Requirements for Third Party Liability - Payment of Claims

1) The Indiana Medicaid Third Party Liability (TPL) program establishes coordination of benefit rules designed to ensure that Medicaid is the payer of last resort, unless otherwise required. The claims payment system will apply edits that facilitate appropriate cost avoidance/coordination of benefit activities.

   When a third party payor fails to respond within 90 days of the date of the provider's attempt to bill, one of following attachments must accompany the Medicaid claim:

   a.) copies of unpaid bills sent to the third party (whether an individual or an insurance company);

   b.) written notification from the provider giving the date of attempts to bill and explaining that the third party failed to respond within 90 days from the billing date.

   c.) When the third party payor is an absent parent who has been billed at the address supplied by the recipient of local welfare office, but the billing is returned "address unknown" the returned envelope may be filed with the claim.

   Effective December 31st, 2021 system edits will be updated to require TPL resource validation prior to making payment determinations for claims that contain services for prenatal care including labor and delivery and postpartum care. Applicable claims will be cost avoided accordingly.

   Claims for services relating to pediatric preventative care are excluded from cost avoidance and will follow the pay and chase methodology, unless the state has made a determination related to cost-effectiveness and access to care that warrants cost avoidance for up to 90 days.

   When coordination of benefits decisions are the result of child support enforcement, claims will not be subject to cost avoidance for up to 100 days following the date the claim has been submitted in accordance with the flexibilities outlined in 1902(a)(25)(F).

2) Health recovery cases are established whenever Medicaid has paid claims in instances where:

   a.) the TPL unit learns of previously unidentified insurance benefits which were available for a period of at least two months prior to the date the benefits are coded on the recipient resource file, and/or

   b.) the TPL Unit is notified that a recipient has insurance coverage for a service for which a paid claim appears on the Medicaid monthly Explanation of Benefits.

      The following threshold applies:

      There is no threshold.

3) Casualty or liability recovery cases are established whenever Medicaid has paid related claims in instances where:

   a.) The TPL Unit is notified that a recipient was a victim of a violent crime or was involved in an accident; and/or

b.) the TPL Unit is notified that a recipient is the plaintiff in a malpractice, product liability, or class action lawsuit involving injury or impairment.

The following threshold applies:

Recovery will be sought in all cases where total Medicaid expenditures exceed $500.00, if it appears it will be cost effective to pursue the case.