STATE OF IOWA

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DEPARTMENT OF HUMAN SERVICES
KEVIN W. CONCANNON, DIRECTOR

INFORMATIONAL LETTER NO. 533

To:	Iowa Medicaid Pharmacy Providers
From:	Iowa Department of Human Services, Iowa Medicaid Enterprise
Date:	**October 23, 2006**
Subject:	Ending of "Pay and Chase"
Effective Date:	**December 4, 2006**

The Deficit Reduction Act of 2005, enacted by Congress, provided guidance on enhancing medical claims payment from the primary insurance company. In response to this requirement, the Iowa Medicaid Enterprise will eliminate the procedure of paying pharmacy claims and billing the primary insurance company on behalf of the members (pay and chase) **effective December 4, 2006**.

This means beginning December 4, 2006 for Medicaid members with other prescription insurance, which is primary, and Medicaid as secondary:

- Bill the primary prescription insurance before billing Medicaid.
- The Medicaid card has an indicator for other prescription insurance. If the member has other prescription insurance, a two-position code appears on the member's medical eligibility card to the right of "Other INS" field. The type of health insurance (first position) would show D=Drugs. The second position identifies the source of coverage that the member may have.
- Ask the member for their primary prescription insurance card and bill the primary insurance.
- If the member does not have the primary prescription insurance information you can submit the claim to Medicaid.
- The Medicaid claim will be denied but will provide the primary prescription insurance billing information on file, which can then be used to bill the primary insurance.
- See Attachment 1 regarding billing secondary prescription claims to Iowa Medicaid.

Between now and December 4th, it is recommended that you contact your software vendor to make sure that all the required fields for this new policy are available. **If you have any questions regarding this issue, please feel free to call the IME Pharmacy POS Helpdesk at 515-725-1107 (local) or 1-877-463-7671**. Also, please watch our website, www.iowamedicaidpos.com, for frequently asked questions (FAQ).

The Department makes every attempt to keep current the data regarding other insurance Medicaid members may have. However if the primary insurance is no longer valid or has changed, in order for the Department's records to be corrected, inform the client to notify the Department or the pharmacy may also notify the Department by emailing Revcol@dhs.state.ia.us or by calling 515-725-1006 (local) or 1-866-810-1206.

Attachment 1
Billing Secondary Claims to Iowa Medicaid

If a member has Iowa Medicaid pharmacy insurance only and no other primary insurance, pharmacies may use a **blank** or a **0** in the "other coverage code" field (Field 308-C8).

If a member has primary pharmacy insurance, the pharmacy should submit to the primary insurance first and Medicaid last using a **2** in the "other coverage code" field. The amount paid by the primary third party insurance company should be submitted to Medicaid in the "other payer amount" field (Field 431-DV).

If a claim is submitted with a **blank field** or a **0** in the "other coverage code" field and the State eligibility file has Third Party Liability (TPL) information, the pharmacy will receive a **reject code of 41**, "Submit to Primary Payer". At that time, the pharmacy will need to find out if indeed there is other primary third party insurance coverage and resubmit with one of the following other coverage codes:

- Pharmacies can use the "other coverage code" of **1** if the recipient states that they do not have any other insurance and the claim has already been rejected with a reject code of 41 "Submit to Primary Payer". This occurs when Iowa Medicaid's eligibility file conflicts with the primary third party insurance company's information
- Pharmacies can use the "other coverage code" of **3** if other coverage does exist and the drug is not covered under the primary insurance plan.
- Pharmacies can use the "other coverage code" of **4** when payment is not collected. Example: Primary third party insurance is 100% Major Medical.

COB/Other Payment Segment: Situational

FIELD #	FIELD NAME	VALUES	FIELD LENGTH	COMMENTS
111-AM	Segment Identification	05=COB/Other Payments	2	
337-4C	Coordination of Benefits/Other Payments Count		1	
308-C8	Other Coverage Code- Code indicating whether or not the patient has other insurance coverage	Blank=Not specified 01=No other coverage identified 02= Other coverage exists-Payment collected 03= Other coverage exists-this claim not covered 04=Other coverage exists-payment not collected	2	REQUEST PRICING SEGMENT.
339-6C	Other Payer ID Qualifier		2	
340-7C	Other Payer ID		10	
443-E8	Other Payer Date		8	
341-HB	Other Payer Amount Paid Count		1	
342-HC	Other Payer Amount Paid Qualifier	07=Drug Benefit	2	
431-DV	Other Payer Amount Paid	Valid value of $0 or greater to reflect appropriate Other Payer Amount	8	
471-5E	Other Payer Reject Count		2	
472-6E	Other Payer Reject Code		3	

Error Codes:

Other Coverage Code (Field 308-C8)	**Reject Code**	**Reject Reason**	**Action**
Blank or 0	Code 41: "Submit To Primary Payer"	The Medicaid member has other coverage or there is an amount greater than $0 in the other payer amount (Field 431-DV).	The pharmacy must submit the claim to the primary third party payer or the pharmacy must submit the other payer amount with the other coverage code = 2 (Field 308-C8).
2	Code 41: "Submit To Primary Payer" and [No Other Pay Amt]	The Medicaid member has other coverage or the other payer amount is inaccurately entered as $0 (Field 431-DV).	The pharmacy must submit the claim to the other primary third party payer or submit the other payer amount >$0 (Field 431-DV).
1, 3, or 4	Code 34: "Missing/Invalid Denial Override" and [M/I Oth Pay Amt]	The amount is greater than $0 in the other payer amount field 431-DV, the claim will reject	The pharmacy must submit with the other coverage code = 2 (Field 308-C8).

Frequently Asked Third Party Liability (TPL) QUESTIONS

1) **Why is Medicaid no longer paying the claims first and then billing the primary insurance?** The Deficit Reduction Act of 2005, enacted by Congress, provided guidance on enhancing medical claims payment from the primary insurance company. In response to this requirement, the Iowa Medicaid Enterprise will eliminate the procedure of paying pharmacy claims and billing the primary insurance company on behalf of the members (pay and chase) effective December 4, 2006.

2) **Who do I call if I have a billing question regarding TPL?** You would call the (Point of Sale) POS Helpdesk at 877-463-7671 or locally at 725-1107.

3) **What if the member has a Part D Plan and a primary insurance?** Medicaid is always the payer of last resort; both entities must be billed before submitting the claim to Medicaid. (Only the excluded drug list for Medicare Part D may be billed to Medicaid as a tertiary claim once it has been submitted to the primary insurance company and Medicare Part D.)

4) **Who do I call if I do not know where the TPL billing information should be entered?** You would call the POS helpdesk; refer to Informational Letter 533, or our website, www.iowamedicaidpos.com to find out which field you would use. If you cannot locate the correct field on your software, you would need to call your software vendor.

5) **What if it is 100% co-pay for the member from the primary insurance company?** Once you receive the claim response from the primary insurance you would be able to bill Medicaid for the total dollar amount using an Other Coverage Code of "4" in Field 308-C8 (Other coverage exists – payment not collected) and Medicaid will make payment then collect from the primary insurance company.

6) **What if the other insurance does make a payment?** You would use the other coverage code of "2" in Field 431-DV (Other coverage exists – payment collected). You would then put the amount collected in field 431-DV. You would then submit the claim as secondary to Medicaid for any payment at our allowable charge above that amount.

7) **If the insurance company pays the claim in full, do we need to bill Medicaid?** No, not unless you want the claim on file with Medicaid just in the case that the third party payer should happen to have paid in error, and recoups their money.

8) **What if the member states that they do not have this insurance anymore?** Medicaid will deny the claim with this error message "Submit to Primary Payer". Once you receive a denial from the primary insurance, you may re-bill Medicaid using an "other coverage code" override of "01" in Field 308-C8. No other coverage exists. We will then pay the claim and have the Third Party Liability department verify the information with the insurance company.

9) **Why did you pay the claim at $0.00 dollars, the insurance company only paid $50.00 and I billed for $55.00?** Medicaid will only pay up to their allowable charge. The claim is considered paid in full and the member may not be charged.

10) **If the insurance company approved a PA, do I need to get another one from Medicaid?** No, if the insurance company paid on the claim, we will follow suite and pay the difference up to our allowable amount.