

**Bulletin Number:** MSA 12-51

**Distribution:** All Providers

**Issued:** November 1, 2012

**Subject:** Medicaid Liability

**Effective:** December 1, 2012

**Programs Affected:** Medicaid

The purpose of this bulletin is to clarify existing policy regarding Medicaid liability. Information in this bulletin will be applied to policy found in the Coordination of Benefits Chapter of the Medicaid Provider Manual.

The Michigan Department of Community Health (MDCH) does not pay for services denied by Medicare or commercial health insurance plans due to noncompliance with Medicare or the commercial health insurance plan requirements. If the provider's service would have been covered and payable by Medicare or the commercial health insurance plan, but some requirement of the plan was not met, MDCH will deny the claim. The provider and the beneficiary both have equal responsibility for complying with Medicare or the commercial health insurance plan requirements.

Common noncompliance denials include, but are not limited to:

- Failure to obtain a referral from a participating primary care provider (PCP)
- Failure to be seen by a participating provider
- Failure to be seen in a participating place of service
- Failure to obtain a second opinion
- Failure to obtain prior authorization

In instances where MDCH has denied payment or made a post-payment recovery due to noncompliance, it is the provider's responsibility to remediate with the primary payer prior to re-billing with Medicaid.

**Note:** This policy also applies to Fee-for-Service pharmacy claims, particularly claims submitted with Other Coverage Code (OCC) '3': 'Other Coverage Billed - Claim not covered'. When the National Council for Prescription Drug Programs (NCPDP) standard does not provide MDCH with a point-of-sale (POS) mechanism to verify full compliance with Medicare or commercial health insurance plan requirements, MDCH will review and recover monies for noncompliance on a post payment basis (e.g., when the primary insurer denies the claim with NCPDP rejection code '75': 'Prior Authorization Required' and MDCH is unable to verify at the POS whether prior authorization was requested and denied versus prior authorization not requested).

## Manual Maintenance

Retain this bulletin until the information has been incorporated into the Michigan Medicaid Provider Manual.

## Questions

Any questions regarding this bulletin should be directed to Provider Inquiry, Department of Community Health, P.O. Box 30731, Lansing, Michigan 48909-8231, or e-mailed to [ProviderSupport@michigan.gov](mailto:ProviderSupport@michigan.gov). When you

submit an e-mail, be sure to include your name, affiliation, and phone number so you may be contacted if necessary. Providers may phone toll-free 1-800-292-2550.

Approved

A handwritten signature in black ink that reads "Stephen Fitton". The signature is written in a cursive, flowing style.

Stephen Fitton, Director  
Medical Services Administration