

Cost Avoidance (Dual or Split Billing)

As of **February 8, 2005**, South Dakota Medical Assistance Program (Medicaid) began denying claims for cost avoidance. The term “cost avoidance” means that Medicaid, always being the payer of last resort, will require that pharmacy claims be billed to the other third party payers when a Medicaid recipient has other private health insurance.

When the Medicaid recipient file shows other third party drug coverage for a Medicaid patient, the amount paid by the other third party must be submitted to Medicaid in NCPDP field **431-DB**, the “**Other Payer Amount Paid**” field. If a paid amount is not available from the other third party, the appropriate code must be placed in NCPDP field **308-C8**, the “**Other Coverage Code**” field.

The Other Coverage Codes to be used are as follows:

Value	Description	Further Clarification
Ø1	No other coverage	
Ø2	Other coverage exists-payment collected	
Ø3	Other coverage exists- claim not covered	Payer is aware of other coverage existing to which claim should be submitted.
Ø4	Other coverage exists-payment not collected	Used in a payable response, when payment is zero with 100% co-payment.
Ø5	Managed care plan denial	The patient has managed care coverage, but the claim was denied.
Ø6	Other coverage denied-not participating provider	
Ø7	Other coverage exists-not in effect on Date of Service	The patient has other coverage, but at the time of service, the coverage was not in effect.
Ø8	Claim is billing for copay	Used in copay only billing.

When using an Other Coverage Code of “08” it is important to note that the Other Payer Amount Paid must be populated and the Other Payer’s calculated copay is to be placed in field **426-DQ**, the “**Usual and Customary Charge**” field.

It is important that the proper Other Coverage Code be used when dual billing claims to Medicaid.

The Department will be monitoring this field closely.

If you have questions about these procedures please feel free to contact our office at 1-800-452-7691 or 605-773-3495.

However, it may be advisable to talk to your software vendor with questions before contacting our office.