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9.0.08 Commercial Insurance Recovery

Commercial Insurance Recovery Overview

As the incumbent, HMS already provides AHCCCS with post-payment recovery services. We pursue payment for Medicaid-paid claims for which another third-party payer might be liable. **Under our current contract beginning October 2013, we have recovered more than $8.1 million to date through directly billing responsible commercial insurance and TRICARE carriers for the fee-for-services claims only.** HMS's demonstrated success in Arizona is due in large part to our knowledgeable staff, existing infrastructure, billing platforms, automated and manual posting technology, electronic billing submissions, and local Phoenix, Arizona presence. Selection of a vendor without our proven success would place recoveries at great risk. Development time for new billing platforms connections can vary from nine to eighteen months from launch to production, with delays coming as carriers attempt to work on ingestion of Medicaid Reclamation data, as those formats and processes do not follow the HIPAA-standard of a provider claim, requiring workflow and payment modification among others. HMS has 100+ electronic billing connections in place today.

This proposal section details the following:

- Our methodology for selecting and billing claims to the appropriate liable third party, which enables us to maximize recoveries for AHCCCS and bring in dollars faster:
  - Our extensive, comprehensive database of third-party–coverage data houses more than 1.4 billion insurance policy records, which we use to identify payers liable for payments made by AHCCCS.
  - Because of our experience working with carriers directly, we know and use the best method to bill Medicaid reclamation claims to each payer.

In working with commercial payers to move 90% of all reclamation billings to electronic submission, experience shows that it takes 9 to 18 months from initial contact to implementation of an electronic platform. HMS has already invested this time, selecting us to perform commercial recovery reduces risk.

Our direct experience in serving as the State's TPL service provider since 2005, combined with more than 30 years of experience in providing these services to over 40 state and Medicaid agencies, enables us to achieve exceptional results for AHCCCS. **Since the start of SFY 2018, we have recovered more than $1.2 million through our direct billing process on behalf of AHCCCS.**

Also, in response **Section 9.1** we provide a quick reference cross-walk to the requirements from AHCCCS's scope of work.

HMS's Commercial Insurance Recovery Program Success for Arizona

Experience, performance, and results are the best indicator an effective and comprehensive third party program. The billing and recovery protocols developed specifically for Arizona ensure that we are able to prepare and submit AHCCCS TPL claims to liable third parties within all state and federally mandated guidelines and timeframes (42 CFR 433.139).

ARIZONA-SPECIFIC KNOWLEDGE

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

In the following sections, we provide our method of approach to meeting AHCCCS and the State of Arizona scope of work and continuing to provide industry leading commercial insurance recovery services.

COMMERCIAL INSURANCE RECOVERY PROCESS

PROCESS FOR SECURING TPL RECOVERIES

[redacted]

Figure 9.0.08-1 illustrates our direct billing process.

Figure 9.0.08-1 [redacted]

[redacted]

SELECTING CLAIMS FOR RECOVERY

[redacted]

For each client project, we review programmed claim-selection edits and control protocols periodically to enhance billing accuracy and minimize carrier and provider abrasion.

[redacted]

[redacted]

ANALYZING POLICY COVERAGE

[redacted]

APPLYING CLAIM EDITS

[redacted]

[redacted]

PERFORMING QUALITY ASSURANCE

[redacted]

[redacted]

HMS does not work for companies that bill Medicaid. Therefore, we will not submit a claim to an insurance carrier that another unit of our company had originally billed.

DIRECTLY SUBMITTING CLAIMS TO CARRIERS

[redacted]

Figure 9.0.08-2. [redacted]

[redacted]

Direct Electronic Billing to Payers

[redacted]

Electronic Billing to Clearinghouses

[redacted]

[redacted]

BILLING PAPER CLAIMS TO PAYERS

[redacted]

HMS is set up to bill 90% of reclamation claims electronically because of carrier limitations. Other vendors sill bill 100% paper claims the increases error rates and reduced yields

Figure 9.0.08-3. [redacted]

[redacted]

VERIFYING RECEIPT OF CLAIMS

[redacted]

Coordination of Benefits on Pharmacy Claims

[redacted]

[redacted]

[redacted]

Receipt of Payments

[redacted]

[redacted]

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

Tracking Recoveries in the HMS Accounts Receivable System

[redacted]

HMS's claim-specific audit trail offers a historical perspective on claims that we bill out on AHCCCS's behalf. We use this feature to monitor adjudication and follow-up activities.

[redacted]

Accounts Receivable System Process Flow

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]

Receipt and Processing of Third-Party Claim—Adjudication Information

HMS receives and captures remittance information, including payments and EOBs information, through [redacted]

Receipt of Documents

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]

Posting of Remittances

[redacted]

- [redacted]

[redacted]

- [redacted]
  - [redacted]
  - [redacted]
  - [redacted]
- [redacted]
- [redacted]

Our A/R system currently supports over 40 state and Medicaid agencies that depend on us to maintain a technologically sound, automated billing and account system for data collection, account maintenance, claim recovery, and closure.

[redacted]

[redacted]

UPDATING THE HMS INTERNAL ACCOUNTS RECEIVABLE SYSTEM

[redacted]

- [redacted]
  - [redacted]
  - [redacted]
- [redacted]

[redacted]

Processing of Denials and Nonpayment Information

[redacted]

[redacted]

ACCOUNTS RECEIVABLE MANAGEMENT APPLICATIONS FACILITATE RECOVERY TRACKING

[redacted]

Figure 9.0.08-4. [redacted]

[redacted]

Figure 9.0.08-5. [redacted]

[redacted]

Account Balancing and Invoicing

[redacted]

[redacted]

[redacted]

REPORT OF CARRIER OVERPAYMENTS TO AHCCCS

[redacted]

DOCDNA ALLOWS USERS TO MONITOR AND TRACK REMITTANCE INFORMATION

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Figure 9.0.08-6. [redacted]

[redacted]

Figure 9.0.08-7. [redacted]

[redacted]

Figure 9.0.08-8. [redacted]

[redacted]

HMS'S RECOVERY FOLLOW-UP APPROACH

[redacted]

Our posting processes achieve faster recoveries for AHCCCS. Through expedited payment- and denial-posting obtained from electronic front-end Response Files and electronic remittances for reconciliation to the A/R system, we receive and process claim payments more quickly.

[redacted]

[redacted]

[redacted]

Because B2B automation shortens the claims billing and payment cycle, AHCCCS receives recoveries more quickly.

[redacted]

[redacted]

Follow-Up on Claim Denials

To maximize recoveries for our clients, our effective follow-up processes ensure that the correct payers pay for Medicaid recipients' services. We analyze, correct, and resubmit inappropriately rejected and denied claims. Our follow-up protocols include the following:

- [redacted]
- [redacted]
- [redacted]

[redacted]

Figure 9.0.08-9. [redacted]

[redacted]

REBILLING PROCESSES ENSURE THAT CARRIERS RECEIVE AND ADJUDICATE CLAIMS

[redacted]

Table 9.0.08-1. [redacted]

[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]
[redacted]	[redacted]

[redacted]	[redacted]
	accounts receivable (A/R) system to remove the claim from [redacted]
[redacted]	[redacted]

[redacted]

Pursuit of Recoveries from Different Angles

HMS follows up on workable denied and open claims, coordinating recoveries through a multilevel team approach at both the claim- and healthcare-payer levels. At the healthcare-payer level, we establish high-level contacts with payers in our network to facilitate coordination of benefits on behalf of our clients. We conduct in-person meetings with carrier representatives both periodically and when necessary to resolve any data or processing issues. We manage follow-up at the claim level by performing outreach to providers and carriers to obtain the information needed to make sure the correct TPL payers process the claims.

By performing follow-up activities at different levels, HMS can maximize recoveries for AHCCCS, ensuring that the State remains the payer of last resort. Our approach relies on enhanced analytics to identify issues and target claims incorrectly denied by payers.

Our Follow-Up team members communicate and coordinate denial management activities on a daily basis to closely monitor issues at the carrier and billing levels until resolved. Types of issues for which HMS performs follow-up include:

- [redacted]
- [redacted]
- [redacted]

[redacted]

MANAGING DENIALS AT THE CARRIER LEVEL

[redacted]

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

Managing Denials at the Claim Level

Our Claim-Status Inquiry team performs claim-level review and follow-up on inappropriately denied, [redacted]

HMS Results for AHCCCS

HMS has provided comprehensive cost avoidance and recovery services on behalf of the Arizona Medicaid program since 2004. Unlike other vendors, we continue to offer AHCCCS the proven ability to apply industry best practices and innovative solutions to maximize the financial integrity of the State's healthcare coverage offering. Highlights of HMS's success delivering Commercial Insurance Recoveries include:

- $17 million in recoveries from billings (Commercial Insurance and TRICARE) since 2005
- $1.2 million in recoveries from billings (Commercial Insurance and TRICARE) in 2018 alone
- Successfully implemented AHCCCS MCO come-behind project in December 2017, that has yield over $1 million in recoveries
- Quickly completed AHCCCS Fee-for-service claim reformat in 2017, with no financial impact to the State
- Leveraged aggressive Recovery and Yield Management techniques to maximize results
- Leverage recovery data for future cost avoidance information
  - Open and denied claims follow-up
  - Approximately 20% of recoveries were the result of re-billing activity

Please see **Section 8.0** for a detailed description of HMS's qualifications and experience providing comprehensive cost containment value to AHCCS and other Medicaid agencies nationwide.

[redacted]

We possess a solid understanding of AHCCCS's operations, know the requirements unique to AHCCCS's TPL program, and have a proven history of working with commercial insurance carriers, Acute and Long Term Care Contractors, TPAs, PBMs, and other national, regional, and local payers. Medicaid paid claims within the last three years are included in our billings.

HMS Offers Strategies to Improve on Our Success

[redacted]

HMS has identified the following strategies to improve our results for the next contract:

- [redacted]
- [redacted]
- [redacted]
- [redacted]

[redacted]

Strategy to Maximize Recoveries to AHCCCS: Medicaid Managed Care Safety Net Recoveries

HMS understands that AHCCCS contracts the delivery of health care services for more than 1.6 million Arizona Medicaid members to commercial Managed Care health plans. Under the terms of their contracts, Arizona health plan contractors are responsible for billing claims to liable third parties to collect recoveries. A contractor's primary focus, though, is to manage the network of providers and care given to the State's Medicaid population. Most of these organizations lack strong cost avoidance and recovery capabilities, do not have robust TPL billing technology and processes in place, have limited regulatory authority, and often are not financially incentivized to maximize cost recoveries. Additional reasons Medicaid contractors struggle with effective cost containment and recovery include:

- [redacted]
- [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Strategy to Maximize Recoveries to AHCCCS: Acute Care Contractor and Long Term Care Contractor Come-Behind Services

[redacted]

[redacted]

[redacted]

Table 9.0.08-2. [redacted]

[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]
[redacted]	[redacted]	[redacted]	[redacted]	[redacted]

[redacted]

As the current TPL vendor for AHCCCS, HMS can leverage its existing knowledge, platforms and processes to implement come-behind services immediately. Furthermore, the collaborative relationship HMS has achieved with many of AHCCCS's Acute Care/Long Term Care Contractors through the credit balance audits will be valuable in coordinating come-behind TPL efforts. As part of HMS's Credit Balance recovery effort, we have established protocols and procedures for communicating with contractors for the purpose of matching claims and coordinating recovery efforts. These protocols and procedures can be adapted and modified to support the TPL recovery efforts as needed.

The process for recovery of TPL for Acute Care or Long Term Care Contractor claims follows the sane extensive and complex process for the AHCCCS FFS population of claims. HMS will also add steps to the process to ensure a thorough identification and follow-up on every claim. Additional actions taken in pursuing TPL for contractors include:

[redacted]

[redacted]

Billing Liable Third Party Payers

HMS will submit all claims to liable third parties in formats that are compliant with provisions in federal law and regulations, specifically HIPAA and Code of Federal Regulations (CFR) 45 CFR 162.920 as amended. We also affirm our compliance with the HIPAA requirements detailed in RFP Attachment C. HMS will seek prior approval from AHCCCS if a third party requires a proprietary format.

HMS has customized our billing processes and supporting systems to meet AHCCCS's specific business rules. The generated billings include institutional, pharmacy, and professional claims that have satisfied a detailed list of eligibility edits and coverage criteria.

Please see proposal **Section 9.0.09** for a description of HMS's in-place NEDB that maintains more than 1 billion eligibility data files to match for the purpose of identifying claims billable to third parties.

Our flexible, edit-driven process permits us to rapidly modify and customize our billing platforms and adjust claims and population selection criteria to include additional types of data at AHCCCS's discretion. For example, HMS can easily incorporate additional populations into the recovery process such as participants in other State programs.

HMS's TPL project success is driven by our ability to bill commercial insurance sources, PBMs, TRICARE, LTC carriers, TPAs, and other entities for claims that AHCCCS has paid but for which the program is not financially liable. HMS's billing protocols ensure that we are able to prepare and submit Medicaid TPL claims to liable third parties in accordance with State and federal regulations. We operate in accordance with the HIPAA requirement outlined in RFP Attachment C and will continue to do so in the next contract term. HMS has consistently demonstrated our ability to bill liable third parties and manage the process for delivering recovered funds to Arizona.

Reporting

HMS will continue to provide AHCCCS with monthly activity, financial, and FMAP reporting. In **Sections 9.15** Periodic Report Requirements we provide additional require information.

Please see **Attachment 3** for sample reports associated with our commercial insurance recovery services on behalf of Arizona.

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