

Why GAO Did This Study

In fiscal year 2013, Medicaid—jointly financed by states and the federal government—provided health care coverage to over 70 million individuals at a total cost of about \$460 billion. Congress generally established Medicaid as the health care payer of last resort, meaning that if enrollees have another source of health care coverage—such as private insurance—that source should pay, to the extent of its liability, before Medicaid does. This is referred to as third-party liability (TPL). There are known challenges to ensuring that Medicaid is the payer of last resort. GAO was asked to provide information on the prevalence of private insurance among Medicaid enrollees and on state and CMS efforts to ensure that Medicaid is the payer of last resort.

This report examines (1) the extent to which Medicaid enrollees have private insurance, and (2) state and CMS initiatives to improve TPL efforts. GAO analyzed the 2012 ACS; interviewed Medicaid officials from eight states with high program spending or enrollment that used managed care; interviewed CMS officials and stakeholders; and reviewed relevant laws, regulations, and CMS guidance.

What GAO Recommends

GAO recommends that the Secretary of the Department of Health and Human Services (HHS) direct CMS to (1) routinely monitor and share across all states information regarding key TPL efforts and challenges, and (2) provide guidance on state oversight of TPL efforts conducted by Medicaid managed care plans. HHS concurred with GAO's recommendations and noted plans to address them.

View [GAO-15-208](#). For more information, contact Katherine M. Iritani at (202) 512-7114 or iritanik@gao.gov.

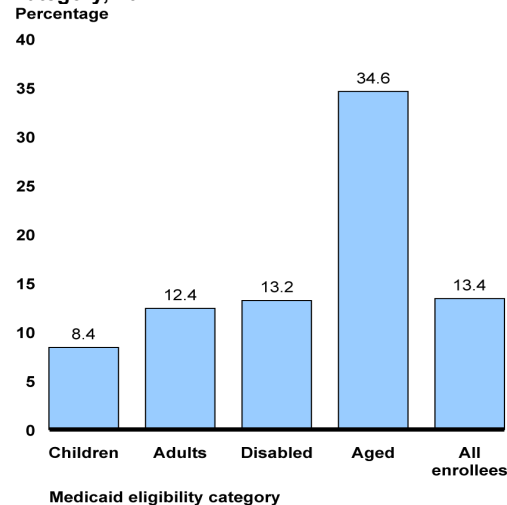
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Additional Federal Action Needed to Further Improve Third-Party Liability Efforts

What GAO Found

Based on responses to the 2012 U.S. Census Bureau's American Community Survey (ACS)—the most recent available at the time the work was conducted—GAO estimates that 7.6 million Medicaid enrollees (13.4 percent) had private health insurance in 2012. The estimated prevalence of private health insurance varied among Medicaid eligibility categories, which may differ with respect to Medicaid benefits and costs. The number of Medicaid enrollees with private health insurance is expected to increase with the expansion of Medicaid.

Estimated Prevalence of Private Health Insurance among Medicaid Enrollees by Eligibility Category, 2012



Source: GAO analysis of 2012 U.S. Census Bureau data. | GAO-15-208

Note: GAO defined children as non-disabled individuals aged 0 through 18; adults as non-disabled individuals aged 19 through 64; disabled as individuals aged 0 through 64 who reported a disability; and aged as individuals aged 65 and older.

Selected states reported taking various steps to address challenges to ensuring that Medicaid is the payer of last resort and acknowledged recent Centers for Medicare & Medicaid Services (CMS) support, while also suggesting additional federal action. Four of the eight reviewed states reported various initiatives to improve coverage identification, such as arranging to participate in a data registry that allows participants to identify individuals with overlapping coverage. CMS has taken steps to issue TPL guidance and share some information on effective state practices, and such federal efforts should be ongoing to ensure that evolving approaches are captured and shared across states. In addition, officials in five states reported that enrollees with third-party coverage may be eligible to enroll in Medicaid managed care—in which states contract with health plans to provide services to enrollees and may delegate TPL activities such as payment recoveries to these plans. One of the five states had initiated a program to oversee plans' TPL recoveries, while other states did not report similar oversight. The National Association of Medicaid Directors reported that, in the absence of explicit CMS guidance in this area, it can be difficult for states to work with plans to improve TPL oversight and has recommended CMS provide such guidance.