

**Managed Care Operations Memorandum**  
**General Operations**  
**MCOPS Memo # 03/2019-003**

**Date:** March 1, 2019

**Subject:** Changes to Third Party Liability Requirements Related to Prenatal Services, Effective April 1, 2019

**To:** All Physical Health (PH) and Community Health (CH) HealthChoices Managed Care Organizations

**From:** Laurie Rock, Director, Bureau of Managed Care Operations  
Randolph Nolen, Director, Provider Monitoring and Compliance

---

**Purpose:**

Notification to the HealthChoices Physical Health Managed Care Organizations (PH-MCOs) of changes to third party liability (TPL) requirements related to payment for prenatal services.

**Background:**

PH-MCOs currently pay prenatal claims first, even if a third party resource is identified, then seek to recover payment from the third party. This is referred to as "pay and chase." On February 9, 2018, the Bipartisan Budget Act of 2018 (Pub. L. 115-123) was signed into law and amended Section 1902(a)(25)(E) of the Social Security Act (the Act). The amendment removed prenatal care from the services for which the state must "pay and chase".

**Discussion:**

As a result of the change in Federal law PH-MCO providers will have to bill third party resources prior to billing the PH-MCO. The PH-MCO shall not make payments to providers in which third party resources have been identified and not utilized.

Claims for preventive pediatric (including Early and Periodic Screening, Diagnosis and Treatment) services and claims for services rendered to individuals on whose behalf the

state is enforcing a medical support obligation will continue to be processed using pay and chase.

The Department of Human Services issued a Medial Assistance Bulletin, 01-19-12, et al., titled Changes to Third Party Liability Requirements for Claims for Prenatal Services, advising providers of these changes.

**Next Steps:**

PH-MCOs will notify providers of the changes to the processing of prenatal claims required by the Bipartisan Budget Act of 2018 and ensure their payment systems are updated to cost avoid prenatal claims by April 1, 2019.

**Obsolete:**

This Managed Care Operations Memorandum will be in effect until further notice.

**Attachment:**

N/A