



## Third Party Liability and other Medical Collections

May 19, 2015

### Federal Requirements

- Social Security Act Sec 1902 [42 USC 1396a]
- Requires that the Medicaid State Plan includes provisions to:
  - take all measures to identify liable third parties
  - pursue reimbursement from third parties
- Provides for mandatory assignment of rights to payments for medical support
- Requires States to have an estate recovery program
- States must identify potential trauma related injuries



## Areas that ORFI collects from

- DSS - Office of Recoveries and Investigations
  - Responsible for Medicaid third party liability collections
  - Medicaid and other program recipient fraud investigation
- Third Party Liability (TPL)
  - Accident/Trauma
- Post payment Recovery
- Estate Recoveries
- Medicaid Recipient Fraud
- Other Economic Assistance programs



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## Medical Collections - SFY2014

- FY 2014 Total: **\$8,082,617**
- Third Party Liability
  - \$5,330,528
- Estate Recoveries
  - \$2,720,451.69
- Medicaid Recipient Fraud
  - \$31,636.93



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## Third Party Liability (TPL)

- Medicaid is the payer of last resort and any private insurance should be billed first.
- Recipients provide information regarding health insurance as part of their Medicaid application.
- For additional quality assurance, DSS utilizes a third party vendor to identify Medicaid recipients that also have private insurance.
- Once a private insurance is identified ORFI updates the recipients records to bill the insurance company first.
- DSS bills the insurance company for any claims paid by Medicaid



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## Third Party Liability (TPL)

- Factors that affect amounts paid back by insurance companies
  - Policy type
  - Coverage amounts
  - Copay amounts
- Federal Requirements, in regards to Medicaid, state that insurance companies are not allowed to deny payment for procedural reasons (timely filing, failure to present card, claim format)



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## Post-payment recovery

- Federal regulation requires that certain categories be paid by Medicaid upfront and then ORFI works to collect. These categories are:
  - Prenatal care for pregnant women
  - Children w/ court ordered medical coverage
  - Children receiving services provided by school districts

## Estate Recoveries

- This program was established by the 1994 State Legislature (SDCL 28-6-23) and (SDCL 28-6-24) to bring South Dakota into compliance with federal requirements.
- Estate Recoveries seeks the assets that remain once a Medicaid recipient has passed away.
  - DSS is notified of recipient passing through probate, case workers, and obituaries.
- We will not recover until both spouses have passed away unless there is an Irrevocable Trust account.
- Recovery is also delayed if there are surviving children under 21 or there are children that are disabled.

## Medicaid Recipient Recoveries

- Smallest percentage of Medical recoveries are related to recipient fraud.
  - Recoveries can be due to intentional or unintentional violations
- Recipient Overpayments
  - Incorrect application information
  - Failure to send insurance payment to ORFI



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## How We Find Fraud

- DSS Benefit Specialists are the primary referral source for suspected program violations.
- Fraud Hotline – **1-800-765-7867**
- Tips can also be sent via email to: [recoveries@state.sd.us](mailto:recoveries@state.sd.us)
- Electronic form on our website
  - <http://dss.sd.gov/keyresources/benefitfraud/benefitreportform.aspx>
- DSS Toll free number is 1-855-522-9910.
  - Automated system that gathers all the required information
- All referrals are assigned to an investigator for review.

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