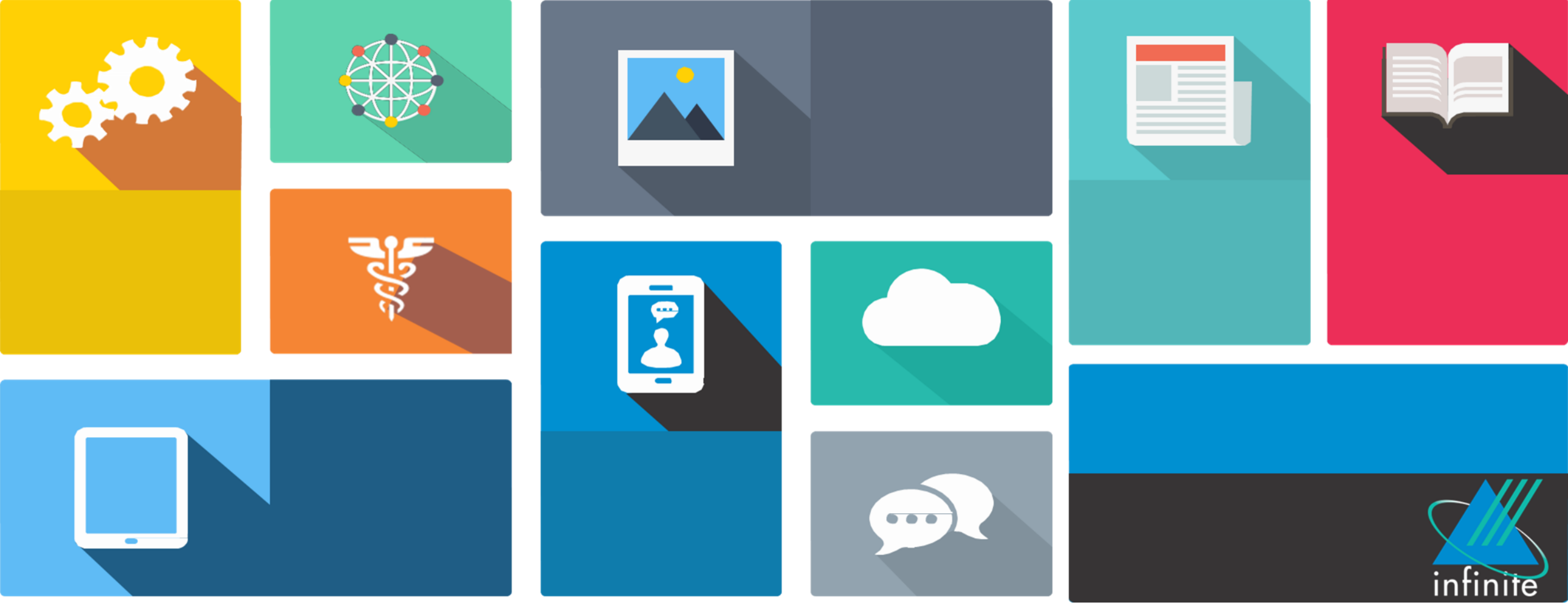



# Third Party Liability – US HEALTHCARE

# Third Party Liability & Co-ordination of Benefits

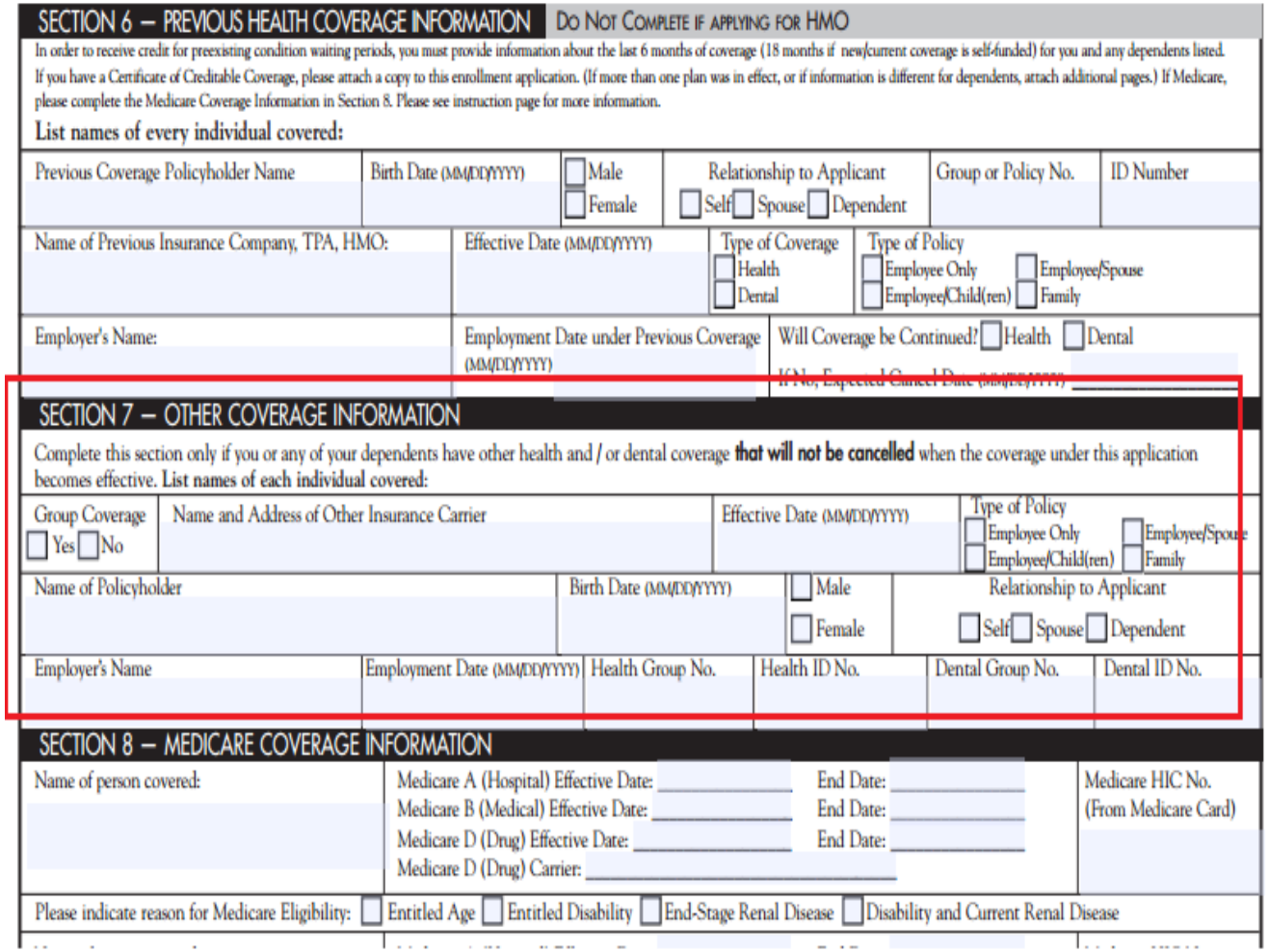
- Third Party Liability (TPL) refers to the legal obligation of third parties (e.g., certain individuals, entities, insurers, or programs) to pay part or all of the expenditures for medical assistance furnished under a health plan.

- Coordination of Benefits (COB) refers to the activities involved in determining Medicaid benefits when an enrollee has coverage through an individual, entity, insurance, or program that is liable to pay for health care services.

- Examples of third parties which may be liable to pay for services:
  - Group health plans
  - Self-insured plans
  - Medicare

# How is TPL Detected ?

- Information regarding potentially liable third parties, including information about other sources of health coverage, is gathered when individuals apply for Insurance.
- States conduct data matches to identify third party resources.
- Through eligibility verifications at the time of treatment/claim. – Third Party Tool to populate TPL info.
- Initial Enrollment Questionnaire (IEQ)



**SECTION 6 – PREVIOUS HEALTH COVERAGE INFORMATION** DO NOT COMPLETE IF APPLYING FOR HMO

In order to receive credit for preexisting condition waiting periods, you must provide information about the last 6 months of coverage (18 months if new/current coverage is self-funded) for you and any dependents listed. If you have a Certificate of Creditable Coverage, please attach a copy to this enrollment application. (If more than one plan was in effect, or if information is different for dependents, attach additional pages.) If Medicare, please complete the Medicare Coverage Information in Section 8. Please see instruction page for more information.

List names of every individual covered:

| Previous Coverage Policyholder Name | Birth Date (MM/DD/YYYY) | ☐ Male ☐ Female | Relationship to Applicant ☐ Self ☐ Spouse ☐ Dependent | Group or Policy No. | ID Number |
|---|---|---|---|---|---|

| Name of Previous Insurance Company, TPA, HMO: | Effective Date (MM/DD/YYYY) | Type of Coverage ☐ Health ☐ Dental | Type of Policy ☐ Employee Only ☐ Employee/Spouse ☐ Employee/Child(ren) ☐ Family |
|---|---|---|---|

| Employer's Name: | Employment Date under Previous Coverage (MM/DD/YYYY) | Will Coverage be Continued? ☐ Health ☐ Dental |
|---|---|---|

**SECTION 7 – OTHER COVERAGE INFORMATION**

Complete this section only if you or any of your dependents have other health and / or dental coverage **that will not be cancelled** when the coverage under this application becomes effective. List names of each individual covered:

| Group Coverage ☐ Yes ☐ No | Name and Address of Other Insurance Carrier | Effective Date (MM/DD/YYYY) | Type of Policy ☐ Employee Only ☐ Employee/Spouse ☐ Employee/Child(ren) ☐ Family |
|---|---|---|---|

| Name of Policyholder | Birth Date (MM/DD/YYYY) | ☐ Male ☐ Female | Relationship to Applicant ☐ Self ☐ Spouse ☐ Dependent |
|---|---|---|---|

| Employer's Name | Employment Date (MM/DD/YYYY) | Health Group No. | Health ID No. | Dental Group No. | Dental ID No. |
|---|---|---|---|---|---|

**SECTION 8 – MEDICARE COVERAGE INFORMATION**

| Name of person covered: | Medicare A (Hospital) Effective Date: _____ End Date: _____<br>Medicare B (Medical) Effective Date: _____ End Date: _____<br>Medicare D (Drug) Effective Date: _____ End Date: _____<br>Medicare D (Drug) Carrier: _____ | Medicare HIC No. (From Medicare Card) |
|---|---|---|

Please indicate reason for Medicare Eligibility: ☐ Entitled Age ☐ Entitled Disability ☐ End-Stage Renal Disease ☐ Disability and Current Renal Disease

# How is TPL claimed?

- Once a Third Party Liability is determined, the Insurance Companies would either "Cost Avoid" or "Pay and Chase"

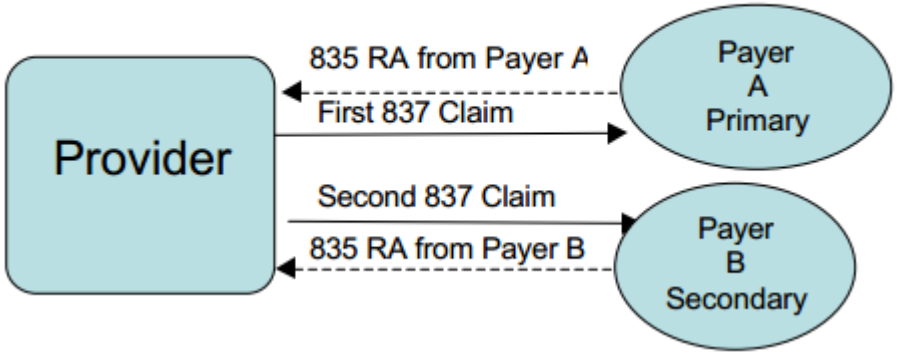
  - **Cost Avoidance –** System starts cost avoiding claims by denying them back to the provider with a message that the beneficiary has other insurance on that date of service and claims should be filed there first.

  - **Pay and Chase –** Utilized when a State authorized program pays the medical bills and later attempts to recover from liable third parties.

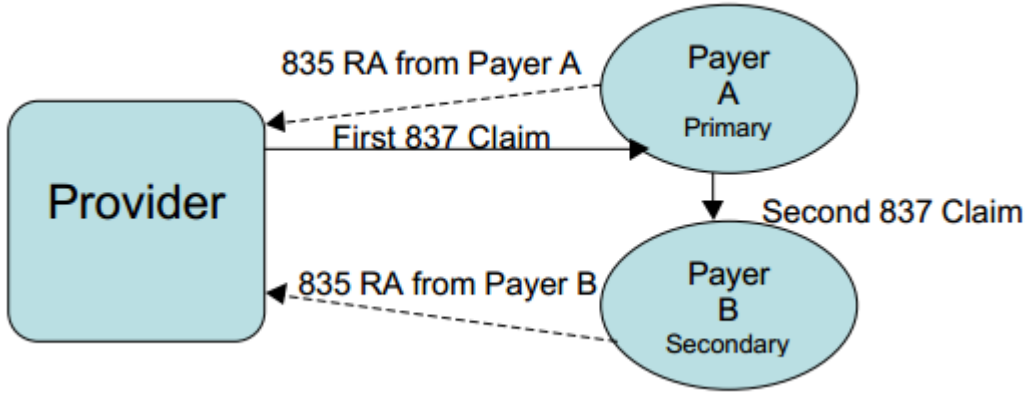
# How is TPL claimed?

- **Coordination of Benefits :** Healthcare payers share the cost of care between them to ensure that insurance claims are not paid multiple times.

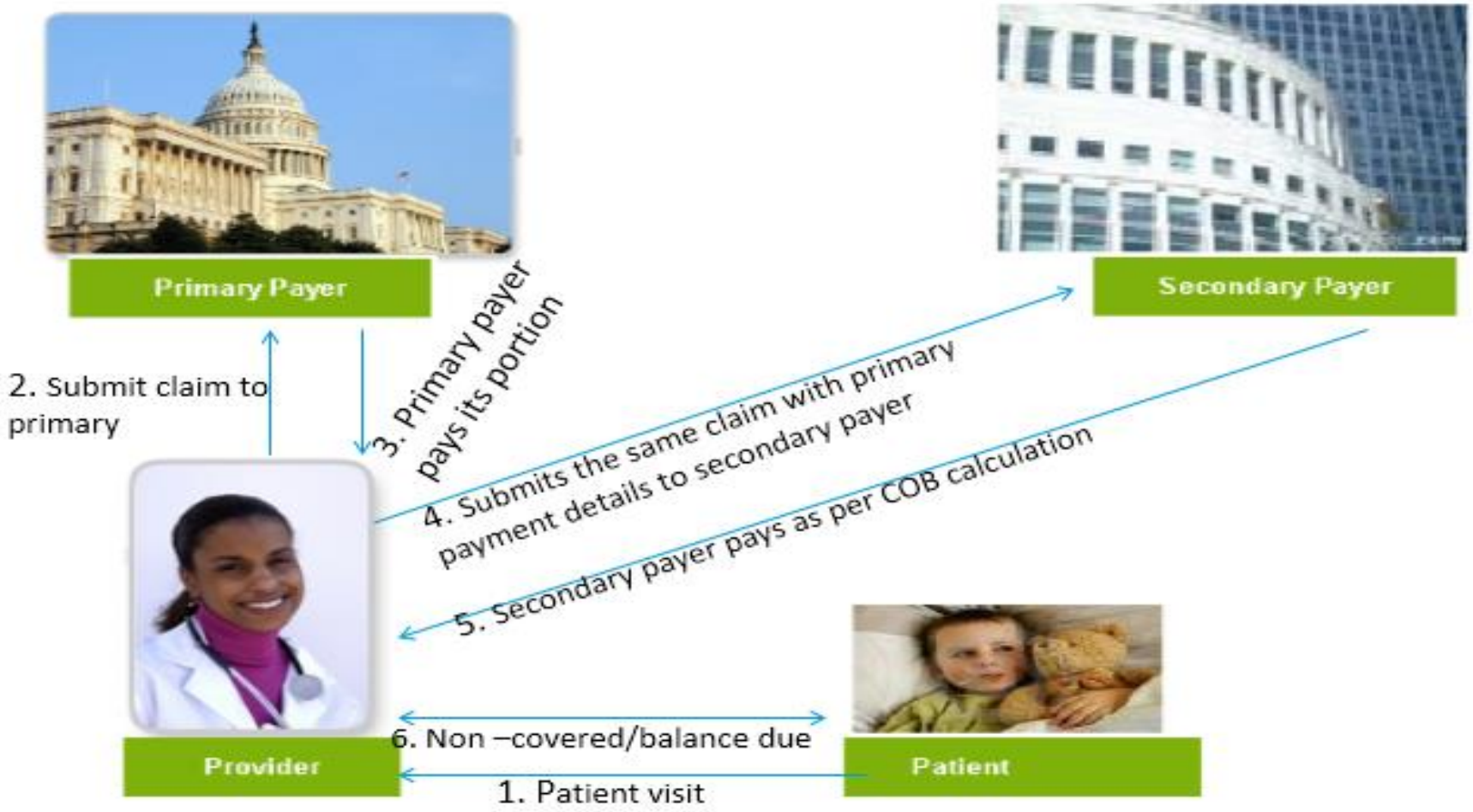
**Provider-To-Payer Coordination of Benefits Model**




**Payer-to-Payer Coordination of Benefits Model**



# TPL – Workflow



# TPL Billing and Recovery

- Invoices generation to Liable insurance company in Pay and Chase.
- Recovery update

# Coordination of Benefits Agreement (COBA)

- The Coordination of Benefits Agreement (COBA) Program established a standard contract between CMS and other health insurance organizations that defines the criteria for transmitting enrollee eligibility data and Medicare adjudicated claim data for the purposes of coordinating benefits.
- National repository for COBA information is created by establishing a unique identifiers (COBA IDs) associated with each contract and payer line of business.
- COBAs permit other insurers and benefit programs (also known as trading partners) to send eligibility information to CMS and receive Medicare paid claims data for processing supplemental insurance benefits

# Coordination of Benefits – Who pays first?

- National Association of Insurance Commissioners (NAIC) has established rules to determine the order of benefits. Each plan determines its order of benefits using the first of the following rules that applies.

- The National Association of Insurance Commissioners (NAIC) is the U.S. standard-setting and regulatory support organization created and governed by the chief insurance regulators from the 50 states, the District of Columbia and five U.S. territories. Through the NAIC, state insurance regulators establish standards and best practices, conduct peer review, and coordinate their regulatory oversight.

# Example - Who pays first?

- If you have coverage with your employer plan and as a dependent with your spouse's employer plan.

Your employer plan pays your claim first.

Your spouse's plan pays your claim second.

- If you have two plans because of two part-time jobs:

Job One – Member of plan since March 3, 1995

Job Two – Member of plan since February 2, 2001

The plan with Job one pays first - it has covered you longer


# Thank You