Michigan Medicaid Pharmacy Claims Processing

From: Michigan Department of Community Health

Date: January 25th, 2006

Attention: Pharmacy Providers and Software Vendors

Subject: **Important Bulletin: Changes to COB Processing**

The Michigan Department of Community Health continues to make changes to the current Coordination of Benefits (COB) Processing Requirements. **Phase 1 of the COB changes was implemented 12/19/2005.** Please refer to our website at http://michigan.fhsc.com/ to view the details for the Phase 1 Changes and click on the 11/15/2005 notice mailed to providers inside the 'Upcoming COB Processing Changes' web announcement.

Phase 2 of the COB Processing Changes – to begin 4/10/2006
The last provider bulletin included the following information about Phase 2 of changes:

> As a result of internal auditing of pharmacy claims, the MDCH is planning major changes in the requirements for submission of COB claims and acceptable other coverage codes (NCPDP Field 308-C8).
>
> Planned changes include,
> - restricted use of other coverage codes 5, 6 and 7,
> - use of other coverage code 8 for billing copayments, and
> - requirement to submit other payer reject codes (NCPDP Field 372-6E).

Phase 2A (4/10/2006)
Use of Other Coverage Code "8" (with COB segment) for billing copay claims and no longer allowing the Other Coverage Code "2"

Effective April 10th, 2006, the Michigan Department of Community Health is requesting that First Health no longer accept claims submitted with Other Coverage Code "2". All copay claims will be required to be submitted with Other Coverage Code "8" along with the corresponding COB segment - Any claim submitted with the Other Coverage Code "2" will deny with NCPDP 13 "Missing Invalid Other Coverage Code". *Please note: for proper payment, MDCH is requiring that you submit the COB segment with your OCC 8 copay billings. You will need to work with your software vendor to allow this functionality.*

You will be required to submit the following Other Coverage Codes in each of the following situations.

Other Coverage Code 1 "No Other Coverage Exists"- Other coverage exists on the beneficiary's eligibility record. Other insurance was billed and denied the claim "Patient Not Covered". *Please note: you must report the Other Coverage using the 8-digit Other Payer/Carrier ID within the COB segment and indicate the date the other coverage was billed and that no payment collected.*

Other Coverage Code 3 "Other Coverage Exists, Claim Not Covered" – Other coverage exists on the beneficiary's eligibility record. Other insurance was billed and denied the claim indicating "Drug Not Covered".

Other Coverage Code 4 "Other Coverage Exists, Payment Not Collected" - Other coverage exists on the beneficiary's eligibility record. Other insurance was billed and either the beneficiary hasn't met their primary insurance deductible, so no payment collected, or no payment collected from other insurance because the cost of the drug was less than the beneficiary's co-pay.

Other Coverage Code 8 "Claim is Billing for Copay" - Primary/Other insurance has been billed and provider has collected payment greater than $0.00. Submitting claim to First Health for copay only.

Field Name	Value/Description	Segment	NCPDP Field ID
Other Coverage Code	8 – Billing for Copay	Claim	308-C8
Other Amount Claimed Submitted Count	1	Pricing	478-H7
Other Amount Claimed Submitted Qualifier	99 (Other)	Pricing	479-H8
Other Amount Claimed Submitted	The copay amount requested	Pricing	480-H9
Usual and Customary	Full billed charges.	Pricing	426-DQ
Gross Amount Due	The copay amount requested	Pricing	430-DU
Other Payer Coverage Type	01 (Primary) 02 (Secondary) 03 (Tertiary) 99 (Composite)	COB	338-5C
Other Payer ID Qualifier	99 (Other)	COB	339-6C
Other Payer ID	8 Byte Other Payer ID	COB	340-7C
Other Payer Date	Date claim submitted to other Insurance(s).	COB	443-E8
Other Payer Amount Paid Count	Count of the payer amount paid occurrences.	COB	341-HB
Other Payer Amount Paid Qualifier	08 (Sum of all reimbursement)	COB	342-HC
Other Payer Amount Paid	The amount collected from the other insurance (s).	COB	431-DV

Effective 4/10/2006, you will no longer be able to submit COB claims where you have collected a payment using the Other Coverage Code 2. All claims submitted with Other Coverage Code 2 will deny. Please contact your software vendor immediately to ensure that your system is ready for these changes.

Phase 2B (beginning 5/15/2006)

Restricted use of Other Coverage Codes "5", "6" and "7" and requirement to submit other payer reject codes (NCPDP Field 372-6E) for Other Coverage Code "3".

As it becomes available, more information will be mailed out and posted to the Michigan Medicaid website http://michigan.fhsc.com.

Phase 2C (TBA – scheduled for later this summer)

Restricted use of Other Coverage Code "1" and requirement to submit other payer reject codes (NCPDP Field 372-6E) for Other Coverage Code "1".

As it becomes available, more information will be mailed out and posted to the Michigan Medicaid website http://michigan.fhsc.com.

If providers wish to contact MDCH regarding these MDCH Policy/Processing changes, it is requested that you summarize your questions or concerns in writing and submit to Trish O'Keefe, Pharmacy Services Manager, Bureau of Medicaid Operations & Quality Assurance either via email at okeefet@michigan.gov or fax to 517-241-8135. If providers/software vendors have technical questions regarding claim submission using "Other Coverage Codes" they can contact the First Health Technical Call Center at 1-877-624-5204.