



# Children's Health Insurance Program (CHIP) New Opportunities for Third Party Liability Savings

On February 9, 2018, the Bipartisan Budget Act (BBA) of 2018 was signed into law by President Donald Trump. **This budget resolution includes Section 53102: "Third Party Liability (TPL) in Medicaid and CHIP," which strengthens Medicaid TPL rights and applies TPL requirements to the CHIP program.**

Unlike Medicaid, Children's Health Insurance Program (CHIP) beneficiaries have historically been required to be uninsured in order to qualify and enroll in CHIP. As a result, the CHIP program has placed less emphasis upon coordination of benefits for this population, and CHIP laws have lacked the carrier data sharing and claims payment requirements that have been the foundation of success in the area of Medicaid third party liability. This recent Congressional action modifies section 1902(a)(25) of Social Security by applying Medicaid third party liability rules to the CHIP Program. These changes went to effect when the bill was signed into law on February 9, 2018.

**HMS's data has shown that roughly 5% – 7% of CHIP beneficiaries may have other health insurance coverage through a third party payer.**

## Key Provisions of §1902 (a)(25) Now Applicable to CHIP

1. CHIP programs are now required to coordinate benefits when it is cost-effective to do so.
2. Data sharing and claims payment obligations are now imposed upon third party payers for the coordination of benefits with the CHIP program.
3. Third parties required to coordinate benefits with CHIP are the same third party payers required to coordinate benefits with Medicaid, including commercial insurers and pharmacy benefits managers.
4. Transfers Medicaid TPL reclamation claims processing standards, including prohibitions on administrative denials, to the CHIP program.
5. Imposes a three-year look back period from the date of service to identify third party payers.

In the coming weeks, the Centers for Medicare and Medicaid Services (CMS) will likely issue additional guidance to states on these changes. **HMS can work with you now to identify how to meet these new requirements and establish cost avoidance and recovery processes for the CHIP program.**

**Please contact your HMS account representative for more information.**

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