



CASE STUDY

An Innovative Medicaid TPL Approach Drives Cost Avoidance

The Challenge

A Medicaid Program in the Mid-Atlantic that represents 300,000+ Medicaid enrollees was seeing a steady increase in enrollment and was looking for ways to manage growth in claims spend. The National Association of State Medicaid Directors conducted a study that found states could save an average of 10% on Medicaid expenditures by effectively leveraging Third- Party Liability (TPL) coverage¹. As state legislatures face declining revenues and the expiration of pandemic-era supports from the federal government, there is an even greater focus on savings initiatives.

As a result, this State Medicaid Program looked for new ways to increase its cost avoidance efforts and increase savings through their Third-Party Administrator (TPA). The team determined it needed to focus on further improving its TPL database accuracy which would reduce overall costs as well as any out-of-pocket costs for beneficiaries. This focus included engaging with additional data sources that had access to national coverage information, was timelier and more accurate, and provided a scalable solution.

The Solution

This State Medicaid Program adopted a unique approach to the Medicaid recovery process, instead of relying on one dataset to identify pre-pay and post-pay opportunities, they looked to separate out their approach for TPL verification (pre-pay) and TPL recovery services (post-pay) to maximize their outcomes.

By using the CAQH Coordination of Benefits Solution and their vendor, this Medicaid Program accessed a database of coverage files for over 236M+ patients, sourced directly from benefit carriers across the U.S. The dataset is used by health plans, TPAs, employers, state and local sponsors to manage COB and payment accuracy. The CAQH COB Solution validates coverage overlaps by carrier EDI responses in real-time. The goal of this approach was to focus on the front-end of the payment process, introducing early interventions to avoid payment inaccuracies altogether.

With the focus on data quality and increased TPL coverage, this Medicaid Program was able to perform verifications with 99.5% data accuracy and quality control by cross-checking data sources with an automated review process. They were also able to validate results directly with commercial carriers using randomized data samples through the Member Data Portal and eliminate the need for input from beneficiaries.

The Results

With the CAQH Coordination of Benefits Solution this Medicaid Program was able to:



**Maximize TPL
identification and increase
cost avoidance**



**Cleanse their TPL
database to ensure
coverage information is
up-to-date and accurate**



**Improve care coordination
and reduce out of pocket
costs for beneficiaries**

Sources

1 NASMD Report, 2021 "Leveraging Third Party Liability to Improve Medicaid Reimbursement".