

**Managed Care Operations Memorandum
General Operations
MCOPS Memo # 10/2018-018**

Date: October 10, 2018

Subject: Payment Responsibility if a Member has Primary Coverage - Third Party Liability (TPL)

To: Physical Health HealthChoices Managed Care Organizations (PH-MCO) and Providers - Statewide

From: Laurie Rock, Director, Bureau of Managed Care Operations, Office of Medical Assistance Programs

Purpose:

This is to provide clarification for the PH-MCOs and providers regarding responsibility for payment to providers for members who have third party insurance, including the cost sharing that the primary insurer requires.

Background:

The Department of Human Services is seeing a higher volume of members with TPL Insurance that has high deductibles and co-payments. This MCOPS Memo will be used to ensure that both the PH-MCOs and the providers understand their responsibilities when coordinating benefits.

Discussion:

The PH-MCO is required to pay providers up to its established rate (not the Medical Assistance Fee-for-Service rate). If the provider receives at least that rate or higher from the primary insurer, the PH-MCO is not obligated to make additional payment. The PH-MCO is to pay the provider up to the PH-MCO's rate or the provider's usual and customary rate, whichever is lower, regardless of whether the member has a cost sharing obligation identified in the Explanation of Benefits. The only exception to this requirement is when the provider has signed an agreement with the primary insurer that indicates that the provider agrees to accept the primary insurer's contracted rate as payment in full (Example 4). If the provider has agreed to accept the primary insurer's contracted rate as payment-in-full, the PH-MCO is responsible for cost sharing up to the primary insurer's rate.

Please see the following examples:

<u>Examples</u>	MA enrolled Provider is participating provider with:	
	Primary Only	Primary & PHMCO
Example 1:		
Provider's usual and customary charge	\$500	\$500
PH-MCO Fee Schedule: (Lower than Primary)	<u>\$300</u>	<u>\$300</u>
Primary Insurer rate	\$400	\$400
Primary Insurer Payment	\$0	\$0
Primary Insurance Cost Sharing	\$1200	\$1200
(Requires tracking payments to adjust to \$1200 deductible)	(\$400)	(\$400)
(Insured's Payment Responsibility)	(\$ 0)*	(\$ 0)*
PH-MCO Payment (covers up to PHMCO rate)	\$300	\$300
Example 2:		
Provider's usual and customary charge	\$500	\$500
PH-MCO Fee Schedule: (Lower than Primary)	<u>\$325</u>	<u>\$325</u>
Primary Insurer rate	\$400	\$400
Primary Insurer Payment	\$200	\$200
Primary Insurance Cost Sharing	\$200	\$200
(Insured's Payment Responsibility)	(\$ 0)*	(\$ 0)*
PH-MCO Payment (covers up to PH-MCO rate)	\$125	\$125
Example 2a:		
Provider's usual and customary charge	\$500	\$500
PH-MCO Fee Schedule (Higher than Primary)	<u>\$400</u>	<u>\$400</u>
Primary Insurer rate	\$300	\$300
Primary Insurer Payment	\$200	\$200
Primary Insurance Cost Sharing	\$100	\$100
(Insured's Payment Responsibility)	(\$ 0)*	(\$ 0)*
PH-MCO Payment (covers up to PH-MCO rate)	\$ 200	\$ 200
Example 2b:		
Provider's usual and customary charge	\$350	\$350
PH-MCO Fee Schedule (Higher than Primary)	<u>\$400</u>	<u>\$400</u>
Primary Insurer rate	\$300	\$300
Primary Insurer Payment	\$200	\$200
Primary Insurance Cost Sharing	\$100	\$100
(Insured's Payment Responsibility)	(\$ 0)*	(\$ 0)*
PH-MCO Payment (covers no higher than the usual and customary charge)	\$150	\$150
Example 3:		
Provider's usual and customary charge	\$500	\$500
PH-MCO Fee Schedule (Higher than Primary)	<u>\$325</u>	<u>\$325</u>
Primary Insurer rate	\$200	\$200
Primary Insurer Payment	\$200	\$200
Primary Insurance Cost Sharing – No cost sharing	\$ 0	\$ 0
(Insured's Payment Responsibility)	(\$ 0)*	(\$ 0)*
PH-MCO Payment (covers up to PH-MCO rate)	\$125	\$125

Example 4:		
Provider's usual and customary charge	\$500	\$500
PH-MCO Fee Schedule (Higher than Primary)	<u>\$325</u>	<u>\$325</u>
Primary Insurer rate (<i>Payment-in-full contract</i>)	\$300	\$300
Primary Insurer Payment	\$200	\$200
Primary Insurance Cost Sharing	\$100	\$100
(Insured's Payment Responsibility)	(\$ 0)*	(\$ 0)*
PH-MCO Payment (covers only up to Primary's rate)	\$100	\$100
Example 5:		
Provider's usual and customary charge	\$500	\$500
PH-MCO Fee Schedule (Higher than Primary)	<u>\$325</u>	<u>\$325</u>
Primary Insurer rate (<i>Payment-in-full contract</i>)	\$300	\$300
Primary Insurer Payment	\$300	\$300
Primary Insurance Cost Sharing – No cost sharing	\$ 0	\$ 0
(Insured's Payment Responsibility)	(\$ 0)*	(\$ 0)*
PH-MCO Payment (covers only up to Primary's rate)	\$ 0	\$ 0
Example 6: FQHC, RHC, CCBHC <u>(PHMCO are required to pay no less than the DHS established PPS rate)</u>		
PPS rate	\$400	\$400
DHS established PPS rate for <u>FQHC, RHC or CCBHC</u>	<u>\$400</u>	<u>\$400</u>
Primary Insurer rate	\$300	\$300
Primary Insurer Payment	\$300	\$300
Primary Insurance Cost Sharing – No cost sharing	\$ 0	\$ 0
(Insured's Payment Responsibility)	(\$ 0)*	(\$ 0)*
PH-MCO Payment (covers up to PPS rate)	\$100	\$100
Example 7: FQHC, RHC, CCBHC <u>(PHMCO are required to pay no less than the DHS established PPS rate)</u>		
PPS rate	\$400	\$400
DHS established PPS rate for <u>FQHC, RHC or CCBHC</u>	<u>\$400</u>	<u>\$400</u>
Primary Insurer rate	\$300	\$300
Primary Insurer Payment	\$200	\$200
Primary Insurance Cost Sharing	\$100	\$100
(Insured's Payment Responsibility)	(\$ 0)*	(\$ 0)*
PH-MCO Payment (covers up to PPS rate)	\$200	\$200

*Insured members may be responsible for a nominal MA-approved copayment.

Next Steps:

Each PH-MCO will provide updated internal policies reflecting the demonstrated TPL expectations outlined above.

Obsolete:

N/A

Attachment:

N/A