



BETTER, STRONGER, FASTER

How a state agency saved big with daily Medicaid coordination of benefits



THE PROBLEM Medicaid member expenditures are greatest in the first few months of enrollment, in both fee for service and managed care environments where members are initially enrolled in a fee for service program. That's because private health insurance not disclosed by members often takes months to identify, validate, and load to Medicaid's claims processing systems.

Besides the downside of increased claim costs for the state, inaccurate coordination of benefits from day one of enrollment also reduces payment accuracy and increases provider abrasion.

As a result, in 2009 a large state agency in the Northeast recognized an opportunity to better coordinate payments and reduce future Medicaid expenditures: by identifying and verifying pharmacy coverage on a daily instead of a monthly basis, especially for newly enrolled and high-cost members. That information would then be loaded into its claims payment system daily to cost avoid in real time, when claims are submitted.

In short, by moving from cost avoidance in a monthly batch cycle to Daily Cost Avoidance with HMS. We're the pioneer of Medicaid cost avoidance and are now continuing to innovate by bringing the latest technology to payers.



THE PROCESS HMS coordinated with the state's Pharmacy On-Line Processing System vendor to implement an automated procedure to identify, verify, and load previously unknown coverage onto the daily pharmacy coverage updates.

Specifically, HMS worked with the vendor to integrate daily pharmacy coverage updates into its claims processing system. Typically, integration requires relatively minor programming. Integration with a state's eligibility/enrollment systems is also an option and usually requires minimal development.

Once the system was ready to send and receive data on a daily basis, the vendor provided applicant/member demographic information to HMS through a daily file exchange. (Web services is also an option.)



THE RESULTS By moving from monthly insurance updates to daily updates, HMS's Daily Cost Avoidance increased the state's Medicaid pharmacy savings by an estimated 30% annually.

Recognizing the value of a daily cost avoidance, the state plans to expand the program beyond pharmacy claims to include the identification of all health insurance coverage in the near future.

Contact us today to learn more about Daily Cost Avoidance.

HMS powers healthcare with integrity through payment integrity, eligibility, and coordination of benefits solutions. HMS's clients include health and human services programs in more than 45 states; commercial payers, including group health plans, Medicare Advantage plans, and more than 160 Medicaid managed care plans; employers; the Centers for Medicare and Medicaid Services; and Veterans Administration facilities. As a result of the company's services, clients recover billions of dollars every year and save billions more through the prevention of erroneous payments.

