

TO: Local District Commissioners, Medicaid Directors

FROM: Linda LeClair, Director, Bureau of Medicaid Eligibility Operations and Family Health Plus

SUBJECT: Recovery of Managed Care Premiums

EFFECTIVE DATE: Immediately

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The purpose of this GIS message is to clarify when it is appropriate to attempt recoveries of capitation payments made under Medicaid Managed Care or Family Health Plus.

Administrative Directive 02 OMM/ADM-3 states that local districts should pursue recoveries for Medicaid incorrectly paid, "whether the incorrect payment was due to an error by the LDSS or the applicant." This is accurate for individuals who had fee-for-service claims paid by Medicaid for benefits received during a period when they were not eligible.

However, when capitation payments are made during a period of time after the recipient has reported a change that makes him/her ineligible or has requested that his/her case be closed and, due to agency error or delay, the agency does not close the case in a timely manner, Medicaid Managed Care or Family Health Plus capitation payments made during that period of time must not be recovered, unless the recipient accessed services from the managed care plan during that time.

Until managed care encounter data are available on-line, districts will have to contact the managed care plan to ascertain whether the ineligible individual accessed services during the time period when recovery is being contemplated. Please note that there may be a delay between the date an individual used services and the date the provider is paid by the plan. Therefore, even if the plan states that it made payments to providers on behalf of a recipient during this period, recovery of capitation payments made to the plan by the Medicaid program must not be pursued unless the recipient actually accessed services during the period of ineligibility.

Federal regulations require that a state must promptly redetermine eligibility when it receives information about changes in a recipient's circumstances that may affect eligibility. It is the local district's responsibility to ensure that any changes in circumstances reported by recipients, either in writing, in person, or by telephone, are recorded and acted upon in a timely manner.