



Letter from the Director

Making the transition from a 20-year-old legacy information technology (IT) system to a new state-of-the-art IT system requires staff to learn new skills, perform new functions, and make numerous other changes in their daily work. Change, even change for the better, can be difficult for both individuals and organizations. ODJFS is preparing for the changes that will accompany MITS by offering professional training and coaching for employees in the Office of Ohio Health Plans.

This training and coaching will educate staff about the dynamics of change and how to prepare for and respond effectively to changes that are and will be occurring. All staff will be trained to understand the potential value of the proposed changes and to make the most of them. Supervisors will be trained in how to support their employees throughout the changes inherent in the planning, development and implementation of Ohio MITS.

MIT'S Improvements in Coordinating Health Insurance Benefits

Approximately 20 percent of enrollees in the Ohio Medicaid program (400,000 people) have health care coverage from another insurance carrier, including Medicare. Having "third-party coverage" does not preclude anyone from enrolling in Medicaid. However, federal law requires Medicaid programs to be the "payer of last resort" for health care services. If another insurer or program has the responsibility to pay for medical costs incurred by a Medicaid-eligible individual, that insurer or program is generally required to pay all or part of the cost of the claim prior to Medicaid making any payment. This is known as "third-party liability," or TPL.

We recognize that it is critical to support all staff involved in and affected by Ohio MITS, to ensure a successful implementation and continued high-quality service to Ohio Medicaid consumers, providers and other stakeholders. These efforts will help ensure continued excellence in the Ohio Medicaid program.

This month's edition of the MITS newsletter focuses on one area of change associated with the MITS project: Third-Party Liability, which also is referred to as Coordination of Benefits. I hope you find this information useful.

-John Corlett, Ohio Medicaid Director

Examples of third parties liable for health care services include commercial health insurance, Medicare, employer-sponsored health insurance, auto insurance, settlements from a liability insurer, workers' compensation, long-term care insurance, and other state and federal programs. Third-party payers are responsible for reimbursing ODJFS for Medicaid-covered services for which Medicaid paid inappropriately as the primary insurer.

Therefore, the Ohio Medicaid program has implemented a very extensive TPL business function to ensure that Medicaid pays only for services that are not covered by other insurers. Successful TPL functions rely on several strategies:

- Avoiding costs up front before Medicaid pays. If the Medicaid program determines that a potentially liable third party exists, it must direct the health care provider to bill the third party first before sending the claim to Medicaid. This is known as up front “cost avoidance.”
- Collecting payments that have been made in error. Whenever the state Medicaid program pays a claim and subsequently discovers the existence of a liable third party, it must attempt to recover the money from the liable third party. This is known as “pay and chase.”
- Capturing/updating insurance coverage information for all Medicaid enrollees. Both “cost avoidance” and “pay and chase” rely on capturing current information from other insurers and cross-referencing the lists of covered individuals with Medicaid enrollment files.

The Federal Deficit Reduction Act of 2005 greatly strengthened states’ authority to obtain commercial insurance coverage files for cross reference with Medicaid enrollment information. Consequently, Ohio has made great strides in collecting insurance coverage files from commercial insurers.

This has greatly improved Ohio Medicaid’s avoidance of health care payments for enrollees with third-party coverage. In fact, Ohio Medicaid’s cost avoidance for SFY 2008 was \$106 million higher in billed charges than it was in SFY 2007. SFY 2009 is on track to perform at or above SFY 2008 levels.

How MITS Will Further Improve Medicaid TPL

The progress already made in ODJFS’s TPL system will equip Ohio Medicaid for a smooth transition to MITS when it is implemented in late 2009. MITS will offer greater flexibility and technical capacity than the 20-year-old legacy Medicaid Management Information System (MMIS). For example, health care providers can already use the MITS Web portal to obtain close to real-time eligibility information for Medicaid consumers, including any third-party coverage.

This will allow providers to know immediately whether claims should be submitted first to Medicare or to a commercial insurer before submitting them to Ohio Medicaid. Claims submitted to and processed by Medicare will continue to automatically cross over from Medicare to Medicaid in an electronic data interchange format. Finally, MITS will offer greater flexibility to ODJFS staff in reviewing claims for TPL by allowing health care claims to be reviewed

at “the line level” for sorting, accepting or denying claims for Medicaid payment. This will benefit providers by eliminating administrative work and improving the accuracy of third-party claims payment.

Third-party liability and coordination of benefits are just one of many critical functions performed by the Ohio Medicaid program that will be improved with the implementation of the Medicaid Information Technology System.

Looking for more?

For past newsletter issues, FAQs, and more information about the Medicaid Information Technology System, log on to the ODJFS Web site:
<http://jfs.ohio.gov/mits/info.stm>