

2013 DRAFTING REQUEST

Bill

Received: **10/8/2012** Received By: **pkahler**
Wanted: **Soon** Same as LRB:
For: **Administration-Budget 7-7980** By/Representing: **Iwata**
May Contact: Drafter: **pkahler**
Subject: **Insurance - health** Addl. Drafters:
Medical Assistance Extra Copies:
Submit via email: **YES**
Requester's email:
Carbon copy (CC) to: **Tamara.Dodge@legis.wisconsin.gov**

Pre Topic:

DOA:.....Iwata, BB0005 -

Topic:

Require third-party payers to accept MA claims electronically

Instructions:

See attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	pkahler 10/8/2012	scalvin 10/9/2012		_____			
/P1	pkahler 1/29/2013		rschluet 10/9/2012	_____	srose 10/9/2012		State
/1		scalvin 1/29/2013	jfrantze 1/29/2013	_____	sbasford 1/29/2013		State

FE Sent For:

<END>

2013 DRAFTING REQUEST

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Received: 10/8/2012 Received By: pkahler
Wanted: Soon Companion to LRB:
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/?	pkahler 10/8/2012	scalvin 10/9/2012		_____			
/P1			10/9/2012	_____	srose 10/9/2012		State
FE Sent For:		11 sac 01/29/2013	<i>St</i>	1/29			

<END>

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Wanted: **Soon** Companion to LRB:
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DOA:.....Iwata, BB0005 -

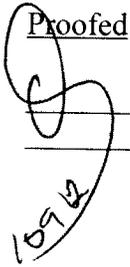
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Instructions:

See attached

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1?	pkahler	/p1 sac 10/9/12	/p1 sac 10/9/12				

FE Sent For:

<END>

Kahler, Pam

From: Hanaman, Cathlene
Sent: Monday, October 08, 2012 8:24 AM
To: Dodge, Tamara; Knepp, Fern; Kahler, Pam
Subject: FW: Statutory Language Drafting Request

From: Iwata, Yuko - DOA [<mailto:Yuko.Iwata@wisconsin.gov>]
Sent: Thursday, September 27, 2012 2:35 PM
To: Hanaman, Cathlene
Cc: Thornton, Scott - DOA; Gauger, Michelle C - DOA
Subject: RE: Statutory Language Drafting Request

Hello,

Tracking code for this one is BB0005.

Thanks,

Yuko Iwata
Executive Policy and Budget Analyst
Division of Executive Budget and Finance
Department of Administration
(608) 267 - 7980
Yuko.iwata@wisconsin.gov

From: Yuko.Iwata@wisconsin.gov [<mailto:Yuko.Iwata@wisconsin.gov>]
Sent: Thursday, September 27, 2012 1:36 PM
To: Hanaman, Cathlene - LEGIS
Cc: Thornton, Scott - DOA; Gauger, Michelle C - DOA; Iwata, Yuko - DOA
Subject: Statutory Language Drafting Request

Biennial Budget:2013-15

Topic: Medicaid Third Party Liability

Tracking Code:

SBO Team: HSI

SBO Analyst: Iwata, Yuko - DOA
Phone: (608) 267-7980
E-mail: Yuko.Iwata@wisconsin.gov

Agency Acronym: DHS

Agency Number: 435

Priority: High

Intent:

To require insurance companies to accept third party liability claims electronically.

Attachments: True

Please send completed drafts to statlanguage@wisapps.wi.gov

Mandatory Electronic Transactions

DIN 5420 (Schneck)

Decision Needed

The Wisconsin Medicaid program is a payer of last resort¹. When the Department identifies a member's private health insurance, it notifies the private insurance company of the service provided and the amount due. This process is largely a paper process completed through the mail. The Department requests statutory language to require insurance companies to accept third party liability claims electronically.

Background

1. The Department is responsible for TPL activities for all pharmacy claims, which are carved out of the HMO rates, and fee-for-service benefits. Dependent upon when the Department learns of a third party payer, actions are taken to avoid cost at the front end of the claims process, or through recoupment if the claim has already been paid.
2. If a third party insurer is identified after a claim has been paid, the Department retroactively recovers any Medicaid claims paid during the period of private coverage. The Department's fiscal agent notifies the provider that private insurance is responsible for the claim and requests reimbursement if the claim is not a pharmacy claim and the claim is less than one year old. This is an electronic billing process. If reimbursement is not received within 120 days, the Department will recoup the funds from a future provider payment.
3. If a non-pharmacy claim is one to three years old, or the claim is for dental or vision services, the Department mails a paper bill to the insurer. From August 2011 to August 2012 private insurers were billed for \$11.4 million in claims. The amount collected during this period was \$258,300.
4. Current Wisconsin statutes, ss 628.46, requires insurers to respond to claims within 30 days and allows for the application of interest on past due amounts.
5. As evidenced by the low return on the claims submitted, insurers generally do not respond to paper bills. It is difficult for the Department to enforce current statutory provisions requiring a response within 30 days. To do so, the Department would need to send certified mail for each

¹ Wisconsin ss 632.755(2) states, "Benefits provided by a disability insurance policy shall be primary to those benefits provided under chapter 49 or s. 51.44 or 253.05".

claim for which a third party had been identified. This would be time consuming and cost prohibitive.

6. The Department's MMIS claims system is capable of submitting electronic bills to private insurers. Private insurers utilize electronic claims systems which are able to accept electronic transactions, however, they are resistant to accepting the Department's electronic claims.² As a result, the Department must use the less effective paper claims process. The Department proposes statutory language to require all insurance providers and third party administrators to accept Wisconsin Medicaid third party liability claims electronically.
7. The next iteration of federal HIPAA regulations are expected to mandate electronic insurer to insurer claims submission and payment for all provider types; these regulations will be implemented in calendar year 2015 or 2016. Due to the large non-response rate from paper based bills, it would be in the best interest of the state to implement a mandatory electronic claims policy prior to the HIPAA policy. This change is estimated to save \$5.7 million AF (\$2.3 million GPR) annually.

Current Language

Current state statutes noted above require insurers to respond to insurance claims within 30 days.

Third party payers are defined in ss.49.475(f). ⁽¹⁾

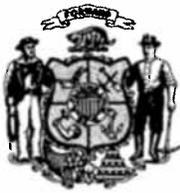
There is not an existing statute which requires insurers to accept electronic transactions from the Wisconsin Medicaid program for third party liability claims.

Proposed Change

Create statutory language to require insurers to accept electronic claims transactions from the Wisconsin Medicaid program.

Desired Effective Date: Upon passage of biennial budget bill
Agency: DHS
Agency Contact: Carrie Schneck
Phone: 266-5362

² The exception is pharmaceutical claims. Pharmacies require electronic provider to provider claims submission, in accordance with HIPAA and NCPDP policies.



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-021777
PJK:.....

PI
r m not) new
sac

DOA:.....Iwata, BB0005 - Require third-party payers to accept MA claims electronically

FOR 2013-2015 BUDGET - NOT READY FOR INTRODUCTION

(in 10-9)
D-note

do not
gen cat

1 AN ACT relating to: the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current law, DHS administers the Medical Assistance (MA) program, which provides health care benefits to low-income individuals and families (recipients) through a combination of federal and state funding. If a recipient has health care coverage from another source (third party), such as a health insurance policy or an employer's self-insured health plan, the recipient's right to the health care benefits from the third party for items or services for which payment has been made under MA is assigned to DHS, entitling DHS to be reimbursed by the third party for any MA payments that DHS has made. This bill requires a third party to accept claims from DHS in electronic form for reimbursement of payments made under MA.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 49.475 (title) of the statutes is amended to read:

2 49.475 (title) Information about assistance program beneficiaries;
3 electronic submission of claims.

4 History: 1991 a. 39; 1999 a. 9; 2007 a. 20 ss. 1610 to 1626, 9121 (6) (a); 2011 a. 189.

5 SECTION 2. 49.475 (2) (except 49.475 (2) (title)) of the statutes is renumbered
6 49.475 (2) (ac), and 49.475 (2) (ac) 1. b. and 4. (intro.), as renumbered, are amended
7 to read:

8 49.475 (2) (ac) 1. b. If subd. 1. a. applies, the nature and period of time of any
9 coverage, benefit, or service provided, including the name, address, and identifying
10 number of any applicable coverage plan.

11 History: 1991 a. 39; 1999 a. 9; 2007 a. 20 ss. 1610 to 1626, 9121 (6) (a); 2011 a. 189.

12 4. (intro.) If all of the following apply, agree not to deny a claim submitted by
13 the department under ~~par. (b)~~ subd. 2. solely because of the claim's submission date,
14 the type or format of the claim form, or failure by a recipient to present proper
15 documentation at the time of delivery of the service, benefit, or item that is the basis
16 of the claim:

17 History: 1991 a. 39; 1999 a. 9; 2007 a. 20 ss. 1610 to 1626, 9121 (6) (a); 2011 a. 189.

18 SECTION 3. 49.475 (2) (bc) of the statutes is created to read:

19 49.475 (2) (bc) A 3rd party shall accept the submission of claims from the
20 department under par. (ac) ^{2.} in electronic form.

21 SECTION 4. 49.475 (2m) (a) of the statutes is amended to read:

22 49.475 (2m) (a) The information that the department may request under this
23 section is limited to the information specified in sub. (2) (a) (ac) 1. and does not
include an employer's name unless that information is necessary for the department
or a provider to obtain 3rd-party payment for an item or service.

History: 1991 a. 39; 1999 a. 9; 2007 a. 20 ss. 1610 to 1626, 9121 (6) (a); 2011 a. 189.

SECTION 5. 49.475 (2m) (b) of the statutes is amended to read:

1 49.475 (2m) (b) If information under sub. (2) (a) (ac) 1. may be available from
2 more than one source that includes an employer operating a self-insured plan, the
3 department shall seek the information first from a 3rd-party administrator or other
4 entity identified in sub. (1) (f) 7. or pharmacy benefits manager before seeking the
5 information from the employer.

6 History: 1991 a. 39; 1999 a. 9; 2007 a. 20 ss. 1610 to ~~1626~~, 9121 (6) (a); 2011 a. 189.

SECTION 6. 49.475 (3) (intro.) of the statutes is amended to read:

7 49.475 (3) WRITTEN AGREEMENT. (intro.) Upon requesting a 3rd party to provide
8 the information under sub. (2) (a) (ac) 1., the department and the 3rd party shall
9 enter into a written agreement that satisfies all of the following:

10 History: 1991 a. 39; 1999 a. 9; 2007 a. 20 ss. 1610 to ~~1626~~, 9121 (6) (a); 2011 a. 189.

SECTION 7. 49.475 (4) (a) of the statutes is amended to read:

11 49.475 (4) (a) A 3rd party shall provide the information requested under sub.
12 (2) (a) (ac) 1. within 180 days after receiving the department's request if it is the first
13 time that the department has requested the 3rd party to disclose information under
14 this section.

15 History: 1991 a. 39; 1999 a. 9; 2007 a. 20 ss. 1610 to ~~1626~~, 9121 (6) (a); 2011 a. 189.

SECTION 8. 49.475 (4) (b) of the statutes is amended to read:

16 49.475 (4) (b) A 3rd party shall provide the information requested under sub.
17 (2) (a) (ac) 1. within 30 days after receiving the department's request if the
18 department has previously requested the 3rd party to disclose information under
19 this section.

20 History: 1991 a. 39; 1999 a. 9; 2007 a. 20 ss. 1610 to ~~1626~~, 9121 (6) (a); 2011 a. 189.

SECTION 9. 49.475 (5) of the statutes is amended to read:

21 49.475 (5) REIMBURSEMENT OF COSTS. From the appropriations under s. 20.435
22 (4) (bm) and (pa), the department shall reimburse a 3rd party that provides
23 information under sub. (2) (a) (ac) 1. for the 3rd party's reasonable costs incurred in

1 providing the requested information, including its reasonable costs, if any, to develop
2 and operate automated systems specifically for the disclosure of the information.

3 History: 1991 a. 39; 1999 a. 9; 2007 a. 20 ss. 1610 to 1626, 9121 (6) (a); 2011 a. 189.

SECTION 9318. Initial applicability; Health Services

4 (1) ELECTRONIC SUBMISSION OF MEDICAL ASSISTANCE CLAIMS. The amendment of
5 section 49.475 (title) of the statutes and the creation of section 49.475 (2) (bc) of the
6 statutes first apply to claims that are submitted on the effective date of this
7 subsection.

8 (END)

D-note

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

PI
LRB-0217/dn

PJK.:...
SAC

- date -

Let me know if it is a problem to place this provision in s. 49.475, using its definitions of "recipient" and "3rd party."

The background information in the instructions stated that private insurers "are resistant to accepting the Department's electronic claims." Do you know if this has anything to do with the requirement under s. 628.46 (1) that claims must be paid within 30 days after the insurer receives *written notice* of the loss? I do not know if electronic notice is generally considered "written notice" by insurers. I hesitate to preface the new provision with "Notwithstanding s. 628.46 (1)," in case that is construed to mean that electronic notice is not written notice, or to add in s. 628.46 (1) that written notice includes electronic notice by DHS, or some exception to that effect, in case that is construed to mean that electronic notice is generally not written notice. I also hesitate to provide in s. 628.46 (1) that electronic notice is written notice, because that may be making a substantive change that you do not intend to make. I would appreciate it if you could resolve this issue (perhaps by contacting someone at OCI) and advise me of whether anything needs to be done regarding the "written notice" requirement in s. 628.46 (1). Thank you.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.wisconsin.gov

→
broad-based

DRAFTER'S NOTE
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0217/P1dn
PJK:sac:rs

October 9, 2012

Let me know if it is a problem to place this provision in s. 49.475, using its definitions of "recipient" and "3rd party."

The background information in the instructions stated that private insurers "are resistant to accepting the Department's electronic claims." Do you know if this has anything to do with the requirement under s. 628.46 (1) that claims must be paid within 30 days after the insurer receives *written notice* of the loss? I do not know if electronic notice is generally considered "written notice" by insurers. I hesitate to preface the new provision with "Notwithstanding s. 628.46 (1)," in case that is construed to mean that electronic notice is not written notice, or to add in s. 628.46 (1) that written notice includes electronic notice by DHS, or some exception to that effect, in case that is construed to mean that electronic notice is generally not written notice. I also hesitate to provide in s. 628.46 (1) that electronic notice is written notice, because that may be making a broad-based substantive change that you do not intend to make. I would appreciate it if you could resolve this issue (perhaps by contacting someone at OCI) and advise me of whether anything needs to be done regarding the "written notice" requirement in s. 628.46 (1). Thank you.

Pamela J. Kahler
Senior Legislative Attorney
Phone: (608) 266-2682
E-mail: pam.kahler@legis.wisconsin.gov

Kahler, Pam

From: Iwata, Yuko - DOA <Yuko.Iwata@wisconsin.gov>
Sent: Tuesday, January 29, 2013 9:42 AM
To: Kahler, Pam
Cc: Gauger, Michelle C - DOA
Subject: FW: TPL draft

Hi Pam,

Here is DHS' response to your third-party payer draft. If you have any questions, please let me know.

Thanks,

-0217

Yuko Iwata
Executive Policy and Budget Analyst
Division of Executive Budget and Finance
Department of Administration
(608) 267 - 7980

From: Schneck, Carrie E - DHS
Sent: Tuesday, January 29, 2013 9:39 AM
To: Iwata, Yuko - DOA
Cc: Malofsky, Shelley F - DHS; Megna, Richard H - DHS; Forsaith, Andrew C - DHS; Cunningham, Curtis J - DHS; Ebert, David A - DHS; McAtee, Rebecca - DHS; Jorgenson, Larry P - DHS
Subject: TPL draft

Hi Yuko,

Thank you for forwarding the drafter's note. We believe we may be able to address the drafter's concerns as well as our concerns about timely payment with the following language. Can you please check with the drafter to see whether she agrees?

49.475 (2) (bc) A 3rd party shall accept the submission of claims from the department under par. (ac) 2. in electronic form and timely pay the claims in accordance with s. 628.48.

Carrie Schneck
Budget & Policy Analyst
State of Wisconsin
Department of Health Services
PO Box 7850
Madison, WI 53707-7850
608-266-5362

Please note: I am in the office Tuesday through Friday.

Kahler, Pam

From: Iwata, Yuko - DOA <Yuko.Iwata@wisconsin.gov>
Sent: Thursday, January 24, 2013 9:48 AM
To: Kahler, Pam
Subject: RE: TPL draft

Hi Pam,

I must admit that when I sent your first draft to DHS, I failed to attach your drafter's note, and I apologize for that. I just sent the note to DHS along with your comments and will let you know.

Thanks,

Yuko Iwata
Executive Policy and Budget Analyst
Division of Executive Budget and Finance
Department of Administration
(608) 267 – 7980

From: Kahler, Pam [<mailto:Pam.Kahler@legis.wisconsin.gov>]
Sent: Thursday, January 24, 2013 9:39 AM
To: Iwata, Yuko - DOA
Subject: RE: TPL draft

Hi, Yuko:

1. With respect to the insufficient renumbering issue, they perhaps do not realize that if you renumber a statutory unit, all of the subunits in that unit are automatically renumbered appropriately. For example, if you renumber a subsection to be a paragraph, as was done in this draft, all of the paragraphs in the subsection are automatically renumbered to be subdivisions without actually having to do it in the bill.
2. With respect to the timely payment issue, that is exactly what my question was in my drafter's note. So I don't know how to respond to their question because they did not respond to mine. If you do not have the drafter's note, or if they did not receive it, I can resend it to you.

Thanks,
Pam

From: Iwata, Yuko - DOA [<mailto:Yuko.Iwata@wisconsin.gov>]
Sent: Thursday, January 24, 2013 9:07 AM
To: Kahler, Pam
Cc: Gauger, Michelle C - DOA
Subject: FW: TPL draft

Hi Pam,

Please see DHS' comments below on your first third-party payer draft. If you have any questions, please let me know.

Thanks,

Yuko Iwata

Executive Policy and Budget Analyst
Division of Executive Budget and Finance
Department of Administration
(608) 267 – 7980

From: Schneck, Carrie E - DHS

Sent: Wednesday, January 23, 2013 5:16 PM

To: Iwata, Yuko - DOA

Cc: Forsaith, Andrew C - DHS; Megna, Richard H - DHS; Gauger, Michelle C - DOA; Malofsky, Shelley F - DHS; Cunningham, Curtis J - DHS; Ebert, David A - DHS; Jorgenson, Larry P - DHS; Johnson, Kathy L - DHS; McAtee, Rebecca - DHS; Currans-Henry, Rachel H - DHS; Mattke, Marlia K - DHS

Subject: TPL draft

Hi Yuko,

Here are the Department's comments on the TPL draft language:

- 1) The re-numbering in the draft is a bit unclear; it appears there should be more re-numbering than the draft reflects.
- 2) The Department would like to be certain that insurers are required not just to accept electronic claims, but to pay them timely. We believe that ss. 628.46 provides a 30 day payment requirement. Can you ask the drafter whether they feel the current statutory language is sufficient, or should 49.475(2) be amended to specifically note that that the 3rd party must pay claims in accordance with 628.46?

Carrie Schneck
Budget & Policy Analyst
State of Wisconsin
Department of Health Services
PO Box 7850
Madison, WI 53707-7850
608-266-5362

Please note: I am in the office Tuesday through Friday.



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0217/1
PJK:sac:ms

Wm's name

DOA:.....Iwata, BB0005 – Require third-party payers to accept MA claims electronically

FOR 2013-2015 BUDGET – NOT READY FOR INTRODUCTION

(w/ 1-29)

do not go out

1 AN ACT *relating to:* the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current law, DHS administers the Medical Assistance (MA) program, which provides health care benefits to low-income individuals and families (recipients) through a combination of federal and state funding. If a recipient has health care coverage from another source (third party), such as a health insurance policy or an employer's self-insured health plan, the recipient's right to the health care benefits from the third party for items or services for which payment has been made under MA is assigned to DHS, entitling DHS to be reimbursed by the third party for any MA payments that DHS has made. This bill requires a third party to accept claims from DHS in electronic form for reimbursement of payments made under MA.

Insert A

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 SECTION 1. 49.475 (title) of the statutes is amended to read:

2 49.475 (title) Information about assistance program beneficiaries;
3 electronic submission of claims.

4 SECTION 2. 49.475 (2) (except 49.475 (2) (title)) of the statutes is renumbered
5 49.475 (2) (ac), and 49.475 (2) (ac) 1. b. and 4. (intro.), as renumbered, are amended
6 to read:

7 49.475 (2) (ac) 1. b. If subd. 1. a. applies, the nature and period of time of any
8 coverage, benefit, or service provided, including the name, address, and identifying
9 number of any applicable coverage plan.

10 4. (intro.) If all of the following apply, agree not to deny a claim submitted by
11 the department under ~~par. (b)~~ subd. 2. solely because of the claim's submission date,
12 the type or format of the claim form, or failure by a recipient to present proper
13 documentation at the time of delivery of the service, benefit, or item that is the basis
14 of the claim:

15 SECTION 3. 49.475 (2) (bc) of the statutes is created to read:

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17 department under par. (ac) 2. in electronic form

insert 2-17

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19 49.475 (2m) (a) The information that the department may request under this
20 section is limited to the information specified in sub. (2) (a) (ac) 1. and does not
21 include an employer's name unless that information is necessary for the department
22 or a provider to obtain 3rd-party payment for an item or service.

23 SECTION 5. 49.475 (2m) (b) of the statutes is amended to read:

24 49.475 (2m) (b) If information under sub. (2) (a) (ac) 1. may be available from
25 more than one source that includes an employer operating a self-insured plan, the

1 department shall seek the information first from a 3rd-party administrator or other
2 entity identified in sub. (1) (f) 7. or pharmacy benefits manager before seeking the
3 information from the employer.

4 **SECTION 6.** 49.475 (3) (intro.) of the statutes is amended to read:

5 49.475 (3) WRITTEN AGREEMENT. (intro.) Upon requesting a 3rd party to provide
6 the information under sub. (2) ~~(a)~~ (ac) 1., the department and the 3rd party shall
7 enter into a written agreement that satisfies all of the following:

8 **SECTION 7.** 49.475 (4) (a) of the statutes is amended to read:

9 49.475 (4) (a) A 3rd party shall provide the information requested under sub.
10 (2) ~~(a)~~ (ac) 1. within 180 days after receiving the department's request if it is the first
11 time that the department has requested the 3rd party to disclose information under
12 this section.

13 **SECTION 8.** 49.475 (4) (b) of the statutes is amended to read:

14 49.475 (4) (b) A 3rd party shall provide the information requested under sub.
15 (2) ~~(a)~~ (ac) 1. within 30 days after receiving the department's request if the
16 department has previously requested the 3rd party to disclose information under
17 this section.

18 **SECTION 9.** 49.475 (5) of the statutes is amended to read:

19 49.475 (5) REIMBURSEMENT OF COSTS. From the appropriations under s. 20.435
20 (4) (bm) and (pa), the department shall reimburse a 3rd party that provides
21 information under sub. (2) ~~(a)~~ (ac) 1. for the 3rd party's reasonable costs incurred in
22 providing the requested information, including its reasonable costs, if any, to develop
23 and operate automated systems specifically for the disclosure of the information.

24 **SECTION 9318. Initial applicability; Health Services**

2013-2014 DRAFTING INSERT
FROM THE
LEGISLATIVE REFERENCE BUREAU

LRB-0217/1ins
PJK:.....

INSERT A

wdf and to timely pay the claims in the manner provided under the statute that, generally, requires an insurer to pay a claim within 30 days after receiving notice of the claim

(END OF INSERT A)

INSERT 2-17

- 1 *wdf* and shall timely pay the claims in the manner provided in s. 628.46 (1) and (2).
- 2 For purposes of timely payment of claims under this paragraph, "written notice"
- 3 under s. 628.46 (1) includes receipt of a claim in electronic form

(END OF INSERT 2-17)



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-0217/1
PJK:sac:jf

DOA:.....Iwata, BB0005 – Require third-party payers to accept MA claims electronically

FOR 2013-2015 BUDGET – NOT READY FOR INTRODUCTION

1 AN ACT ...; relating to: the budget.

Analysis by the Legislative Reference Bureau

HEALTH AND HUMAN SERVICES

MEDICAL ASSISTANCE

Under current law, DHS administers the Medical Assistance (MA) program, which provides health care benefits to low-income individuals and families (recipients) through a combination of federal and state funding. If a recipient has health care coverage from another source (third party), such as a health insurance policy or an employer's self-insured health plan, the recipient's right to the health care benefits from the third party for items or services for which payment has been made under MA is assigned to DHS, entitling DHS to be reimbursed by the third party for any MA payments that DHS has made. This bill requires a third party to accept claims from DHS in electronic form for reimbursement of payments made under MA and to timely pay the claims in the manner provided under the statute that, generally, requires an insurer to pay a claim within 30 days after receiving notice of the claim.

For further information see the *state* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

1 **SECTION 1.** 49.475 (title) of the statutes is amended to read:

2 **49.475 (title) Information about assistance program beneficiaries;**
3 **electronic submission of claims.**

4 **SECTION 2.** 49.475 (2) (except 49.475 (2) (title)) of the statutes is renumbered
5 49.475 (2) (ac), and 49.475 (2) (ac) 1. b. and 4. (intro.), as renumbered, are amended
6 to read:

7 49.475 (2) (ac) 1. b. If subd. 1. a. applies, the nature and period of time of any
8 coverage, benefit, or service provided, including the name, address, and identifying
9 number of any applicable coverage plan.

10 4. (intro.) If all of the following apply, agree not to deny a claim submitted by
11 the department under ~~par. (b)~~ subd. 2. solely because of the claim's submission date,
12 the type or format of the claim form, or failure by a recipient to present proper
13 documentation at the time of delivery of the service, benefit, or item that is the basis
14 of the claim:

15 **SECTION 3.** 49.475 (2) (bc) of the statutes is created to read:

16 49.475 (2) (bc) A 3rd party shall accept the submission of claims from the
17 department under par. (ac) 2. in electronic form and shall timely pay the claims in
18 the manner provided in s. 628.46 (1) and (2). For purposes of timely payment of
19 claims under this paragraph, "written notice" under s. 628.46 (1) includes receipt of
20 a claim in electronic form.

21 **SECTION 4.** 49.475 (2m) (a) of the statutes is amended to read:

22 49.475 (2m) (a) The information that the department may request under this
23 section is limited to the information specified in sub. (2) ~~(a)~~ (ac) 1. and does not
24 include an employer's name unless that information is necessary for the department
25 or a provider to obtain 3rd-party payment for an item or service.

1 **SECTION 5.** 49.475 (2m) (b) of the statutes is amended to read:

2 49.475 (2m) (b) If information under sub. (2) ~~(a)~~ (ac) 1. may be available from
3 more than one source that includes an employer operating a self-insured plan, the
4 department shall seek the information first from a 3rd-party administrator or other
5 entity identified in sub. (1) (f) 7. or pharmacy benefits manager before seeking the
6 information from the employer.

7 **SECTION 6.** 49.475 (3) (intro.) of the statutes is amended to read:

8 49.475 (3) WRITTEN AGREEMENT. (intro.) Upon requesting a 3rd party to provide
9 the information under sub. (2) ~~(a)~~ (ac) 1., the department and the 3rd party shall
10 enter into a written agreement that satisfies all of the following:

11 **SECTION 7.** 49.475 (4) (a) of the statutes is amended to read:

12 49.475 (4) (a) A 3rd party shall provide the information requested under sub.
13 (2) ~~(a)~~ (ac) 1. within 180 days after receiving the department's request if it is the first
14 time that the department has requested the 3rd party to disclose information under
15 this section.

16 **SECTION 8.** 49.475 (4) (b) of the statutes is amended to read:

17 49.475 (4) (b) A 3rd party shall provide the information requested under sub.
18 (2) ~~(a)~~ (ac) 1. within 30 days after receiving the department's request if the
19 department has previously requested the 3rd party to disclose information under
20 this section.

21 **SECTION 9.** 49.475 (5) of the statutes is amended to read:

22 49.475 (5) REIMBURSEMENT OF COSTS. From the appropriations under s. 20.435
23 (4) (bm) and (pa), the department shall reimburse a 3rd party that provides
24 information under sub. (2) ~~(a)~~ (ac) 1. for the 3rd party's reasonable costs incurred in

1 providing the requested information, including its reasonable costs, if any, to develop
2 and operate automated systems specifically for the disclosure of the information.

3 **SECTION 9318. Initial applicability; Health Services**

4 (1) ELECTRONIC SUBMISSION OF MEDICAL ASSISTANCE CLAIMS. The amendment of
5 section 49.475 (title) of the statutes and the creation of section 49.475 (2) (bc) of the
6 statutes first apply to claims that are submitted on the effective date of this
7 subsection.

8 (END)