coverage.
- The order of coverage is important for healthcare billers *and* patients alike.

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Coordination of Benefits (COB)

Coordination of Benefits: COB refers to all of the activities involved in determining health insurance (or vision, dental, or pharmacy) benefits when a person has more than one health insurance (or vision, dental, or pharmacy) coverage through another:

- Individual (i.e. their spouse or parent's insurance);
- Entity (i.e. liability through homeowners or car insurance if the injury is due to an accident);
- Insurance (i.e. their employer sponsored health insurance or self-purchased insurance on the marketplace); *or*
- Program (i.e. workman's comp).

When another coverage is present, sometimes the other coverage (referred to as a **"payer"**) is liable to pay for the health care, vision, dental, or pharmacy services.

Coordination of Benefits (COB)

When Does COB Apply?

Insurers follow COB rules as outlined by their health plan and agreements between other health insurance plans, and in accordance with federal and state laws.

When a person is covered for health, vision, dental, or pharmacy benefits by more than one entity or plan, then COB regulations help the insurers determine which plan should pay first on a healthcare (or vision, dental or pharmacy) claim. This also helps to standardize ***how much*** should be paid by each payer on the claim.

Claim is Submitted → **1st Payment Responsibility** → **2nd Payment Responsibility** → **3rd Payment Responsibility**

COB rules are important, as they prevent any one claim from being paid for twice.

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Coordination of Benefits (COB)

We frequently see COB come into play with Medicaid, Medicare, and private health insurance.

If you have Medicare and other health insurance (such as from a group health plan sponsored by your employer, retiree coverage, or Medicaid), each type of coverage is called a "payer."

- **Primary Payer:** The payer that has first responsibility to pay up to the limits of its coverage, before sending the claim to the secondary payer.
- **Secondary Payer:** The payer with secondary responsibility. They will also pay up to the limits of their coverage, before sending the claim to either any tertiary payers (if present, though this is very uncommon).

Please note, that just because an individual has multiple payer sources for a claim, it does not mean that the full cost of the claim will be covered. Quite often, the individual will still have a remaining balance, and in those cases they would be responsible for paying the rest of the cost.

Relationship between Coordination of Benefits (COB), First Party Liability, and Third Party Liability (TPL)

Party vs. Payer

Coordination of Benefits (COB), First Party Liability, and Third Party Liability (TPL)

Coordination of Benefits, First Party Liability, and Third Party Liability (TPL) work hand-in-hand.

- It is important to distinguish, that for the purposes of billing, that First-Party Liability and Third-Party Liability are ***different*** from First-Party Payer and Third-Party Payer.
- Often the term TPL is used interchangeably by billers for both First-Party Liability and Third-Party Liability. This is not strictly correct, but it is a frequent occurrence.

1. **Coordination of Benefits:** Activities involved in determining payer responsibility, when a person has more than one insurance coverage, or when there may be another entity responsible for payment of the claim, such as workman's compensation, homeowners insurance, auto insurance, etc.
2. **Third-Party Liability (TPL):** Any individual, entity, or program that is or may be liable to pay all or part of the expenditures for medical assistance furnished to a member under a state plan.
3. **First-Party Liability (TPL):** The obligation of any insurance plan or other coverage obtained directly or indirectly by a member that provides benefits directly to the member to pay all or part of the expenses for medical services incurred by AHCCCS or a member. Refer to A.A.C. R-9-22-1001 Definitions for further information.

Coordination of Benefits (COB), First Party Liability, and Third Party Liability (TPL)

First-Party Payer Examples

Coordination of benefits with first-party payers includes, but is not limited to:

- Private health insurance;
- Employment-related disability and health insurance;
- Long-term care insurance;
- Other federal programs not excluded by statute from recovery;
- Court ordered or non-court ordered medical support from an absent parent;
- State worker's compensation;
- Automobile insurance, including underinsured and uninsured motorists insurance;
- Court judgment or settlement from a liability insurer including settlement proceeds placed in a trust;
- First-party probate estate recovery; and/or
- Adoption-related payment

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Source: https://www.azahcccs.gov/PlansProviders/Downloads/IHS-TribalManual/IHS-Chap07Medicare.pdf

Coordination of Benefits (COB), First Party Liability, and Third Party Liability (TPL)

Third-Party Payer Examples

Coordination of benefits with third-party payers includes, but is not limited to:

- Motor vehicle injury cases,
- Other casualty causes,
- A tortfeasor,
- Restitution recoveries, and/or
- Worker's compensation cases

Source: https://www.azahcccs.gov/PlansProviders/Downloads/IHS-TribalManual/IHS-Chap07Medicare.pdf

COB, First Party Liability, and Third Party Liability (TPL)

There are several scenarios where First or Third-Party Liability (or a First or Third-Party Payer) comes into play:

1. When a person has more than one health insurance, vision insurance, dental insurance, or pharmacy coverage; *or*
2. When a person's illness or injury was caused by another party or company, where the other party or company would have a legal liability to pay for coverage of the illness or injury (i.e. car accident); *or*
3. When a person's illness or injury was a result of work activities and is covered by workman's compensation (i.e. on-the-job injury); *or*
4. Court judgements.

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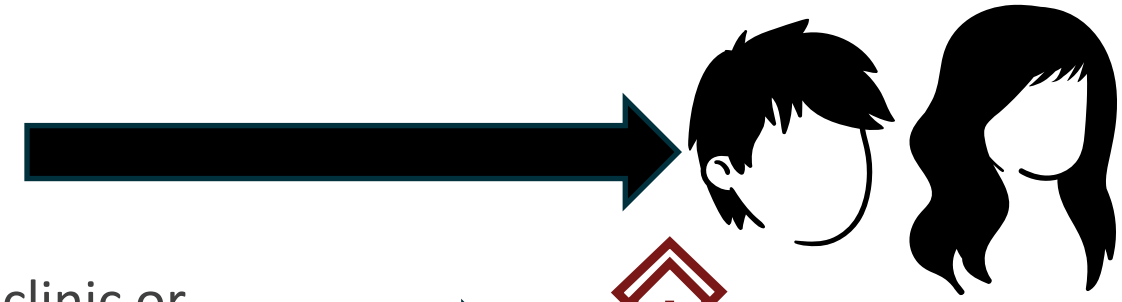
COB, First Party Liability, and Third Party Liability (TPL)

Keep in mind, First and Third-Party Liability should *not be confused* with First and Secondary Payers.

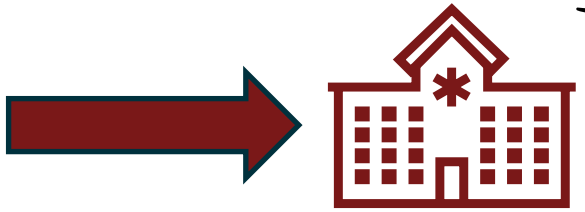
- First and Third-Party Liability refers to there being ***anther party involved in the payment of a healthcare claim***. It does not necessarily refer to who pays first though.

Parties Involved

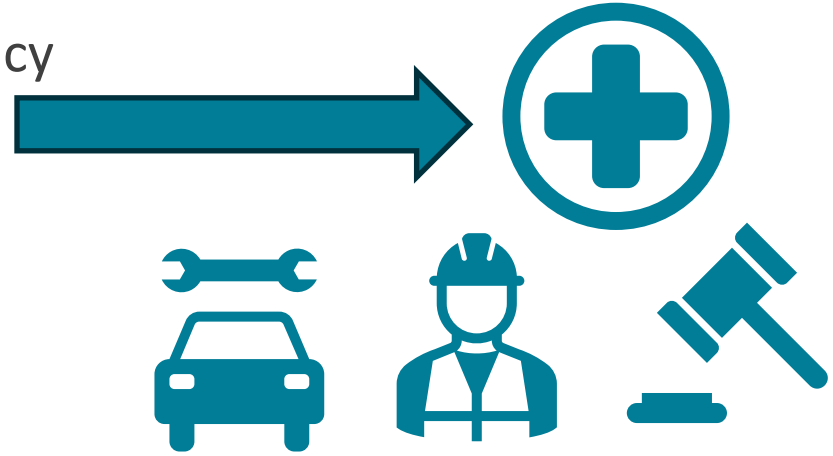
First Party: The person who is covered



Second Party: The healthcare provider, clinic or hospital who rendered services.



Third Party: Their health, dental, vision, or pharmacy coverage (their insurance). Or another responsible party who has responsibility to pay, such as auto insurance, workman's comp, or a court-ordered settlement.



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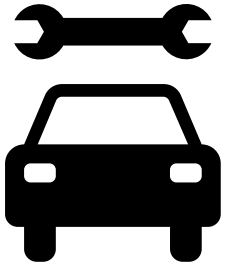
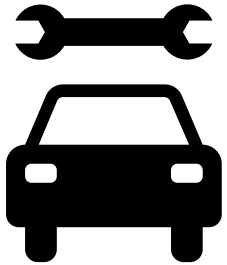
Differences: Party vs. Payer – Example 1

First Party: Person covered by more than one insurance

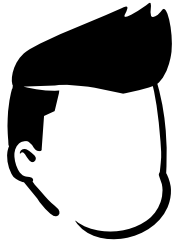
Third Party 1:
The First Party's health insurance



Third Party 2:
The auto insurance of the person who hit the First Party



Primary Payer: Auto Insurance is the *Third Party that may have Liability*



Possible Second Payer:
Individual assets of individual who hit the First Party (if First Party was not at fault in accident as determined by law enforcement)

Second or Third Payer:
The First Party's health insurance

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Differences: Party vs. Payer – Example 2

First Party: Person covered by more than one insurance

Third Party 1:
The First Party's health insurance

Third Party 2:
Since the injury was sustained on-the-job, Workman's Compensation is a Third Party

Primary Payer:
Workman's Compensation

Possible Second Payer: Depending upon the circumstances surrounding the on-the-job injury, there are some cases where workman's compensation may not pay the claim. These cases are rare, but an example would be if reckless horseplay was involved. In those cases, once workman's compensation has denied it, it would proceed to the First Party's health insurance.

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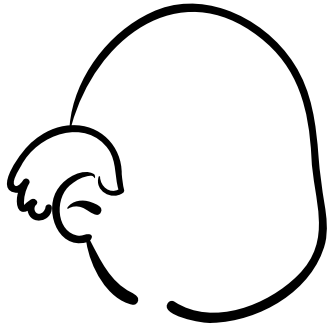
Differences: Party vs. Payer – Example 3



First Party: Person covered by more than one insurance

Third Party 1:
The First Party's health insurance (Medicaid)

Third Party 2:
The First Party's second health insurance (Medicare)

Primary Payer:
Medicare.

Second Payer:
Medicaid

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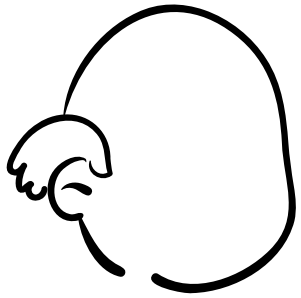
Differences: Party vs. Payer – Example 3



First Party: AI/AN person covered by more than one insurance

Third Party 1: The First Party's health insurance (Medicaid)

Third Party 2: The First Party's second health insurance (Medicare)

Third Party 3: Indian Health Services contract health (IHS/638 tribal plan)

Primary Payer: Medicare

Second Payer: Medicaid

Tertiary/Third Payer: Indian Health Services contract health (IHS/638 tribal plan)

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COB, First Party Liability, and Third Party Liability (TPL)

Achieving Coordination of Benefits

As you have seen in the prior examples, depending upon who the third party is, it may affect who is the first payer.

Party and payer are not always the same.

- Sometimes the third party is actually the first payer.
- Sometimes the third party (health insurance) actually falls under a first party payer category within AHCCCS billing guidelines, but they will not pay first.

NOTE: As shown in the previous slides, the term Third-Party Payer is *different* than Third Party Liability (TPL). *Both* First-Party and Third-Party Payers *are a part of* Third Party Liability.

Identifying First and Third-Party Liability (TPL)

How do Health Insurers Identify First and Third-Party Liability when Adjudicating Claims?

COB, First and Third-Party Liability (TPL)

Achieving Coordination of Benefits

To coordinate benefits, health insurers (and vision, dental and pharmacy coverages) will need to determine if a person has any additional coverage.

- This means they search for other coverage and review other data sources, to see if any First or Third-Party Liability (TPL) applies.

First and Third-Party Payer Examples

- Medicare
- Employer-sponsored health insurance
- State Group health plans or self-insured plans
- Managed care organizations (MCOs)
- Pharmacy benefit managers (PBMs)
- Court-ordered health coverage
- Settlements from a liability insurer
- Workers' compensation
- Long-term care insurance
- Indian Health Services contract health (IHS/638 tribal plan)
- Other state or Federal coverage programs (unless specifically excluded by law)

First and Third-Party Liability (TPL) Identification

How Does Health Insurance Identify if there is a Third Party with Payment Responsibility?

Health insurers have several ways of verifying whether or not there is a Third Party Payer with payment responsibility for a claim. Some are these processes are:

- Automated through data-sharing agreements with other governmental and private entities;
- Manual processes, triggered through manual review processes of notes or records associated with the claim(s);
- The result of policies put in place by the insurer, that requires the insured individual to disclose additional coverage sources they may have.

TPL Verification Methods			
Data Source Checks	Self-Attestation of Other Insurance Coverage	Pre or Post-Payment Review of the Claim's Medical Records	Agreements between Organizations

The following slides are meant to provide some examples of how TPL is searched for by health insurers. It is not intended to be a comprehensive, all-inclusive list.

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First and Third-Party Liability (TPL) Identification

Data Source Checks

State Medicaid agencies, and other insurance companies, actually conduct data matches to identify potential third party payers, which are other sources of payment responsibility for the health, vision, dental or pharmacy claim.

Data matches with public and private entities. Some examples are below:

- The Department of Defense database can identify individuals and their dependents that have coverage through the Military Health Services system and the TRICARE program.
- Worker's compensation files, which can identify if the illness or injury was related to a work-related exposure or incident.
- State motor vehicle accident files, which will trigger the TPL that the injury may be covered first through the automobile insurance policy.

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First and Third-Party Liability (TPL) Identification

Self-Attestation of Other Coverage *and/or* Claim Form Indication

Many private insurances will send out letters to their members, on an annual basis, asking the insured individual to self-attest whether or not they have additional health insurance coverage.

- These letters often will state that if the individual fails to reply and/or provide a response, that the insurance may not cover their healthcare claims if any are received. Some insurances, particularly private ones, have a provision that allows the assumption of TPL existence if an indication is not made either way.

Claim forms have fields that can indicate whether or not the claim is a result of an employment injury, an auto accident, or other accident. If an accident is indicated, the State where it took place is indicated.

CMS-1500 Claim Form

UB-04 Claim Form

First and Third-Party Liability (TPL) Identification

Agreements Between Agencies and Organizations

Certain health insurances, like Medicaid and Medicare, have additional regulations in place surrounding notification of TPL.

Medicaid Agencies

- States ***must*** have laws requiring health insurers to provide their plan's eligibility and coverage information to the Medicaid program.
- Child Support Agencies are required to notify their State Medicaid agency whenever there is a change and a parent has acquired health coverage for their child as a result of a court order.

First and Third-Party Liability (TPL) Identification

Pre or Post Payment Review of a Claim's Medical Records

Before any healthcare, vision, dental or pharmacy claim is paid, the insurer has the duty to verify that the claim is for an eligible, covered-service under its benefit policy.

- **Pre-Payment Review:** Sometimes this requires reviewing the medical record before payment. For claims that require medical review before payment, this is called pre-payment review.
- **Post-Payment Review:** Other times something may trigger a claim to be re-visted after it has paid. This is called a post-payment review. Post-payment reviews of claims almost always include the review of medical notations and records by a clinician.

When reviewing the medical records, sometimes a clinician may notice something that triggers the need for additional information. This may entail reaching out to the healthcare provider who rendered the service, or sometimes to the member (patient) themselves.

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First and Third-Party Liability (TPL) Identification

Example: Pre or Post Payment Review of a Claim's Medical Records

During a pre-payment review for a claim for a broken leg, the nurse reviewing the case notes that the medical records state that the patient is a construction worker, and had been at work when they sustained the injury.

- The reviewer looks to see if there was a prior payment made by worker's compensation, and see that no payment was made.
- This will trigger further investigation and outreach to the healthcare provider and the member (patient). The patient will often be required to provide some type of attestation that it was not work-related, or that workman's compensation is not obligated to pay the claim, in order for their health insurance to cover it.
- Additionally, the health insurance will look at data from workman's compensation to see if a claim had been filed.

This is all done to see if the claim should be covered by workman's compensation. Sometimes a claim will be submitted to two entities at once, and to avoid double payment for the claim, it is the health insurance's legal obligation to verify this, since workman's compensation would be a third party liability, and the employer would serve as the primary payer in a workman's compensation case.

Identifying First and Third-Party Liability (TPL)

How do Healthcare Providers Identify First and Third-Party Liability when Submitting Claims?

First and Third-Party Liability (TPL) Identification

Provider Responsibility is Key!!!

It is the provider's responsibility to verify whether or not a patient has First or Third-Party Liability.

- While there are ways for health insurance to verify this, it is not the role or function of health insurance companies to provider that information to the provider.
- **Responsibility of verification lays with the provider.**

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Source: https://www.azahcccs.gov/Resources/Downloads/DFSMTraining/2021/TPL.pdf

First and Third-Party Liability (TPL) Identification

So how can a provider verify coverage themselves, if all other venues fail?

Health care providers may use any one of several verification processes to obtain eligibility and enrollment information for their patients.

1. Require patients to fill out updated forms prior to each office visit, by asking if they have had any changes or additions to their insurance.
2. By sending out an annual coordination of benefits attestation to their patients.
3. For patients with certain enrollment types, such as Medicaid, there are additional verification methods as listed below.

Verification Processes Available to Providers Include:

1. AHCCCS Online Provider Portal
2. Interactive Voice Response
3. Medical Electronic Verification System (MEVS)
4. AHCCCS Batch 270/271 Eligibility Verification Request and Response

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Source: https://www.azahcccs.gov/Resources/Downloads/DFSMTraining/2021/TPL.pdf

First and Third-Party Liability (TPL) Identification

Please note the information on the following slides has been sourced from the AHCCCS Provider Training Team's presentation on TPL.

Verification Methods for Medicaid

1. AHCCCS Online Provider Web Portal

- Eligibility and enrollment status can be verified using the portal at https://azweb.statemedicaid.us. They can also view Third Party Liability, Copayments (if applicable), Medicare Coverage, Behavioral Health Services, Share of Cost, Special Program enrollment and Additional Benefits information.

2. The Interactive Voice Response System (IVR)

- The IVR permits providers to do verification via phone, using a touch-tone system. There is no limit to the number of verifications that may be done.
- Providers may call IVR at by calling (602) 417-7200 (Phoenix) and 1-800-331-5090 (for all other areas)

Source: https://www.azahcccs.gov/Resources/Downloads/DFSMTraining/2021/TPL.pdf

First and Third-Party Liability (TPL) Identification

Please note the information on the following slides has been sourced from the AHCCCS Provider Training Team's presentation on TPL.

Verification Methods for Medicaid

3. The Medical Electronic Verification System (MEVS)

- The MEVS uses a myriad of applications to provide member information to providers. To use outreach EMDEON at https://www.changehealthcare.com/contact-u

4. AHCCCS Batch 270/271 Eligibility Verification Request and Responses

- A batch verification process (270/271) can be used. The provider will send a file of individual patients they see to AHCCCS, and AHCCCS will return the file with its responses regarding eligibility.
- Information on that process can be obtained by calling the AHCCCS Help Desk at (602) 417-4451.

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Source: https://www.azahcccs.gov/Resources/Downloads/DFSMTraining/2021/TPL.pdf

Tips for Billers to Know

A Start!

Tips for Billers

(1) Submit to the Primary Payer *First*

1. Submitting to the primary payer first will prevent unnecessary delays in the processing of your healthcare claim.
    - For instance, if you submit a claim to Medicaid, which is typically the payer of last resort (so usually the last payer on a healthcare claim), the program will have to deny the claim since it was not submitted to the primary payer (i.e. private health insurance, Medicare, workman's compensation, etc.) first.

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Tips for Billers

(2) Explanation of Benefits is *REQUIRED* by Medicaid

2. Include the Explanation of Benefits (EOB) from the primary payer, when submitting to the secondary payer.

   - For instance, if a patient is enrolled in Medicaid, and their member file indicates the existence of first or third party payer coverage sources, but there is ***no insurance payment listed on the claim submitted to the State Medicaid program,*** **from that first or third-party coverage source**, **then the claim submitted to the State Medicaid program will deny.**

   Per the AHCCCS trainings, when a member has Medicare, first or third-party coverage, and EOB is going to be required by AHCCCS before the claim can be processed

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Source: https://www.azahcccs.gov/Resources/Downloads/DFSMTraining/2021/TPL.pdf

Tips for Billers

(2) Explanation of Benefits is *REQUIRED* by Medicaid

IMPORTANT: Coverage policies and benefits vary from payer to payer source. One of the most common errors providers make when submitting claims is skipping submission to the primary payer source, when they know that the service they provided is not a covered service under that primary payer.

- Providers must submit to the primary payer, even when they know that no payment will be made by the payer. They must do this to obtain the EOB, which will serve as the documentation of the valid denial.

When a Denial Occurs:

- If the first- or third-party payer denies a covered service the provider must follow the plan's appeal process and exhaust all remedies before AHCCCS can consider the covered service.
- The provider must submit a copy of plan's final appeal decision to AHCCCS with the claim resubmission or the claim may be denied as incomplete

Source: https://www.azahcccs.gov/Resources/Downloads/DFSMTraining/2021/TPL.pdf

Tips for Billers

(3) Understand Medicaid Payer Order

3. Providers billing for a member who has Medicaid, Medicare, or both, need to understand the order of payer when TPL is involved.

Payer of Last Resort

Per A.R.S. §36-2946, AHCCCS is the payer of last resort unless specifically prohibited by state or federal law.

- This means AHCCCS shall be used as a source of payment for covered services only after all other sources of payment have been exhausted.
- When AHCCCS is the payer of last resort, submission of a claim to AHCCCS can be considered the finish line of a claim!
- AHCCCS has a requirement to "Cost Avoid". This means that AHCCCS must deny a claim and return the claim to the provider for a determination of the amount of third-party liability. Refer to A.A.C. R9-22 Article 10 for additional information.

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Source:
https://www.azahcccs.gov/PlansProviders/Downloads/IHS-TribalManual/IHS-Chap07Medicare.pdf

Tips for Billers

(3) Understand Medicaid Payer Order (continued…)

Payer of Last Resort means that AHCCCS has liability for payment of benefits ***after*** other first and third-party payer benefits have paid on the claim.

- Providers must determine the extent of the first- and third-party coverage and bill Medicare and all other coverage plans, including HMOs, prior to billing AHCCCS.
- **IMPORTANT:** The claims submitted to AHCCCS **must** exactly match the original claims submitted to the primary payer source.

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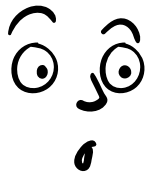
Source: https://www.azahcccs.gov/Resources/Downloads/DFSMTraining/2021/TPL.pdf

Tips for Billers

(3) Understand Medicaid Payer Order (continued…)

Payer Order for Medicaid

Sometimes Medicaid is *not* the payer of last resort!!!



Per the AHCCCS IHS/Tribal Provider Billing Manual, and the Fee-for-Service Provider Billing Manual, and per R9-22-1002, AHCCCS is also not the payer of last resort when the following entities are the third-party:

1. The payer is Indian Health Services contract health (IHS/638 tribal plan); or
2. Title IV-E; or
3. Arizona Early Intervention Program (AZEIP); or
4. Medical services provided through schools under the federal Individuals with Disabilities Education Act under 34 CFR Part 300; or
5. Entities and contractors of entities providing services under grants awarded as part of the HIV Health Care Services Program under 42 USC 300ff et. seq.

In the above-listed cases, healthcare claims should be sent to AHCCCS *before* the above listed entities. In these cases, AHCCCS is the primary payer!

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Source: https://www.azahcccs.gov/PlansProviders/Downloads/IHS-TribalManual/IHS-Chap07Medicare.pdf

Tips for Billers

(3) Understand Medicaid Payer Order (continued…)

Pay and Chase!

Sounds like a game, right? Only it isn't.

- To prevent care delays, sometimes AHCCCS can pay a claim, even when it *is* the payer of last resort. ***This is only in special circumstances outlined by law.***
- These are outlined in two separate areas in A.A.C. R-22-1003, Cost Avoidance.

A.A.C. R-22-1003 (C) advises that the requirement to "cost avoid" applies to all AHCCCS-covered services under Article 2 of the A.A.C. chapter. The only exception provided by Rule is that the Administration shall pay the full amount of the claim according to the Capped Fee-For-Service schedule and then seek reimbursement when:

1. The claim is for labor and delivery and postpartum care; or
2. The liability is from an absent parent, and the claim is for prenatal care or EPSDT services.

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Source: https://www.azahcccs.gov/PlansProviders/Downloads/IHS-TribalManual/IHS-Chap07Medicare.pdf

Tips for Billers

(3) Understand Medicaid Payer Order (continued…)

Pay and Chase! (Continued….)

The other portion of R9-22-1003 covering when AHCCCS can pay a claim and then seek reimbursement after-the-fact is covered under R9-22-1003 (E), which states that AHCCCS must pay the full amount of the claim according to the Capped Fee-For-Service schedule and then seek reimbursement from the First- or Third-Party payer (Post-Payment Recovery) when:

1. The claim is for prenatal care for pregnant women; or
2. Preventive pediatric services, including EPSDT services and administration of vaccines under the Vaccines For Children (VFC) Program; or
3. The liability is from an absent parent whose obligation to pay support is being enforced by Division of Child Support Enforcement.

Tips for Billers

(4) Understand Medicare Payer Order

- Medicare is always primary when it is the patient's only coverage.
- Medicare is primary when the patient has Medicare.
- When someone has both Medicare *and* employer-sponsored insurance (also known as group insurance), whether or not Medicare is primary depends on the age of the individual with Medicare and how many employees are employed by their employer.
  - Over 65 years of age + Employer with 20 or more employees = Medicare is secondary payer and group insurance is primary
  - Over 65 years of age + Employer with less than 20 employees = Medicare is primary payer and group insurance is secondary
  - Under 65 years of age and enrolled with Medicare due to a disability + Employer with 100 or more employees = Medicare is secondary payer and group insurance is primary.
    - ***Note:*** Is you have End State Renal Disease (ESRD) Medicare may be the primary for you, despite the employer being an employer of a large number of people.
  - Under 65 years of age and enrolled with Medicare due to a disability + Employer with less than 100 employees = Medicare is primary payer and group insurance is secondary

Source: https://www.medicarefaq.com/faqs/when-is-medicare-primary/

Tips for Billers

(4) Understand Medicare Payer Order (continued

- When someone has Medicare, but one of the following also apply, then Medicare becomes secondary payer, and the listed below coverage is primary:
  - TRICARE
  - Workers' Compensation
  - Federal Black Lung program
  - No coordination of benefits listed. For instance, Medicare does not coordinate benefits with Medicare Advantage plans, Veterans (VA) Benefits, or Marketplace.

- COBRA and Medicare – Medicare is typically primary with COBRA secondary.
  - Sometimes there will be an exception specified in the COBRA policy that lists it as the primary payer.

Source: https://www.medicarefaq.com/faqs/when-is-medicare-primary/

Tips for Billers

There is a *LOT more* beyond the context of this training that providers should know*!!!*

This training is meant to serve as your introduction into the world of First and Third-Party Payers, Liability, and to begin to familiarize you with how the process works.

Resources:

- **Third Party Liability PowerPoint Training:** https://www.azahcccs.gov/Resources/Downloads/DFSMTraining/2021/TPL.pdf
- **Medicare/Other Insurance Liability Billing Manual Chapter (Fee-for-Service Provider Billing Manual)** https://www.azahcccs.gov/PlansProviders/Downloads/FFSProviderManual/FFS_Chap09Medicare.pdf:
- **Medicare/Other Insurance Liability Billing Manual Chapter (IHS-Tribal Provider Billing Manual):** https://www.azahcccs.gov/PlansProviders/Downloads/IHS-TribalManual/IHS-Chap07Medicare.pdf

Scenarios

Scenarios

The following scenarios are examples and subject to change.

They are meant to serve as a learning resource and *not* your final source.

As a healthcare biller, provider, or as an individual with health insurance, it is always best to call the insurer directly when there is a question regarding Coordination of Benefits.

TPL Scenarios

Scenario	Primary Payer	Secondary Payer
The individual is a dual-eligible member, enrolled in both Medicare and Medicaid.	Medicare	Medicaid
A parent is divorced with children. Their children are covered under *both* former spouse's health insurances. Both are private insurances through the parents' employers. There is no agreement existing between the two insurances regarding primary payer.	Assuming that both insurances are private insurances through work, then the parent with primary custody's health insurance is typically the primary payer. If both parents have custody, then the typically it will go by whichever parent has an earlier birthday.	The parent without custody of the child. If custody is joint, then it is the parent with the latter birthday in the calendar year.

TPL Scenarios

Scenario	Primary Payer	Secondary Payer
A child under the age of 26 has their own health insurance policy, through their employer, but is also still listed on their parent's health insurance policy, which they have through their employer. It is private health insurance.	Child's Health Insurance	Parent's Health Insurance
The individual has Medicaid and also a Tribal Indian Health Services contract health (IHS/638 tribal plan).	Medicaid	Tribal Indian Health Services Contract Health Plan (IHS/638 plan)
An individual is hurt at work and has only their private insurance through their employer.	Workman's Compensation	Patient's Health Insurance

TPL Scenarios

Scenario	Primary Payer	Secondary Payer
The patient is 68 years old and working. They are covered by their employer's health plan and are also are enrolled in Medicare	If the company has more than 20 people, then the employer's health plan is primary. If the company has fewer than 20 people, than Medicare is the primary payer.	If the company has more than 20 people, then Medicare is the secondary payer. If the company has fewer than 20 employees, than the employer's health plan is the secondary payer.
The patient is 68 years old and working. They are covered by their employer's health plan and are also are enrolled in Medicare Caveat: The employer employees 15 people, but the healthcare claim is for hearing aids.	The employer's health plan is primary.	Medicare, because Medicare is the secondary payer for services it does not cover.

Source: https://www.medicarefaq.com/faqs/when-is-medicare-primary/

Resources and Questions

Resources

Third Party Liability PowerPoint Training:

- https://www.azahcccs.gov/Resources/Downloads/DFSMTraining/2021/TPL.pdf

Medicare/Other Insurance Liability Billing Manual Chapter (Fee-for-Service Provider Billing Manual)

- https://www.azahcccs.gov/PlansProviders/Downloads/FFSProviderManual/FFS_Chap09Medicare.pdf:

Medicare/Other Insurance Liability Billing Manual Chapter (IHS-Tribal Provider Billing Manual):

- https://www.azahcccs.gov/PlansProviders/Downloads/IHS-TribalManual/IHS-Chap07Medicare.pdf

Coordination of Benefits and Medicare FAQ:

- https://www.medicarefaq.com/faqs/when-is-medicare-primary/

Questions?

If you have questions regarding this presentation or the topic, please outreach Alison Lovell at:

- alison.lovell@aacihc.az.gov

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Have a wonderful day!