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2013 | 4

Medicaid compliance challenges on the horizon

The Medicaid health program is a state/federal partnership that covers nearly 50 million low income Americans. The expansion of Medicaid under the Affordable Care Act (ACA) is sure to result in increased expenditures for both the federal and state governments. The ACA requires states to enact Medicaid fraud and abuse prevention measures and recovery initiatives. The claims industry has taken note and is working to help clients understand and comply with these measures and initiatives.

Medicaid, like Medicare, is secondary to other insurance programs, such as workers' compensation and liability policies. But unlike Medicare, which is run by the federal government and has one central body initiating recovery efforts against carriers and self-insured entities, Medicaid operates on a state-by-state basis. This means that there are 50 different sets of rules, regulations, and laws to navigate when it comes to the recovery processes.

To date, only two states—Rhode Island and Vermont—have instituted mandatory Medicaid recovery programs for casualty cases. Based on the mandates contained in the ACA, we anticipate that other states will follow suit in the next few years.

Impact on casualty claims

Liability and workers' compensation claims will be affected by these Medicaid recovery efforts. But considering that only Rhode Island and Vermont* have instituted mandatory recovery efforts, the overall effect should be minimal until more states adopt similar measures. For cases in those jurisdictions, we should see a slight increase in claims costs, as we will have to account for any "Medicaid liens" at the time of settlement. In the past, medical expenses for which Medicaid paid were left out of the settlement equation because a Medicaid lien was not known or identified. Now that Medicaid is asserting its right of recovery in these two states during the settlement process, we will have to include a Medicaid evaluation and reimbursement plan when managing a settlement. In some instances, the cost to settle the case may increase, as we will have to factor in the cost of the Medicaid-related expenses.

Sedgwick Medicare and Medicaid compliance services

To ensure that our valued clients stay ahead of these significant changes, we are expanding our Medicare compliance unit to cover Medicaid issues as well. Our new Medicare and Medicaid compliance group will be responsible for monitoring state changes to Medicaid recovery laws; developing Medicaid best practices, education, and training materials for our claims-handling teams; and offering fee-based services to assist clients in complying with the new laws.

The Sedgwick Medicare and Medicaid Compliance Unit is committed to keeping our colleagues and clients apprised of these important Medicaid changes as they develop over the next few years. To learn more about our Medicare and Medicare compliance services, please contact your Sedgwick client services representative.

**10 percent of adults in Rhode Island and 12 percent of adults in Vermont are on Medicaid.*

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Sedgwick Claims Management Services, Inc. • 1100 Ridgeway Loop Road • Memphis, TN 38120 • 800-625-6588

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