



COMMISSIONER
Chris Traylor

June 25, 2012

To: Nursing Facilities
Hospice Providers
Community Intermediate Care Facilities for Individuals with an Intellectual Disability or Related Condition

Subject: Information Letter 12-59
**Cost Avoidance Project for Texas Department of Aging and Disability Services
Long Term Care**

To comply with a federal mandate by the Centers for Medicare & Medicaid Services (CMS), in February 2013 Texas Medicaid will implement a Cost Avoidance initiative within the Texas Medicaid & Healthcare Partnership (TMHP) Claims Submission and Processing systems to detect the existence of third party insurance policies for Long Term Care (LTC) individuals in nursing facilities, hospice, and non-state-operated intermediate care facilities for persons with intellectual or developmental disabilities.

Insurance policies for the individual that are on file at TMHP will be displayed in the Medicaid Eligibility Service Authorization Verification (MESAV) on TexMedConnect at the time of claim submission with the implementation of this project. The Provider will be required to submit the paid or denied status of the third party insurance company claim at the time of the Texas Medicaid claim submission. If the existence of a third party insurance policy is detected at the time of claim submission, and this information is *not* provided by the submitter, the claim will be denied. A provider may submit a new claim with the third party insurance liability information.

If the insurance company claim was paid, the amount paid by the insurance company as indicated on the Explanation of Benefits (EOB) will be required on the claim. If the insurance company claim was denied, the denial reason as indicated on the EOB will be required on the claim. In all cases, the EOB letter from the insurance company will be required to be on file at the facility.

The new Cost Avoidance rules will be effective in the Texas Administrative Code on July 9, 2012. The changes to the TMHP Claims Submission and Processing systems (TexMedConnect and Claims Management System) will be implemented in three releases.

Release 1: August 24, 2012

TMHP Third Party Liability (TPL) will implement new Operations processes for updating and validating insurance information on file at TMHP for LTC individuals. This release will also provide phone support (through the TMHP Help Desk) to Providers requiring assistance with the Other Insurance information on file for their clients.

In early September 2012 DADS will be distributing a report to all Nursing Facility, Intermediate Care Facility and Hospice Providers with insurance policy information for individuals in their facility. The insurance information is being distributed several months in advance of the Cost Avoidance Claims process in February 2013 to allow Providers an opportunity to review the insurance information for accuracy and to bill the respective insurance companies for their client's services and obtain a claim disposition. If the Provider finds that the insurance information for their clients on the distributed report is in error, the TMHP Help Desk will be available starting August 2012 for handling updates to this information. Please note that the TMHP Other Insurance reports will be mailed to your facility's Service Delivery address, which is the street address of the billing provider at which the client services were provided. This address is viewable on your TMHP TexMedConnect software and on the HIPAA 5010 address field (N3) of the 837 claim transaction. Your timely receipt of these reports is critical, so please ensure that they are made available, as soon as possible, to your personnel responsible for insurance billing.

Release 2: In November 2012

This release is planned for the TexMedConnect Medicaid Eligibility Service Authorization Verification (MESAV) system, which will allow providers to view the insurance information on file at TMHP for their clients.

Release 3: In February 2013

This release will include all changes to TMHP TexMedConnect claim submission and TMHP Claims Management System to implement the Cost Avoidance initiative. The TMHP TexMedConnect Computer Based Training (CBT) will be updated with the new screen fields required upon claim submission.

It will be very helpful to use the information to be provided in September that will identify all known insurance policies on file at TMHP. This can assist you in filing claims with insurance companies to obtain the disposition of those claims as paid or denied. Having this information available for the claims to be submitted on your clients in February 2013 could prevent a denial of claims for lack of Other Insurance information.

For questions related to the Cost Avoidance project an email can be sent to CostAvoidance@dads.state.tx.us.

For questions related to the Other Insurance information on file at TMHP call the Help Desk for Third Party Liability (TPL) at: 1-800-846- 7307 Option 5 starting August 24, 2012.

Providers should monitor the LTC homepage at http://www.tmhp.com/Pages/LTC/ltc_home.aspx for future information notices.

Sincerely,

[signature on file]

Gordon Taylor
DADS Chief Financial Officer

GT:tb