

Department of Mental Health  
**TRANSMITTAL LETTER**

**SUBJECT**

**Third Party Liability (TPL)**

**POLICY NUMBER**

**DMH Policy No. 913.1**

**DATE**

**AUG 25 2010**

**TL#**

**138**

**Purpose.** To establish policy and procedures to ensure billing of third party insurance before using public funds in providing mental health services.

**Applicability.** DMH certified Mental Health Rehabilitation Services (MHRS) providers to include sub and specialty providers, Free Standing Mental Health Clinics (FSMHC), and the Mental Health Authority.

**Policy Clearance.** Reviewed by affected responsible staff and cleared through appropriate MHA offices.

**Implementation Plans.** A plan of action to implement or adhere to this policy must be developed by designated responsible staff. If materials and/or training are required to implement this policy, these requirements must be part of the action plan. Specific staff should be designated to carry out the implementation and program managers are responsible for following through to ensure compliance. Action plans and completion dates should be sent to the appropriate authority. Contracting Officer Technical Representatives (COTRs) must also ensure that contractors are informed of this policy if it is applicable or pertinent to their scope of work.

**Policy Dissemination and Filing Instructions.** Managers/supervisors of DMH and DMH contractors must ensure that staff are informed of this policy. Each staff person who maintains policy manuals must ensure that this policy is filed in the **DMH** Policy and Procedures Manual, and contractors must ensure that this policy is maintained in accordance with their internal procedures.

**ACTION**

**REMOVE AND DESTROY**

**NONE**

**INSERT**

**DMH Policy 913.1  
Third Party Liability (TPL)**

  
\_\_\_\_\_  
Stephen T. Baron  
Director, DMH

GOVERNMENT OF THE DISTRICT OF COLUMBIA  <b>DEPARTMENT OF MENTAL HEALTH</b>	<b>Policy No.</b> 913.1	<b>Date</b> AUG 25 2010	<b>Page 1</b>
	<b>Supersedes</b> None		

**Subject: Third Party Liability (TPL)**

1. **Purpose.** To establish policy and procedures to ensure billing of third party insurance before using public funds in providing mental health services.

2. **Applicability.** DMH certified Mental Health Rehabilitation Services (MHRS) providers to include sub and specialty providers, Free Standing Mental Health Clinics (FSMHC), and the Mental Health Authority.

3. **Authority.** US Code Title 42: The Public Health and Welfare, Chap. 33: Community Mental Health Centers (January 2003); Department of Mental Health (DMH) Establishment Amendment Act of 2001.

4. **Policy.** Mental health (MH) providers shall bill third party insurance prior to Medicaid to help support the delivery of public mental health services by the Department of Mental Health (DMH).

5. **Background.**

By law, the Medicaid program is the payer of last resort. In general, if a potentially liable third party exists, providers shall attempt to ensure that the mental health provider bills the third party first before sending the claim for Medicaid reimbursement. Whenever the existence of a liable third party is discovered, the provider shall attempt to recover the money from the liable third party.

This policy covers all mental health providers stated in Section 2 above with a note in Section 7a for when it is not applicable to FSMHC. FSMHCs bill Medicaid directly for the services that they provide.

6. **Definitions.**

6a. Consumer. For purposes of this policy, refers to a person who is receiving services and/or treatment for a psychiatric illness or behavioral health diagnosis from a DMH mental health (MH) provider in the community.

6b. Third Party -Liability. Refers to situations when a DMH consumer has behavioral health coverage with an insurance provider, other than Medicaid. The third party may be liable for paying some or all of the service cost. Third parties include but are not limited to:

- (1) Private health insurance or group health plan;
- (2) Employment-related health insurance;
- (3) Medical support from absent parents;
- (4) Workers' compensation;
- (5) Medicare;
- (6) Other federal programs such as Armed Forces Retirees and Dependent Act (CHAMPVA), Armed Forces Active Duty and Dependents Military Medical Benefits Act

- (CHAMPUS), and Medicare Parts A and B, unless excluded by statute;  
(7) Another state's Title XIX, Title XXI, or state-funded Medical Assistance Program; and  
(8) Personal estates.

6c. Remittance Advice or Explanation of Benefits (EOB). A remittance advice is a notice that payment has been made. An explanation of benefits is a notice of what services will be paid and in what amounts, and/or what services will not be paid and why.

6d. Income Maintenance Administration (IMA). The DC government agency that determines eligibility for benefits under public assistance programs and also performs monitoring, quality control and reporting functions required by federal law and court orders.

6e. Co-payment. An amount paid by a health insurance plan enrollee for each office or emergency department visit or purchase of prescription drugs in addition to the amount paid by the insurance company.

## 7. Responsibilities and Procedures.

7a. The MH providers shall:

- (1) **Identify** a consumer's health insurance coverage during the initial enrollment and at each visit for all billable services.
- (2) **Verify** third party health insurance coverage for existing consumers.
- (3) **Re-verify** and **record** health insurance coverage during each billable contact.
- (4) **Contact** third party payers to verify benefits of the consumer and bill for services rendered.
- (5) **Collect** co-payment, as applicable, for the consumers with health insurance requiring co-payments.
- (6) **Bill** all charges to third party insurers within thirty (30) days of service.
- (7) **Share** the information on insurance coverage with the MHRS sub and specialty providers when referring a consumer for services.
- (8) **Maintain** appropriate tracking and documentation to demonstrate that the third party has been assigned responsibility for the covered services given to the consumer and has been properly billed.
- (9) **Ensure** that the third party revenue is pursued prior to submitting claims for District funding making Medicaid the payer of last resort.
- (10) **Ensure** that documentation of the billing is filed in the consumer's clinical record. Such record shall include a copy of the Remittance Advice or Explanation of Benefits (EOB) from the third party payer.
- (11) **Provide** emergency services regardless of payment source prior to coordinating with third party payers.
- (12) Except in emergencies, **refer** the consumer seeking services to a provider

recommended by the third party payer for services covered by the insurance.

(13) When a third party payer requires utilization of a service provider outside the DMH service network, **coordinate** care with the outside service provider in order to maximize therapeutic benefit.

(14) **Establish** internal policies and procedures that implement this policy which shall not be contradictory to this DMH policy.

7b. The DMH shall:

(1) **Monitor** provider's compliance with requirement of proof of screening for third party coverage at enrollment and at time of each appointment.

(2) **Maintain** accurate consumer eligibility information in conjunction with data from the Income Maintenance Administration (IMA).

(3) **Consider** consumer health insurance coverage for third party liability during claims adjudication. Only fees for services not paid for by third party insurers will be approved for payment.

Note: Numbers 2 and 3 above are not applicable to Free Standing Mental Health Clinics (FSMHC) whose claims are submitted to the Department of Health Care Finance directly.

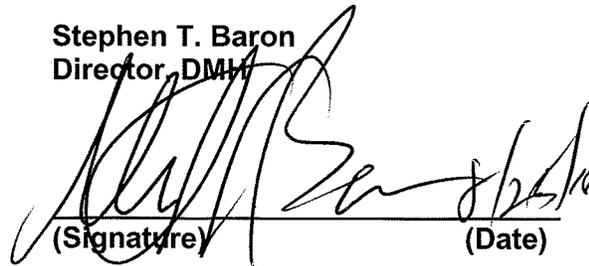
8. **Privacy.** Every consumer's privacy shall be protected by following HIPAA Provider Billing Requirements under the 837 Health Care Claim transactions. For detailed instructions go to [http://www.cms.gov/ElectronicBillingEDITrans/08\\_HealthCareClaims.asp](http://www.cms.gov/ElectronicBillingEDITrans/08_HealthCareClaims.asp).

9. **Oversight.** The Office of Accountability shall monitor each provider's implementation of this policy.

10. **Questions on TPL.** For more information about TPL, click on the CMS TPL webpage <http://www.cms.hhs.gov/ThirdPartyLiability/>

Approved By:

Stephen T. Baron  
Director, DMH

  
(Signature) \_\_\_\_\_ (Date)