



# Medicaid – Third Party Liability

## PROGRAM CORE PURPOSE

To reduce Medicaid costs by pursuing payment from other legally obligated/responsible parties for the medical assistance costs.

## OUTCOMES

Performance Metric	SFY 2018 Target	SFY 2019 Target	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018 ***
Total TPL excluding cost avoidance*	>\$5,000,000	>\$5,000,000	\$4,097,467	\$4,297,863	\$4,764,659	\$4,602,136	\$5,205,642
Total TPL including Cost Avoidance**	>\$18,000,000	>\$18,000,000	\$16,846,865	\$17,767,706	\$19,805,345	\$16,721,211	\$16,617,957
% of Medicaid claims expenditures offset by total TPL****							
-Excluding Cost Avoidance	>1%	>1%	0.79%	0.81%	0.86%	0.83%	0.92%
-Including Cost Avoidance*****	>3.50%	>3.50%	3.25%	3.37%	3.57%	3.02%	2.93%
Estimated return on investment*							
-Excluding Cost Avoidance	>\$5 to \$1	>\$5 to \$1	\$6 to \$1	\$5 to \$1	\$6 to \$1	\$5 to \$1	\$6 to \$1
-Including Cost Avoidance*****	\$18 to \$1	\$18 to \$1	\$25 to \$1	\$22 to \$1	\$23 to \$1	\$19 to \$1	\$18 to \$1

\* These figures include estate recovery, third party liability recoveries, and credit balances. By paid date.

\*\* These figures include estate recovery, third party liability recoveries, credit balances and cost avoidance. By paid date.

\*\*\* SFY2018 figures are through 06/30/2018. By paid date.

\*\*\*\* Based on four years of paid claims history in SFY 2016 Annual Report and MMIS Report of Expenditures for SFY 2017 and for 2018.

\*\*\*\*\* Client Services- TPL has reviewed how cost avoidance dollars are calculated. Cost avoidance may not be fully realized, as providers are instructed that they do not have to bill Medicaid if the third party paid more than the Medicaid allowed amount. The dollars may also may be inflated. For example if a provider submits the same claim multiple times and it denies each time for TPL.

(-) Indicates data not yet available

N/A indicates data not available due to creation of new metric or re-definition of metric methodology

## OUTPUTS

Performance Metric	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018**
Total Estate Recovery	\$2,441,084	\$2,623,778	\$2,629,995	\$3,271,222	\$3,603,406
Total Third Party Liability – Pay and Chase	\$1,382,978	\$1,480,990	\$2,003,137	\$1,293,902	\$1,525,552
Total Credit Balances	\$273,405	\$193,095	\$131,527	\$37,012	\$76,684
Total Cost Avoidance*	\$12,749,398	\$13,469,843	\$15,040,686	\$12,119,075	\$11,412,314
Number of Estate Recovery Cases Opened***	1123	1396	1054	1574	1391
Number of Estate Recovery Cases Closed****	965	1198	1353	1486	1189
Number of TPL Cases Opened***	847	627	442	446	599
Number of TPL Cases Closed****	797	593	232	875	483

## EFFICIENCIES

Performance Metric	SFY 2014	SFY 2015	SFY 2016	SFY 2017	SFY 2018
% of recovered estate recovery cases to open cases	12.11%	10.32%	13.66%	13.87%	12.01%
% of recovered TPL cases to open cases – Pay and Chase	47.21%	60.77%	74.21%	70.85%	52.25%
% of Medicaid clients with other insurance coverage identified (relates to TPL recoveries and cost avoidance potential, excludes Medicare)	5.25%	5.61%	5.64%	5.38%	5.38%

\* The cost avoidance figure may be inflated, as cost avoidance is currently calculated based on billed charges from providers rather than the final amount Medicaid would have paid. These numbers do not include pharmacy cost avoidance.

\*\*Recoveries are through 06/30/2018. By paid date. These numbers do not include pharmacy pay and chase recoveries.

\*\*\*Opened cases are cases that are not fully settled or resolved, such as a case that is referred to the AG's Office for assistance, a case that is pending settlement from a liable third party, a case pending distribution of the estate, a case pending payment from a Miller Trust, a case pending payment as Medicaid is the beneficiary of a special needs trust or pooled trust, a case that has not been opened for one year from the date of loss, so recovery cannot be made, a case where the surviving spouse has not passed away, a case pending payment from a Wyoming Medicaid provider.

\*\*\*\*Closed cases are fully resolved cases. Examples of closure reasons are: maximum recovered from estate, no liable third party no property or resource identified, no related claims in 1 year, not cost effective to pursue, received payment in full, and received all payment available.

N/A indicates data not available due to creation of new metric or re-definition of metric methodology

## STORY BEHIND THE PERFORMANCE

- Wyoming Medicaid released a TPL RFP on 03/15/2018 to out source TPL requirements to a specialty vendor and received no responses to the RFP on 05/10/2018. The TPL requirements have been incorporated into the BMS procurement. The TPL requirements are being reviewed and redrafted.
- As a part of the restructuring of the Division of Healthcare Financing, the TPL & Estate Recovery Specialist position transitioned to the Client Services Unit. The transition to the Client Services Unit has been advantageous for the TPL & Estate Recovery Specialist position.
- Wyoming Medicaid is drafting policies and procedures for the each area of TPL. We are developing policy for special needs trusts, pooled trusts, and estate recovery.
- Wyoming Medicaid is finalizing a couple of CSRs. The CSRs are for improvements to the data match with Child Support Enforcement and for improvements and changes to the data match with Blue Cross/Blue Shield of Wyoming.
- Wyoming Medicaid has been working with CIGNA and UnitedHealthcare (UHC) to establish data matches.
- Wyoming Medicaid is receiving and reviewing a monthly report from the SDX (State Data Exchange) for individuals with a TPL indicator as a lead to new health insurance.
- Wyoming Medicaid's Contractor is reviewing the quarterly PARIS data match to determine if a client has coverage through Tricare.
- Bipartisan Budget Act of 2018 mandated that prenatal services be cost avoided. The effective date of the legislation was 02/09/2018. A CSR has been drafted and submitted to comply with the federal mandate.
- **Estate recovery** – Wyoming Medicaid has an aggressive estate recovery program. Wyoming has elected to use the expanded definition of estate that extends beyond probate actions. Wyoming is a lien state and has the ability to impose a lien on real property. Wyoming is able to recover from any real or personal property that the client had legal title or interest in at the time of death or when s/he took their last breath to the extent of that interest, including such assets conveyed to a survivor heir, or assign of the deceased individual through joint tenancy, tenancy in common, survivorship life estate, living trust or other arrangement.
- **Third party payer** is a person, entity, insurer, or government program that may be liable to pay, or that pays pursuant to the client's right of recovery arising from an illness, injury, or disability for which funds were paid or are obligated to be paid on behalf of the client. Third party payers may be Medicare, health insurance companies, worker's compensation, casualty insurance companies, a spouse or parent court ordered to carry health insurance, or a client's estate.
- **Credit balance** occurs when a provider's credits (take backs or adjustments) exceed their debits (pay outs or paid claims), resulting in the provider owing Medicaid money.
- **Cost avoidance** recognizes the existence of other insurers' responsibility and requires the insurer to pay prior to Medicaid payment.
- **Pay and chase** involves TPL staff attempting to recover money from the liable third party when a Medicaid payment has been made, and third party liability is subsequently identified and determined.

## UPCOMING EVENTS THAT WILL IMPACT PERFORMANCE

- Wyoming Medicaid is reviewing how it handles pay and chase claims for preventative pediatric care. The program may be moving away from using ICD-10 diagnoses to utilizing CPT and CDT procedure codes.
- Wyoming Medicaid is exploring options to change policies and procedures for estate recovery.
- Wyoming Medicaid will be working the with Wyoming Supreme Court to see if they will provide a monthly report of torts, probates, trusts, wills, administrative cases appealed to the district court, and circuit court cases that will be heard at the district court to discover new estate and TPL cases.