



8 Challenges in Identifying Third Party Liability

Medicaid programs face particular difficulties when coordinating benefits because they cover a broader range of benefits than commercial plans, leaving fewer administrative resources available for identifying third party liability.

Additionally, Medicaid enrollees can have multiple breaks in coverage in a single year so data can become quickly outdated. This is exacerbated by the recent uptick in adoption of the Medicaid expansion in the Affordable Care Act and the temporary continuous enrollment provision ending created by the Families First Coronavirus Response Act (FFCRA).

To make the best determinations and redeterminations, Medicaid programs need access to continuously refreshed, high quality COB data. Here are eight challenges that make third party liability extremely complicated - and costly - for Medicaid programs.



Medicaid programs have the greatest opportunity for savings when coordinating benefits because by law Medicaid is always the payer of last resort if enrollees have multiple forms of coverage.

Provider Challenges

- 1 Reliance on Enrollees** When beneficiaries provide insurance information or present insurance cards to their provider, they may not be aware that they have multiple sources of insurance, may not have all cards with them or may have outdated cards.
- 2 Administrative Errors** Providers may fail to attach the primary payer’s explanation of payment when submitting a claim to a secondary payer, requiring resubmission to the secondary payer.

Vendor Challenges

- 3 Data Cleanliness** Because many vendors rely on indirect sources of data such as claims records, the data they deliver is often fragmented, outdated and incomplete.
- 4 Budget Forecasting** Variable per-record or percentage-based fees are unpredictable, expensive and prevent plans from budgeting effectively.
- 5 Conflicting Priorities** A potential conflict of interest arises when vendors focus on both identification and recovery. These vendors may withhold third-party liability information until a claim comes through, only sharing it with the plan after the vendor bills for recovering the payment.
- 6 Administrative Burdens** Fragmented, outdated and incomplete data also creates provider and member abrasion, which place a significant administrative burden on call centers and departments such as claims and provider relations.

Medicaid Program Challenges

- 7 Staffing Shortages** For many months states have been processing huge enrollment increases and redeterminations while simultaneously facing unprecedented staffing shortages. Resignations, early retirements and labor competition have strained Medicaid staff capacity, with some states reporting they have lost up to 20 percent of their eligibility workforce.¹
- 8 Interoperability Challenges** Medicaid programs often lack the funds to have robust internal COB units, relying instead on health plans or costly vendors to provide the data for them. Often times the systems and processes states use to store data don’t communicate well with health plan’s systems, resulting in outdated or inaccurate information.