Department: Finance and Administration – Benefits Administration
Subject: Subrogation Guidelines
Purpose: The purpose of this document is to outline the minimum expectations related to subrogation recoveries that will apply to all Third Party Administrators (Contractors) under contract with the State Insurance Committee, Local Education Insurance Committee and Local Government Insurance Committee for the purpose of adjudicating health insurance claims on behalf of plan members. The actions initiated in response to these guidelines are to comply with the laws of the State of Tennessee and relevant court decisions.
Policy: Each of the Health Plan Documents, in Article V – Coordination of Benefits, contains provisions related to Subrogation (5.04), Right of Reimbursement (5.05), Recovery of Payment (5.06) and Plan Purpose (5.08). These provisions establish the Plans' authority to review claims payment information and execute activities that provide for subrogation recoveries.
The Contractors, to the extent authorized in their contracts, may engage the services of a subcontractor to maintain and execute a subrogation process.

Contractor Procedural Requirements

- The Contractor shall maintain a process to screen medical claims through a detection procedure that reviews both occurrence codes and diagnostic codes. The Contractor shall identify claims with subrogation potential within twenty (20) business days of the initial claim payment. Of particular significance are claims related to workplace accidents and illnesses, injuries attributable to automobile accidents and expenses covered by property and casualty insurance maintained by homeowners and businesses.
- Payments shall be made on a monthly basis to Benefits Administration at the following address:
- Benefits Accounting
W.R. Snodgrass TN Tower, Suite 2000
312 Rosa L. Parks Avenue
Nashville, TN 37243-1102
- The Contractor shall recognize an allowable expense threshold of One Thousand Five Hundred dollars ($1,500) in total benefits payments for the identification of cases requiring recovery. In instances where claims are below the threshold, the Contractor shall establish and monitor an accumulator related to the member and the medical event. The Contractor shall continue the monitoring activity for specific instances (medical events) for twelve (12) months after the incident (date of the event which resulted in the first claim for medical services). The Contractor may pursue recoveries on cases with a benefit paid value less than ($1,500) at their discretion.
- Upon identification of claims with recovery potential, the Contractor shall provide to the head-of-contract an initial notice and request for pertinent information within thirty (30) days of the date of the letter. The notice shall incorporate an explanation of the State's requirements related to the recovery of benefit payments through a subrogation process. The Contractor's inquiry shall explain the member's responsibilities, procedures for the member to contact the Contractor, and include the following language:

  DON'T RISK LOSING YOUR HEALTH INSURANCE COVERAGE....YOU MUST COMPLETE THE ENCLOSED QUESTIONNAIRE AND RETURN IT AS SOON AS POSSIBLE. YOUR COVERAGE MAY BE CANCELLED OR THE BENEFIT PAID AMOUNT MAY BE REPORTED TO A COLLECTION AGENCY IF YOU DO NOT RESPOND.

- In thirty (30) day intervals following the initial notice the contractor shall provide additional notices (total # at discretion of Contractor with a minimum of two notices being sent) requesting pertinent information to the head-of-contract with an explanation of the State's requirements related to the recovery of benefit payments through a subrogation process.
- Once the Contractor determines that all avenues for recovery have been exhausted, they must submit to the state a non-response report listing all members who did not return a completed questionnaire.
- The report shall include vendor name, Group ST, LE or LG, case id (if assigned), last name, first name, patient name, head-of-contract SSN, head-of-contract employee id, employee street address, city, state, zip code, date of incident, date opened, benefit paid, and date of initial letter.
- The Contractor shall re-open any case that the SOT obtains and provides the questionnaire on behalf of the member.
- The Contractor shall perform a final match to determine no questionnaire has been received for individuals on the listing provided by the SOT prior to termination or submission of the benefit paid amount to the State Collection Agency.
- In addition to the inquiry process, the Contractor shall evaluate questionnaires submitted by members. The contractor will determine the legitimate responses based on claims information identified as possible subrogation and the member's response provided via the questionnaire.
- The Contractor will complete tasks related to collecting additional data; particularly settlement information from health care providers, attorneys, court records and liability carriers. Data collection by the Contractor can be completed in writing or telephonically.
- The Contractor may negotiate settlement amounts and resolve cases with a benefit paid value less than Five Thousand ($5,000) without obtaining approval from Benefits Administration (BA). The Contractor shall submit a monthly case summary to the State regarding the disposition of these issue(s).
- The Contractor shall prepare a brief summary for each case with a benefits paid value of greater than $5,000 and provide it to the State for approval/disapproval regarding a settlement agreement. The case summary shall include: member name, member identification number, a case number (if assigned), amount of benefit paid, date of incident, name of member's attorney (if applicable), name of third party who made payment to member (if applicable), recitation of facts, and review of the relevant issues. The Contractor shall also provide a specific recommendation concerning the disposition of the case. If requested by the State, the Contractor shall forward copies of any legal filings or other relevant documentation pertaining to the medical event.
- The Contractor shall submit a quarterly summary of cases where the "Made-Whole" doctrine was applied. The summary shall include the member's name; member id; date of injury; benefits paid amount, open date, closed date, and settlement amount (if known). If requested by the State, the Contractor shall forward copies of any legal filings or other relevant documentation pertaining to the "Made-Whole" claims raised by the member/their attorney.
- The contractor shall submit a quarterly summary of cases that the State has obtained and provided the questionnaire from the member. The summary shall include member's name, member id, date of injury, benefits paid amount and recovery amount.
- The State authorizes the Contractor to retain monies received through subrogation, on a per Patient basis, according to the terms agreed upon between the State and Contractor which are specified in the signed and executed contract.

Performance Tracking

- Contractor reports are to be submitted by secure email using the template prior approved by the State. In addition to providing case summaries the Contractor shall provide:

- Monthly YTD summary of Subrogation Recoveries. Report shall include total cases, total benefit amount, gross recovery amount, attorney fees retained, administrative fees retained and state credit (reimbursement amount).

- Monthly Summary of Subrogation Recovery Efforts detailing the claims review of opened, pending and closed cases with the disposition. Report shall include member name, member id, date of injury, benefits paid amount, open date, comments (on pending cases), gross recovery amount, attorney fees retained, administrative fees retained, state credit (reimbursement amount) and date closed.

- “Non- Response Reports” detailing cases where no response from members has been received within the allotted timeframe. Report shall include vendor name, group (State, Local Ed., Local Gov.), case id (if assigned), last name, first name, patient name, head-of-contract SSN, head-of-contract Edison id, employee street address, city, state, zip code, date of injury, date opened, benefit amount and initial letter sent.

- Quarterly Report of cases closed by the Contractor due to …………. Report shall include member name, member id, date of injury, benefit paid amount, open date, closed date and determination reason for closure of case.

- Quarterly “Made Whole” Report detailing cases where a settlement agreement was made based upon the “Made Whole” doctrine. Report shall include the member name, member id, date of injury, benefit paid amount, open date, closed date and settlement amount. If requested by the State, the Contractor shall forward copies of any legal filings or other relevant documentation pertaining to the medical event.

- Quarterly summary of cases that the State has obtained and provided the questionnaire from the member. The summary shall include member’s name, member id, date of injury, benefits paid amount and recovery amount.

Unless otherwise directed by the State, the Contractor shall submit reports as follows:

1. **Monthly reports shall be submitted by the 15th of the following month; and**
2. **Quarterly reports shall be submitted by the 20th of the following month.**