

HOME CARE NURSING SERVICES THIRD-PARTY LIABILITY POLICY

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Background

The University of Illinois Chicago's Division of Specialized Care for Children (DSCC) has a Claims Unit that processes all incoming claims for the organization. When a Home Care participant has private insurance in addition to Medicaid, DSCC historically required the nursing agency to provide an insurance denial for coverage of in-home shift nursing, prior to paying the claim. This was based on the federal requirement for Medicaid to be the payer of last resort, meaning that all third-party insurance carriers must pay before Medicaid processes the claim. This includes Medicare and private health insurance carriers. Providers must report payments from all third parties on Medicaid payment claims.

It is a hardship for nursing agencies to get written denials from third-party insurance companies. Agency administrators frequently approached DSCC's Care Coordinators or Claims Unit requesting an exception because delays in obtaining payment were hindering the ability to make payroll. In these cases, the DSCC Claims Unit asked the nursing agency to submit documentation of their attempts to obtain the payment/written denial from the private insurer. Exceptions were made on a case-by-case basis when there was a concern that the Home Care participant would go without nursing due to the billing situation. In these cases, HFS would institute "pay and chase," meaning they pay the claim up front and then follow up with the third-party insurer for reimbursement.

Policy

Effective October 1, 2019, the Balanced Budget Act of 2018 amended section 1902(a)(25) of the Act and required state Medicaid agencies to begin paying pediatric preventive services regardless of the existence of third-party liability coverage. In other words, they began requiring the "pay and chase" model. Illinois determined that it was not cost-effective to cost avoid these claims (i.e., reject claims when third-party liability exists). Therefore, EPSDT services are now paid without cost avoidance, and nursing agencies are no longer required to obtain payment or written denials from third-party insurers prior to billing DSCC for these services.

For individuals aged 21 and above, nursing is not considered an EPSDT service. Therefore, this policy only applies to children and youth under age 21. For the population aged 21 and above, nursing agencies must continue to work with the insurer and make attempts to get payment or written denial. If nursing agencies are unsuccessful, and it results in a negative outcome for the participant or the agency, a request for an exception may be submitted.