AHCCCS
Arizona Health Care Cost Containment System

Third Party Liability (TPL)

Fee-For-Service Training

Introduction

This document is intended as a reference for those responsible for billing TPL services to AHCCCS' Division of Fee for Service Management (DFSM).

NOTE: The services described in this Document are global in nature and are listed here to offer general guidance. The *AHCCCS Fee-For-Service Provider Manual* is available on the AHCCCS web site at http://www.azahcccs.gov/commercial/ProviderBilling/manuals/manuals.aspx.

General Information

AHCCCS has liability for payment of benefits after other first- and third-party payer benefits have been paid. Providers must determine the extent of the first- and third-party coverage and bill Medicare and all other coverage plans, including HMOs, prior to billing AHCCCS.

“Third-party” means a person, entity or program that is, or may be, liable to pay all or part of the medical cost of injury, disease, or disability of an applicant or member.

“Third-party liability” means any individual, entity, or program that is or may be liable to pay all or part of the expenditures for medical assistance furnished to a member under a state plan.”

AHCCCS maintains a record of each recipient's coverage by Other coverages. If a recipient's record indicates first- third-party coverage but no insurance payment is indicated on the claim, the claim will be denied.

General Information (cont.)

Coordination of benefits with first- or third-parties includes, but is not limited to the following:

- Private health insurance
- Group coverage through an employer
- Group coverage through a retires plan
- Coverage through a homeowner/auto plan
- Coverage through a work compensation plan
- Coverage through a disability plan
- Long term care insurance
- Court judgment or settlement from a liability insurer
- Medical support from an absent parent, court ordered or not

An AHCCCS registered provider agrees to accept the Capped Fee-For-Service schedule as payment in full.

General Information (cont.)

If the first- or third-party coverage paid more than the Capped Fee-For-Service scheduled amount then no further reimbursement is made by AHCCCS.

Should more than one coverage plan make payment and the total paid by the multiple coverage plans is more than the AHCCCS Capped Fee-For-Service schedule then there will be no AHCCCS payment and the provider cannot balance bill the recipient for any amount.

If the first- or third-party payor denies a covered service the provider must follow the plan's appeal process and exhaust all remedies before AHCCCS can consider the covered service. The provider must submit a copy of plan's final appeal decision to AHCCCS with the claim resubmission or the claim may be denied as incomplete

Claim Submission Requirements

The initial claim *must* be submitted to AHCCCS within six months of the date of service, even if payment from Other Insurance has not been received.

The claim must be resubmitted with the primary coverage payment Remit/EOB within 12-months of the date of service (clean claim time frame). (Refer to Chapter 4 General Billing Rules for timely filing requirements.)

- EOB means explanation of benefits by First- and Third-Party payor
- RA means remittance advice

Each of these documents show payment details of a provider's claim for services.

Providers must submit a separate RA/EOB with each claim form. If a provider submits multiple claims for a recipient but includes only one copy of the RA or EOB, the payment document will be attached to the claim with highest coinsurance and deductible amount. The other claims in the package will be denied for lack of a Medicare RA or Other Coverage RA/EOB.

Note: failure to submit the remark/reason code key page(s) with the RA/EOB are considered incomplete claims and will result in claim denial.

Entering TPL Information

Unlike when Medicare is primary, **for TPL we *do not* enter the deductible/copay/coinsurance amounts into the claims!!**

For TPL, the TPL **PAID amount:**

is entered for each service/line on a CMS **1500** claim (Form A)

is entered for whole claim on a **UB** inpatient or outpatient (Form I or Form O)

The logic for TPL: system will calculate AHCCCS "normal" liability for a service, then compares the AHCCCS rate payable (for the service) to the TPL **paid** amount (for the service):

If the TPL **paid** amount is more than the AHCCCS rate payable then AHCCCS has no liability and no payment would be made

If the TPL **paid** amount is less than the AHCCCS rate payable then AHCCCS S will pay the difference

A.A.C. R9-22-1003 states in part:

"The Administration shall pay no more than the difference between the Capped Fee-For-Service schedule and the amount of the third-party liability …"

TPL Pays More Than The FFS Cap

For example, provider bills $4,500.00 for a surgical procedure:

- the first-party plan allowed $1,388.23, paid $1,110.58 and shows a 20% coinsurance amount of $277.65;
- the AHCCCS Capped Fee-For-Service schedule allows $753.21 for the surgery

There will be no AHCCCS payment, as the provider has already been paid more than the Capped Fee-For-Service scheduled amount. The provider must accept the $1,110.58 as payment in full and cannot balance bill the recipient for any amount.

CMS 1500 Example: Office visit Services

TPL paid amount is entered for *each line* on the claim

Service	billed	TPL paid amount	AHCCC rate	AHCCCS claim pays	
L1. 99215	$175.00	$0.00	$101.71	$101.71	($101.71-$0.00=$101.71)
L2. 88150	$48.00	$15.00	$12.47	$0.00	(TPL paid more then AHCCCS rate)
L3. 36415	$7.00	$7.00	$2.60	$0.00	(TPL paid more then AHCCCS rate)

Provider cannot balance bill recipient for any amount since the AHCCCS rate was paid.

Note:

If a service is not covered by AHCCCS then no payment will be made by AHCCCS.

UB Example

1st example

Recipient's employer health plan pays primary on this ER facility claim, bill was submitted with the primary EOB.

Total billed amount: $4560.00

TPL billed	TPL allowed	Deductible	TPL pays at 80%	TPL pays	AHCCCS rate	AHCCCS pays
$4560.00	$4560.00	-$1000.00	$3560.00	$2848.00	$2850.00	$2.00

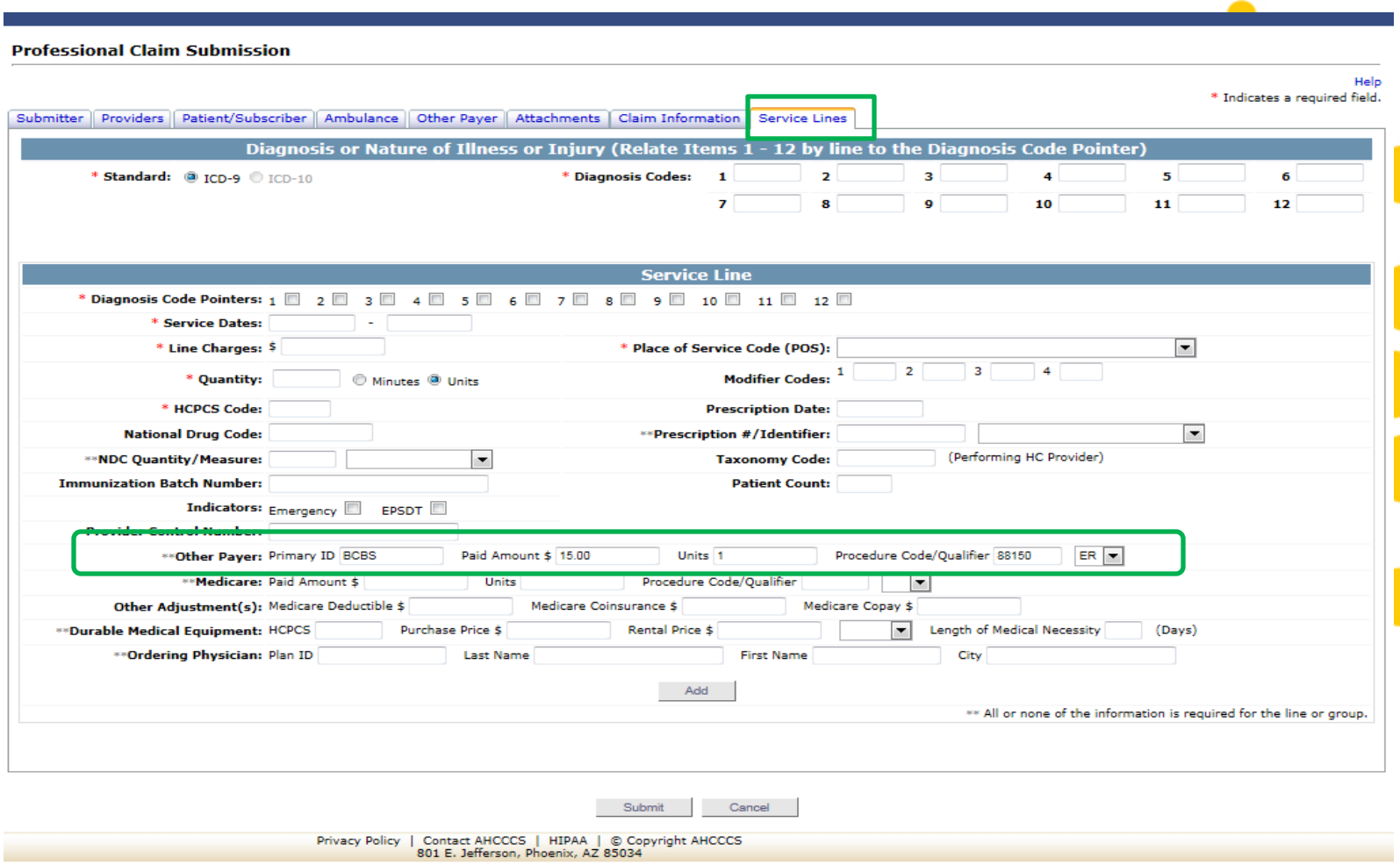
In this example, the AHCCCS rate is higher than the TPL paid amount by $2.00. Since the total amount paid to the hospital is the AHCCCS rate, the hospital cannot balance bill the recipient for any amount.

2nd example

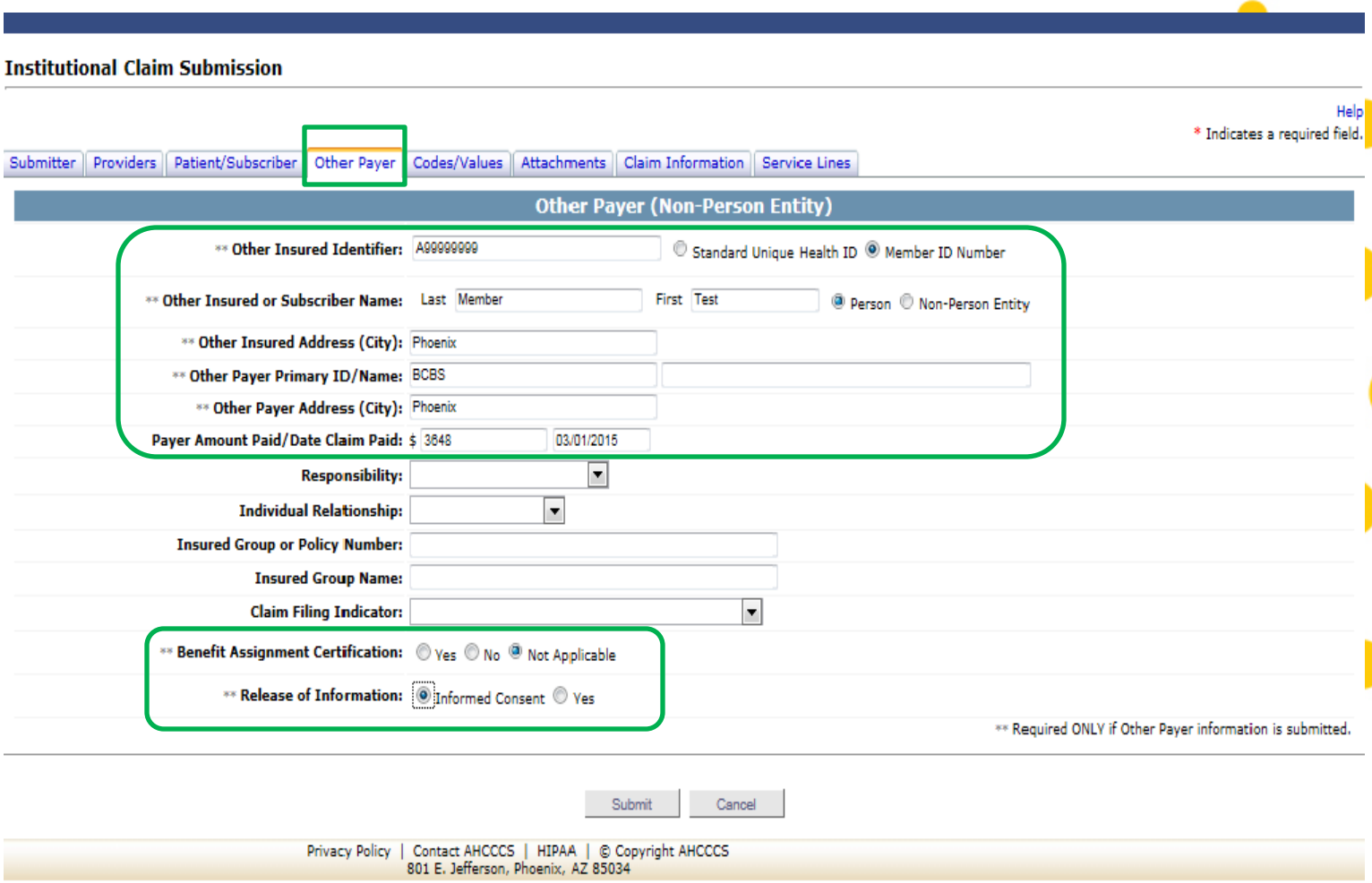
TPL billed	TPL allowed	Deductible	TPL pays at 80%	TPL pays	AHCCCS rate	AHCCCS pays
$4560.00	$4560.00	-$0.00	$4560.00	$3648.00	$2850.00	$0.00

In this example, the AHCCCS rate is *less than* the TPL paid amount. AHCCCS would make NO payment on this claim. Since the provider received total payment more than the AHCCCS rate, the hospital cannot balance bill the recipient for any amount.

1500's TPL Online Amount Fields



UB TPL Online Amount Fields



Questions?

Thank You.