



MEDICAL ASSISTANCE BULLETIN
COMMONWEALTH OF PENNSYLVANIA * DEPARTMENT OF PUBLIC WELFARE

NUMBER: 99-03-12

ISSUE DATE:
September 1, 2003

EFFECTIVE DATE:
September 1, 2003

SUBJECT: Liability for Cost Sharing for Recipients Enrolled in Medical Assistance through Fee for Service or Managed Care and a Private Third Party Insurer

BY:

A handwritten signature in cursive script that reads "Carole W. Rebert".

Carole W. Rebert
Acting Deputy Secretary
Office of Medical Assistance Programs

PURPOSE:

To clarify Medical Assistance (M A) recipient liability for cost sharing (coinsurance and deductibles) when the recipient is covered by a private third party health insurer, other than Medicare, and either the M A Fee-for-Service (FFS) Program or M A managed care.

SCOPE:

This bulletin applies to all M A enrolled providers who render services to M A recipients, including those enrolled in mandatory or voluntary managed care organizations (MCOs) under contract with the Office of Medical Assistance Programs.

BACKGROUND:

Federal regulations at 42 CFR § 433 Subpart D and M A regulations at 55 P a. Code § 1101.64, require other private and governmental health insurance benefits available to an M A recipient to be utilized prior to billing the M A Program for services. The exception to this requirement applies to: 1) most claims for prenatal care; 2) preventive pediatric care (including EPSDT services); and 3) claims for covered services to individuals on whose behalf the state is enforcing a medical support obligation and the provider has been unable to collect from the third party within 30 days after the date the services were furnished. In these instances, the claims are to be paid by the M A Program based on the full amount allowed under the payment schedule and then recovery of reimbursement is sought from applicable third party insurers. This exception does not apply in situations where the prenatal or preventive pediatric care is provided to a recipient when: 1) third party coverage is provided by a private (non-M A) managed care plan; 2) the service is for hospitalization; or 3) the service claim is submitted without diagnosis codes.

Providers shall make reasonable efforts to secure from the recipient sufficient information regarding the primary coverages necessary to bill the insurers or programs.

These regulations apply in both the FFS and M A managed care delivery systems. Many private health insurance plans require enrollees to contribute to their health care expenses by paying cost sharing (coinsurance and deductibles). While M A MCOs are not currently permitted to impose recipient cost sharing, third party cost sharing charges imposed on an M A recipient are compensable under FFS and M A managed care, subject to the payment limits established by the M A Fee Schedule, M A regulations, and contracts between M A MCOs and their providers.

DISCUSSION:

With the expansion of both mandatory (HealthChoices) and voluntary M A managed care, the Department has received many inquiries from providers concerning M A recipient liability for cost sharing charges imposed under the recipient's private third party health plan. Specifically, who is liable for the cost sharing when an M A recipient is covered under: 1) an M A MCO and a private commercial indemnity plan, 2) M A FFS and a private commercial MCO or private commercial indemnity plan, and 3) two MCOs - a private commercial MCO and an M A MCO (either a HealthChoices MCO or a voluntary MCO)?

For M A recipients enrolled in M A managed care, the M A MCO will determine its financial liability for the third party cost sharing charges. Questions regarding the amount of an M A MCO's liability for third party cost sharing charges or how to submit a claim for those charges should be directed to the recipient's M A MCO. For M A recipients enrolled in FFS, the FFS Program will determine its financial liability for the third party cost sharing charges. Questions regarding the amount of the FFS Program's liability for third party cost sharing charges or how to submit a claim for those charges should be directed to the appropriate toll-free Provider Inquiry number. In either case, M A enrolled providers must comply with the requirements under 55 P a. Code § 1101.63 and Medical Assistance Bulletin 99-99-06, and accept the cost sharing payment (if any) as "payment in full".

The attached charts outline the most common coverage scenarios involving an M A recipient's private third party insurance benefits and either M A FFS or M A managed care, and whether or not the recipient is liable for any third party imposed cost sharing charges. The Department will issue an M A Bulletin in the future specifically addressing cost sharing for recipients who are dually eligible for Medicare and Medicaid.

ATTACHMENTS:

- Chart 1 - Recipient Liability for Cost Sharing Enrolled in a Medical Assistance MCO and Private Commercial Indemnity Insurer
- Chart 2 - Recipient Liability for Cost Sharing Enrolled in a Medical Assistance Program Under FFS and a Private Commercial MCO OR Enrolled in the Medical Assistance Program Under FFS and a Private Commercial Indemnity Insurer
- Chart 3 - Recipient Liability for Cost Sharing Enrolled in Two Managed Care Organizations (MCOs)

COMMENTS AND QUESTIONS REGARDING THIS BULLETIN SHOULD BE DIRECTED TO:

Bureau of Policy, Budget and Planning

P.O. Box 8043

Harrisburg, PA 17105 **OR**

Call the appropriate toll-free number for your provider type.

Visit the Office of Medical Assistance Programs website at www.dpw.state.pa.us/omap.