Michelle Lujan Grisham, Governor
David R. Scrase, M.D., Secretary
Nicole Comeaux, J.D., M.P.H., Director

Letter of Direction #49

Date: **October 15, 2020**

To: **Centennial Care 2.0 Managed Care Organizations**

From: **Nicole Comeaux, Director, Medical Assistance Division**

Subject: **MCO Payment Recoupment from Providers**

Title: **MCO Payment Recoupment from Providers**

The purpose of this Letter of Direction (LOD) is to provide guidance to the Centennial Care 2.0 Managed Care Organizations (MCOs) on the recovering of claim payments from providers and to instruct the MCOs not to recover claim payments from providers until the capitation payment for the month of service covering the claims dates of service has been voided by HSD.

HSD has learned that MCOs have been recovering claim payments from providers when they receive a client recoupment span on the Enrollment Roster file. It is the nature of eligibility and enrollment that clients lose eligibility for enrollment which results in a recoupment span that is sent on the roster file; only to be added back retroactively at a later date. For this reason, HSD doesn't recover the capitation payment to the MCO until after a significant lag period has transpired. There are two exceptions to this: clients for whom we've received a date of death and clients for whom we receive notice of incarceration.   HSD does recover the capitations for months after the date of death or incarceration begin month without any lag factor. MCOs recovering paid claims from providers based on the roster recoupment span is a premature action that places an unnecessary burden on the providers and the MCO.

HSD instructs the MCOs that effective with receipt of this LOD, they must not recover claim payments from providers upon receipt of the recoupment span on the Enrollment Roster file. MCOs must wait and only recoup from the providers if the capitation payment for the month of service that covers that claim's dates of service is voided by HSD. The capitation voids are reported on the 820, the electronic remittance.

This LOD will sunset upon inclusion in the Systems Manual.

Any questions regarding this LOD should be directed to Systems Bureau Chief John Padilla at johnh.padilla@state.nm.us.