



## State of New Jersey

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**TO:** DMHAS Provider Agencies

**FROM:** Matthew J. Shaw, Chief Financial Officer   
Division of Mental Health and Addiction Services

**DATE:** January 22, 2015

**SUBJECT:** **NJ FamilyCare /Medicaid Reimbursement for Services Rendered (Payor of Last Resort)**

This communication is to serve as clarification of how reimbursement for services rendered should be recognized by the Division of Mental Health and Addiction Services (DMHAS) provider community, specifically in response to questions pertaining to NJ FamilyCare as “payor of last resort” and “balance billing”.

To qualify for NJ FamilyCare reimbursement, three requirements need to be satisfied:

1. Eligible client
2. Eligible service
3. Eligible provider

### **Payor of Last Resort**

NJ FamilyCare is to be the “payor of last resort” in that the following payors, if applicable, need to be billed prior to NJ FamilyCare/NJ FamilyCare and pay what their allowable costs are first, before any claim for reimbursement to the Division of Medical Assistance and Health Services (NJ FamilyCare/Medicaid) is submitted for adjudication. Other insurances include:

- Third Party Insurance (TPL)
  - o Third party payors are legally responsible to pay claims prior to NJ FamilyCare;
  - o Providers are required to bill legally liable third parties prior to billing NJ FamilyCare. Therefore, if the client has private insurance, the provider is to bill the insurance carrier(s) first.

- Work First New Jersey/ Substance Abuse Initiative – Behavioral Health Initiative (WFNJ/SAI-BHI)
  - When there is an authorization for a SAI member, the provider is required to bill under their WFNJ/SAI-BHI Molina provider number for the SAI authorized services.

The **exception** to NJ FamilyCare being payor of last resort is in the case of New Jersey government agencies, as NJ FamilyCare should be billed prior to programs funded solely by the State and/or counties. Further clarification of each of the DMHAS contract types are as follows:

- Deficit Funded Contracts: In the current cost related, deficit funded arrangement under which DMHAS operates the agreed upon award ceiling is the last dollar in, as shown on Budgets and Reports of Expenditure. The DMHAS is aware that it is supporting the full costs of non-entitlement beneficiaries in all programs with all state resources, as well as a myriad of other costs not covered by any other source of reimbursement.
- Slot Contracts: Agencies with DMHAS slot contracts are to maintain a 95% utilization of slot capacity. If an agency holds a DMHAS FFS contract for the same level of care, the agency is to be at full contract capacity before submitting Fee For Service (FFS) claims.
- Fee For Service Contracts:
  - Agencies serving Drug Court, MAP-DOC and MAP-SPB referred clients under the DMHAS FFS Initiatives are reimbursed by their respective funding source and not through private health insurance, NJ FamilyCare, or self-pay.
  - Driving Under the Influence Initiative (DUII), Screening Brief Intervention and Referral to Treatment (SBIRT) Initiative, and South Jersey Initiative (SJI) are payors of last resort for clients determined eligible as outlined in the SFY 2015-2016 DMHAS FFS Annex A-2.
  - Recovery and Rebuilding Initiative (RRI) funding can be utilized for clients determined eligible as outlined in the SFY 2015-2016 DMHAS FFS Annex A-2 and/or for those eligible under other initiatives and funding is not available at the time of admission.

### **Balance Billing**

**A provider is to accept NJ FamilyCare payment as payment in full.**

- A provider is not to balance bill the State or NJ FamilyCare member for costs above what has been reimbursed by NJ FamilyCare.
- If an organization provides a service to a NJ FamilyCare member but that service is not billable under their provider type, a provider may NOT balance bill the beneficiary.

- If that organization cannot provide the billable service to the NJ FamilyCare member, they must refer that member to a provider that can provide the billable service.
- When a provider submits claims for reimbursement to NJ FamilyCare, the provider accepts that payment as payment in full and is not permitted to charge the balance of the bill to the NJ FamilyCare member.

**In summary**, providers are to bill in the following order:

1. Third Party Insurance (TPL)
2. Work First New Jersey/ Substance Abuse Initiative – Behavioral Health Initiative (WFNJ/SAI-BHI)
3. NJ FamilyCare providers are to bill NJ FamilyCare if the client has no other insurance or if the insurance did not cover up to the allowable amount in which case the provider may bill NJ FamilyCare for the difference between the rate and NJ FamilyCare the third party insurance rate.
4. State and/or County programs may only be billed if the previous three coverages do not exist.

C: Lynn Kovich