

Affected Programs: BadgerCare Plus, Medicaid
To: All Providers, HMOs and Other Managed Care Programs

New Reimbursement Policy for Certain Claims and Claim Adjustments with Other Commercial Health Insurance Indicated

This *ForwardHealth Update* announces new reimbursement policy for professional, institutional, and dental claims and claim adjustments submitted electronically via the ForwardHealth Portal or using an 837 Health Care Claim transaction when other commercial health insurance is indicated on the claim or claim adjustment. The new policy is effective for claims and claim adjustments submitted on and after June 16, 2014.

This *ForwardHealth Update* announces new reimbursement policy for professional, institutional, and dental claims and claim adjustments submitted electronically via the ForwardHealth Portal or using an 837 Health Care Claim transaction when other commercial health insurance is indicated on the claim or claim adjustment. This includes electronic claims and claim adjustments submitted using Provider Electronic Solutions software or through a clearinghouse or software vendor.

How Reimbursement Will Be Calculated

Effective for claims and claim adjustments submitted on and after June 16, 2014, ForwardHealth will calculate Medicaid reimbursement by deducting all discounts for other insurance, in addition to the total amount paid by other insurance, from the Medicaid allowed amount. This will ensure the most accurate reimbursement and compliance with electronic claim requirements under the

Health Insurance Portability and Accountability Act of 1996 (HIPAA).

The following equation depicts the new reimbursement calculation for claims and claim adjustments with other insurance indicated:

$$\begin{array}{r} \text{Medicaid Allowed Amount} \\ - \text{Total Discount for Other Insurance} \\ - \text{Total Amount Paid by Other Insurance} \\ \hline \text{Medicaid Reimbursement} \end{array}$$

Use of Adjustment Reason Code 45

Providers should use HIPAA claim adjustment reason code 45 (Charge exceeds fee schedule/maximum allowable or contracted/legislated fee arrangement) when indicating the other insurance discount that was applied to a claim or claim adjustment.

Examples

Refer to the Attachment of this *Update* for examples of how reimbursement will be calculated for professional, institutional, and dental claims and claim adjustments submitted electronically or via the Portal when other commercial insurance is indicated on the claim or claim adjustment.

New Explanation of Benefits Code

ForwardHealth has created a new explanation of benefits (EOB) code that will be used when the reimbursement amount on a claim or claim adjustment has been adjusted due to other insurance discounts: **EOB code 3032**, which states “Pricing Adjustment — Reimbursement reduced by the TPL contractual discount.” Providers may see this new EOB code on their Remittance Advices for claims and claim adjustments submitted on and after June 16, 2014.

Paper Claims and Process Will Be Updated Later This Year

ForwardHealth will be updating paper claims and the paper claims process later this year to reflect this new reimbursement policy. Providers should watch for a future *Update* announcing the implementation date and other details for paper claims.

Information Regarding Managed Care Organizations

This *Update* contains fee-for-service policy and applies to services members receive on a fee-for-service basis only. For managed care policy, contact the appropriate managed care organization. Managed care organizations are required to provide at least the same benefits as those provided under fee-for-service arrangements.

The *ForwardHealth Update* is the first source of program policy and billing information for providers.

Wisconsin Medicaid, BadgerCare Plus, SeniorCare, and Wisconsin Chronic Disease Program are administered by the Division of Health Care Access and Accountability, Wisconsin Department of Health Services (DHS). The Wisconsin AIDS Drug Assistance Program and the Wisconsin Well Woman Program are administered by the Division of Public Health, Wisconsin DHS.

For questions, call Provider Services at (800) 947-9627 or visit our Web site at www.forwardhealth.wi.gov/.

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This *Update* was issued on 3/31/2014 and information contained in this *Update* was incorporated into the Online Handbook on 4/3/2014.

ATTACHMENT

Examples of New Reimbursement Calculation for Claims and Claim Adjustments with Other Insurance Indicated

The following examples depict the new reimbursement calculation for professional, institutional, and dental claims and claim adjustments submitted electronically via the ForwardHealth Portal or using the 837 Health Care Claim transaction when other commercial insurance is indicated on the claim or claim adjustment.

Determining Medicaid Reimbursement	
<p>Example 1: Two Other Primary Payers</p> <p>Primary Payer 1 discount=\$5 Primary Payer 1 paid amount=\$10 Primary Payer 2 discount=\$2 Primary Payer 2 paid amount=\$3 Total discount for other insurance=\$7 Total amount paid by other insurance=\$13 Medicaid allowed amount=\$40</p> <p style="margin-left: 20px;">\$40 (Medicaid Allowed Amount) -\$ 7 (Total Discount for Other Insurance) -\$13 (Total Amount Paid by Other Insurance) <hr style="width: 80%; margin-left: 0;"/> \$20 (Medicaid Reimbursement)</p>	<p>Example 2: One Other Primary Payer</p> <p>Primary Payer discount=\$10 Primary Payer paid amount=\$20 Medicaid allowed amount=\$50</p> <p style="margin-left: 20px;">\$50 (Medicaid Allowed Amount) -\$10 (Total Discount for Other Insurance) -\$20 (Total Amount Paid by Other Insurance) <hr style="width: 80%; margin-left: 0;"/> \$20 (Medicaid Reimbursement)</p>
<p>Example 3: One Other Primary Payer (Total Discount and Amount Paid by Other Payer Exceeds Medicaid Allowed Amount)</p> <p>Primary Payer discount=\$20 Primary Payer paid amount=\$30 Medicaid allowed amount=\$40</p> <p style="margin-left: 20px;">\$40 (Medicaid Allowed Amount) -\$20 (Total Discount for Other Insurance) -\$30 (Total Amount Paid by Other Insurance) <hr style="width: 80%; margin-left: 0;"/> \$ 0 (Medicaid Reimbursement)</p>	