

GUIDELINES FOR THIRD-PARTY LIABILITY

1. Medicaid is the payer of last resort. **DCFS clients, including DCFS wards, can have alternative payment resources for mental health services.** Therefore, **all** Medicaid providers must inquire about alternative payment resources (i.e., Third-Party Liability—“TPL”) for each client served in a Medicaid program. Examples of alternative payers include, but are not limited to: private insurance (e.g., Blue Cross/Blue Shield), a court order stating that a parent must pay certain amounts toward services, or a legal settlement that could cover services for a client. It is very important for providers to:
 - Ask the client, his/her family, guardian, or caseworker about potential alternative payment resources at the time of intake and as part of the assessment; and
 - Follow-up as soon as possible with each identified potential alternative payment resource to determine whether (and, if applicable, to what extent) the resource may pay for any of the services that will be delivered and billed to Medicaid; and
 - Stay current with any changes to the client’s TPL situation (e.g., the child becomes eligible for a parent’s health insurance plan a few months after intake) to the best of the provider’s ability.
2. If a DCFS Medicaid client may have TPL then the provider can still go ahead and bill for the client through MBS/CMBS, but the provider must mark each applicable service as TPL. This marking occurs in the Services menu. If the service is marked as TPL, then DCFS will not submit that billing record to DPA for Medicaid claiming. However, marking a service as TPL will not affect DCFS’ payment to the provider for that service. If the service is otherwise eligible for DCFS payment, then DCFS will pay the provider even if there is potential for TPL.
3. If the provider receives payment from another payer and the provider also received/receives DCFS money for the same service, then the provider must reimburse DCFS for excess revenue received for that service. The provider should reimburse DCFS by writing a check and mailing to:

Illinois Department of Children & Family Services
406 East Monroe Mail
Mail Station 412
Springfield IL 62701

The check should be accompanied by documentation stating the DCFS Medicaid contract number and the reason for the reimbursement to DCFS.
4. A provider may hold the billing for a service until the provider determines whether TPL will apply for that service. If the provider is notified that the potential alternative payer will not pay for that service, then the provider can go ahead and bill for the service without marking the service as TPL. If the provider is notified that the alternative payer will pay for the service (or a portion of the amount), then the provider can go ahead and bill for the service through MBS/CMBS but mark the service as TPL. As stated in #3 above, once the provider receives payment from the alternative payer, the provider must then reimburse DCFS for the excess revenue received in payment for that service. Providers should be cautious about holding billing towards the end of the fiscal year because of the deadline for submitting billings for services delivered in that fiscal year. Once the deadline passes, DCFS will not pay the provider for the service or the provider may need to reimburse DCFS for insufficient Medicaid billings to meet amounts DCFS already paid to the provider.

5. The DCFS Medicaid billing system will not accept billings for anything less than the full Medicaid rate assigned for the service. For example, a provider may find out that an alternative payer will pay half of the counseling fee, yet the provider can only bill DCFS for the full Medicaid rate for the counseling session and then reimburse DCFS for the amount of excess revenue received. Similarly, a Comprehensive Services provider may find out that an alternative payer will pay for the entire Assessment fee, yet the provider can only bill DCFS for the full Medicaid rate for each Comp day of care and then reimburse DCFS for the amount of excess revenue received.
6. TPL must be evaluated based on the client's status and on the particular service. An alternative payer may pay for certain services but not others. An alternative payer may pay a certain amount for some services and a different amount for other services.
7. In MBS/CMBS, the TPL marker must be applied to the billing for each service that the provider thinks TPL may or does apply. In MBS/CMBS, the default value is no TPL. Thus, in order for the provider to signal to DCFS the potential for TPL, the provider must take affirmative action for each applicable service billing.
8. For non-Medicaid clients served in Medicaid counseling contracts, the 9s in the client recipient ID field in MBS will be sufficient to identify the client as non-Medicaid. The TPL marker should be used only if there is the potential for an alternative payment resource, such as the examples cited in #1 above.
9. Since billings marked as TPL will not be claimed to Medicaid, providers should not mark a service as TPL unless it appears that TPL may or does apply to that service. Providers are expected to make all reasonable efforts to determine whether and when TPL may apply. Thus, all providers must fully incorporate into their intake/assessment/billing processes an evaluation of TPL for each client served in a Medicaid program. The sooner providers identify and follow-up with these potential alternative payers and determine the scope of alternative payment opportunities, the sooner providers will be able to develop a plan for accurate Medicaid billing. Providers are also expected to set-up systems that allow them to identify changes or potential changes in a client's TPL situation so that those changes can be followed-up on in accordance with Part 132 requirements and these guidelines.