



# White Paper



## 5-Minute Report: Meeting the Processing Requirements of Medicare Advantage & Dual Eligibility

**More than 43 million people are covered by the Medicare program. While the majority of people with Medicare receive coverage through original Medicare, which is characterized by traditional fee-for-service programs, more than five million people are enrolled in a Medicare Advantage plan, which is characterized by private plans such as HMO, PPO or Private Fee-for-Service plans.**

**Medicare Advantage offers unique challenges to the automated payor market. This white paper examines the basic requirements for processing Medicare Advantage claims, as well as defining and providing guidelines for adjudicating dual eligibility claims.**

Health plans in the U.S. and its territories participating in the Medicare Advantage program require a benefit administration software application that meets CMS requirements, including new Part D requirements for 2006.

To effectively administer Medicare Advantage health plans, a benefits software application must meet the following Medicare requirements:

- Capture data elements required for enrollment and correction files; extract to CMS for enrollment and correction files.
- RAPS (Risk Adjustment Processing System) Encounter Data extracts: RAPS data includes the diagnosis codes and other information upon which payment is based.
- Generate required CMS letters, including Enrollment Acknowledgement Letter, Enrollment Confirmation Letter, Notice of Disenrollment, and several others. A processing system that auto-generates required CMS



letters significantly increases productivity and reduces administrative costs.

- Capture Part D premium billing fields.
- Capture details of members' status, including income, eligibility, etc.

With a software solution capable of handling Medicare interfaces and requirements, health plans can successfully launch a Medicare Advantage product and focus resources on marketing and enrollment.

### **Administering Dual Eligibility**

Another key component of supporting Medicare Advantage plans is the ability to process dual eligibility claims. To accomplish this, an information system must integrate federal Medicare and state Medicaid processing.

Dual eligibility refers to individuals who are: Medicare eligible (aged or disabled) and also eligible for some level of Medicaid coverage. Dual eligibility does not refer to individuals who have two types of insurance, such as a family member who subscribes to an employer's private health plan and is also covered by a spouse's policy through a different health plan. This arrangement is "double coverage" rather than dual eligibility.

There are different types of dual eligibility, but generally, they fall into two categories: Full dual eligibles and other dual eligibles.

#### *Full Dual Eligibles:*

Entitled to Medicaid benefits that Medicare does not cover, including Medicaid drug coverage. Includes low-income aged and disabled individuals in Medicaid community care programs, nursing facilities, and state schools.

#### *Other Dual Eligibles:*

Eligible only for Medicaid payments for Medicare premiums, deductibles, and coinsurance for Medicare services. Not entitled to Medicaid prescription drugs services. Include several categories of eligibility; incomes generally up to 135% of federal poverty level (if not in institutions).

The key to administering Medicare Advantage benefits to members with dual eligibility is to be certain that both Medicaid and Medicare make appropriate payments on the claim. In some cases, processors may adjudicate a claim using only Medicare or Medicaid, and neglect to coordinate benefits for both.



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To ensure proper administration of claims associated with dual eligibility members, claims processors should follow this three-step process:

1. Identify members with dual eligibility.
2. Process the claim separately for Medicare and for Medicaid.
3. Coordinate the Medicare and Medicaid benefits for the claim.

Adjudicating dual eligibility Medicare Advantage claims can be time-consuming and costly for healthcare administrators that rely on staff members to identify dual eligibles and coordinate benefits. An automated claims processing system streamlines this process to significantly reduce errors associated with dual eligibility and reduce administrative costs.

*Plexis Healthcare Systems provides claims processing, benefits administration, and EDI software for the healthcare industry. Built with the very latest Microsoft technology, Plexis software ranked #1 in functionality in an independent industry study. Customers have been reducing their costs, streamlining their claims payment operations, and enhancing customer satisfaction with Plexis solutions since 1996.*