

**The Third Party Liability and Recoveries Section identifies waste, prevents payments, and recovers medical assistance payments.**

Medicaid is the payor of last resort meaning that “[the Department] will take all reasonable measures to ascertain the legal liability of third parties ... to pay for care and services available under the plan ... [the Department] will seek reimbursement for such assistance to the extent of such legal liability...” 42 U.S.C. § 1396p(a)(25).

**A. COST AVOIDANCE PROGRAMS**

- **Maintenance of commercial health plan eligibility information in the claims system.** Approximately 7-10% of Medicaid recipients have commercial health coverage. Maintaining this data in the claims system ensures that the commercial plan pays as primary prior to Medicaid.
- **Medicare Buy-in.** Payment of Medicare premiums to ensure individuals are enrolled in Medicare and ensure Medicare pays prior to Medicaid.
- **Health Insurance Buy-In Program (HIBI).** The HIBI program subsidizes commercial premiums for individuals when it is cost effective to do so, i.e. when it costs the Department less to subsidize the premium than for Medicaid to bear those costs.
- **Public Assistance Reporting Information System (“PARIS”).** The interstate Match File indicates instances when an individual enrolled in Colorado’s Medicaid Program and is also enrolled in another state’s program as well. By removing individuals that no longer reside in Colorado, the Department saves the fees paid in capitation payments.

**B. POST PAYMENT RECOVERIES.**

- **Post Payment Recoveries.** This category refers to the recovery of payments from providers, carriers, and government entities when a health care payer (e.g. commercial insurance, Medicare) should have been billed as the primary payer and Medicaid as secondary.
- **Tort & Casualty Recoveries.** Tort and casualty recoveries refer to claims paid on behalf of a Medicaid client related to an accident or other tort action where a third party is liable for the medical payments. The law provides the Department with a statutory lien on the settlement proceeds from the responsible party.
- **Estate Recovery Program.** This program is a federally mandated program that requires the State to recover the cost of benefits paid on behalf of a Medicaid client from their estate. Recoveries received by the Department are generated through liens placed on property owned by the Medicaid client and through claims filed against the estate of clients for medical assistance paid on their behalf.
- **Trust & Repayment Recoveries.** Income trusts, pooled trusts, and disability trusts are established for the purpose of Medicaid financial eligibility. The Department is a beneficiary of these trusts and upon termination receives any amount remaining in the trust up to the total amount of medical assistance paid on behalf of the individual. Repayment recoveries occur when a Medicaid client reimburses Medicaid for services received usually in the case of spending down excess resources.
- **Credit Balance Audits.** The Department’s TPL vendor audits hospital-based providers to recover monies when the provider has retained monies in addition to the Medicaid paid amount.