

## PROGRAM DESCRIPTION

**Department: Social Services**

**HB Section(s): 11.615**

**Program Name: Third Party Liability (TPL) Contracts**

**Program is found in the following core budget(s): Third Party Liability (TPL) Contracts**

### 1a. What strategic priority does this program address?

Reduce Medicaid overall costs

### 1b. What does this program do?

The TPL program utilizes a combination of contractor and state staff resources to research and identify potentially liable third party sources and then pursues those alternative payment methods. MO HealthNet is able to avoid and/or recover costs for medical services provided to the state's Medicaid population. While this appropriation only funds the TPL contractor, both contractor and state staff responsibilities are discussed below. Funding for the MO HealthNet TPL Unit, are appropriated under MO HealthNet Administration. Even though some responsibilities are shared, the TPL Unit and the contractor each perform specific cost saving and recovery activities. The contractor focuses on bulk billings to insurance carriers and other third parties and data matches to identify potential third parties.

The following list itemizes the activities performed by the contractor:

- Health insurance billing and follow-up
- Data matches and associated billing (Tricare, Missouri Consolidated Health Care Plan, and other insurance carriers such as Blue Cross Blue Shield, United Healthcare, and Aetna)
- Provide TPL information for state files
- Post accounts receivable data to the state A/R system
- Maintain insurance billing files

Program Objectives are to recover funds:

- From third-party sources when liability at the time of service had not yet been determined
- When the third-party source was not known at the time of MO HealthNet payment
- For services that are federally mandated to be paid and then pursued

### Reimbursement Methodology

The TPL contract appropriation allows for payment to the contractor who works with the agency on TPL recovery and cost avoidance activities. The contractor is paid for its recovery services through a contingency contract rate for cash recoveries of 15% for the first \$20 million recovered, 14% for any recoveries over \$20 million and up to \$30 million, and 13% for recoveries over \$30 million, which resets annually. There is also a "per member per month" (PMPM) rate of \$0.235 for cost avoidance services which is based on currently enrolled participants. Health plans in the MO HealthNet Managed Care program are responsible for the TPL activities related to plan enrollees.

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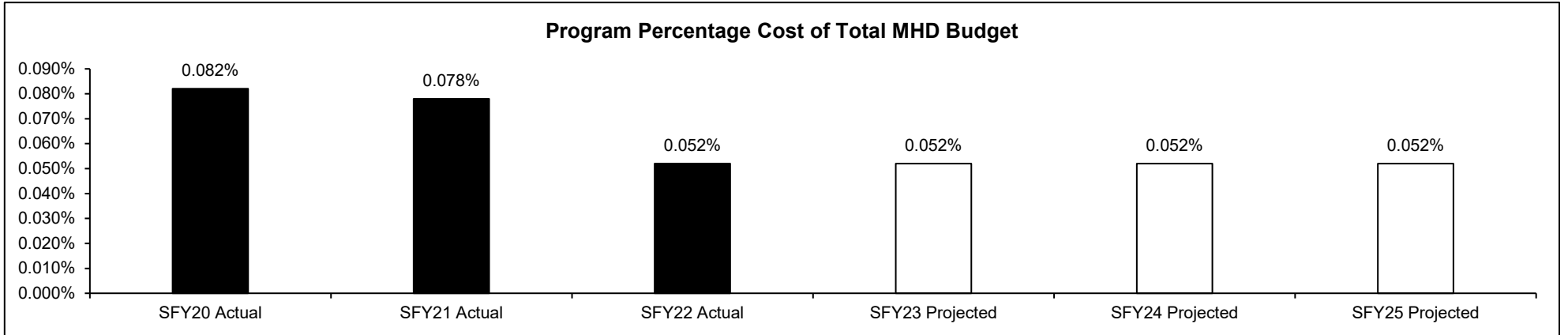
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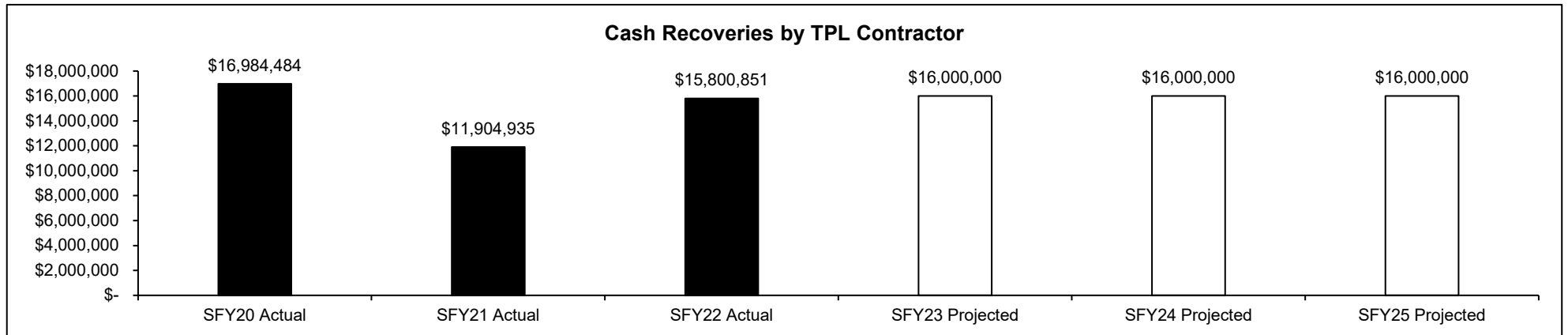
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**2a. Provide an activity measure for the program.**



**2b. Provide a measure of the program's quality.**



**Note:** Managed Care was implemented in 2017. TPL has a 36 month period in which we can collect recoveries on claims. A majority of Medicaid participants are now in Managed Care, which accounts for lower recovery amounts in current years than years prior to SFY20. Decreased claims during the Public Health Emergency (PHE) accounts for the decreased recoveries seen in SFY21.

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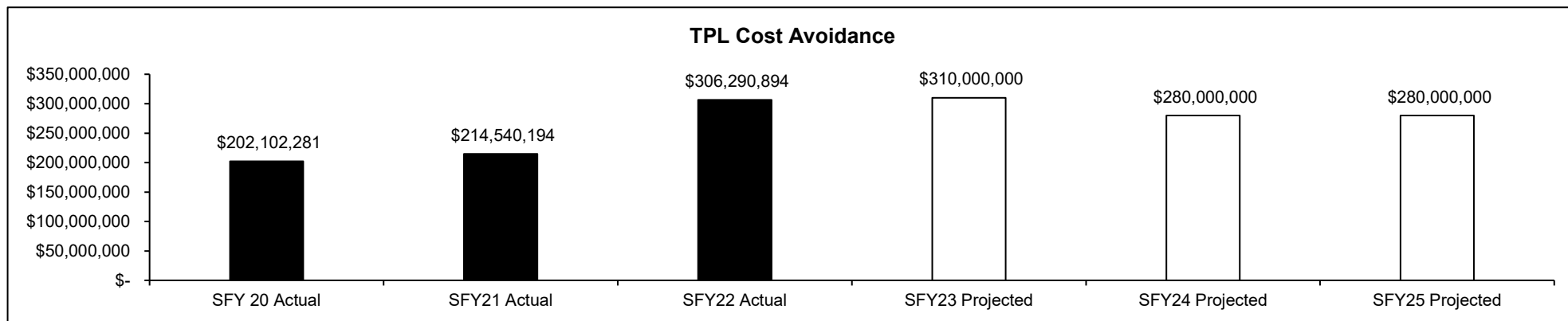
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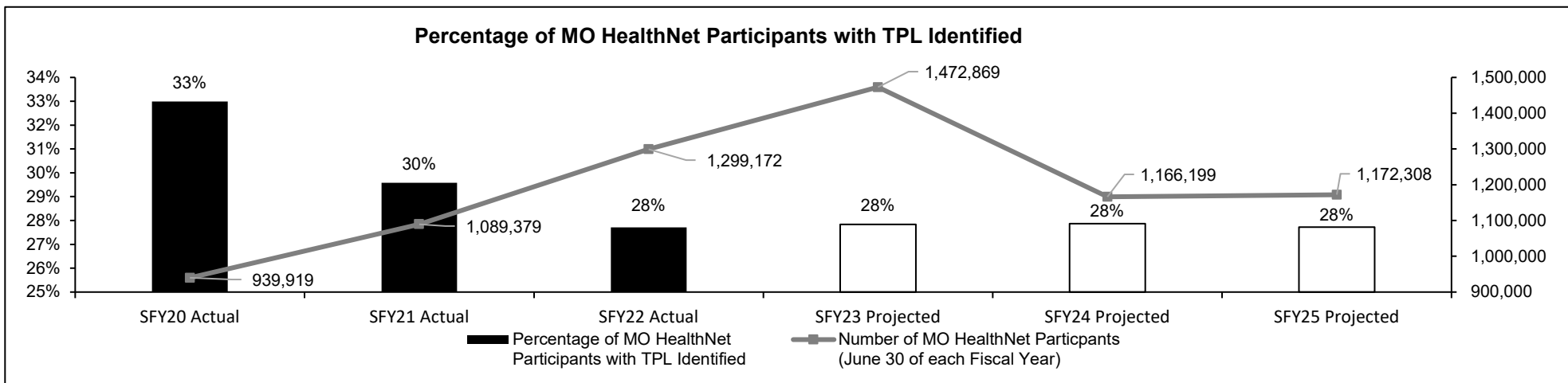
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### 2c. Provide a measure of the program's impact.



**Note:** Identification of TPL policies allows MO HealthNet to pay secondary on claims for these participants. This allows us to avoid paying the majority of costs for these individuals. The increase in SFY22 was due to a combination of the higher number of participants because of the PHE and additional policy changes that increase recoveries. MHD expects the future recoveries to be higher than SFY21 and previous years, but lower than SFY22 because of the PHE ending and there will be fewer participants.

### 2d. Provide a measure(s) of the program's efficiency.



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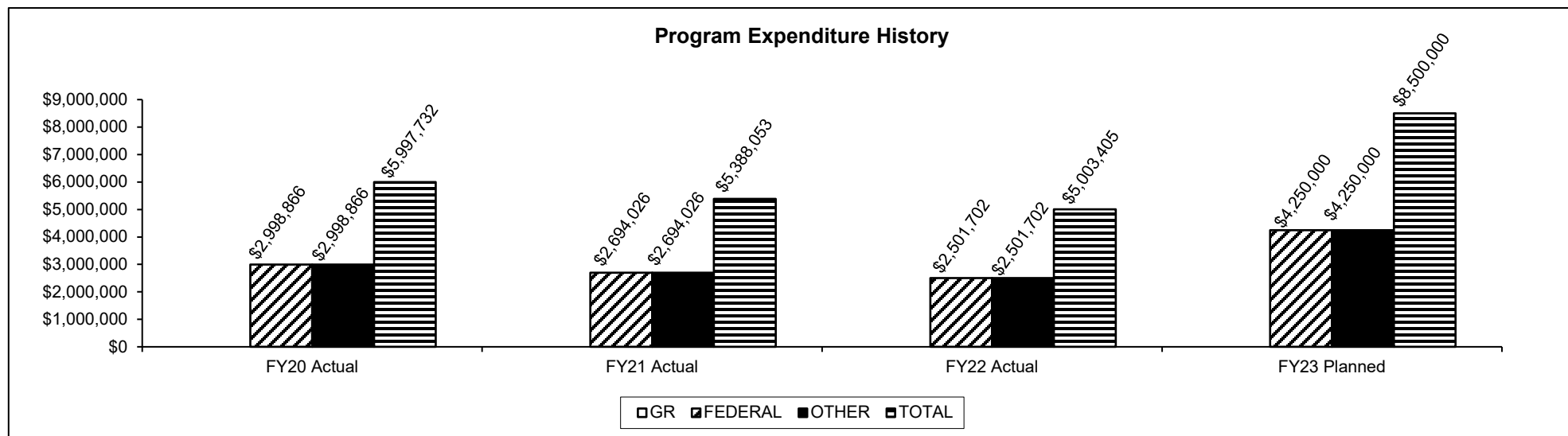
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**3. Provide actual expenditures for the prior three fiscal years; planned expenditures for the current fiscal year; and, when available, the Governor's recommended funding for the upcoming fiscal year. (Note: Amounts do not include fringe benefit costs.)**



**4. What are the sources of the "Other " funds?**

Third Party Liability Collections Fund (0120)

**5. What is the authorization for this program, i.e., federal or state statute, etc.? (Include the federal program number, if applicable.)**

State statute: Sections 198.090, 208.101, 208.153, 208.166, 208.215, 473.398, and 473.399, RSMo. State regulation: 13 CSR 70-4.120 and 13 CSR 0-1.010. Federal law: Social Security Act, Section 1902, 1930, 1906, 1912, and 1917. Federal regulation: 42 CFR 433 Subpart D.

**6. Are there federal matching requirements? If yes, please explain.**

General Medicaid administrative expenditures require a 50% match.

**7. Is this a federally mandated program? If yes, please explain.**

By Federal Statute Sec. 1102 of the Social Security Act (42 U.S.C. 1302) and federal regulation, (42 CFR 433.138) - Identifying liable third parties, States are required to pursue all other available third party resources, who must meet their legal obligation to pay claims before the MO HealthNet program pays for the care of a participant. Missouri is required to take all reasonable measures to ascertain the legal liability of third parties to pay for care and services that are available under the Medicaid State Plan.