



State of New Jersey  
Department of Human Services  
Division of Medical Assistance & Health Services

# NEWSLETTER

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**TO:** Hospital Providers  
Health Maintenance Organizations – For Information Only

**SUBJECT:** Billing instructions for submitting claims to the fiscal agent for fee-for-service (FFS) reimbursement of Medicaid/NJ FamilyCare covered services that are carved out of the managed care benefit package

**EFFECTIVE:** Immediately

**PURPOSE:** To inform hospital providers of the UB04 and HIPAA 837 claim completion guidelines for services provided to NJ Medicaid/NJ FamilyCare beneficiaries that are enrolled with a contracted managed care organization (MCO) for services that are “carved out” of the Managed Care Contract with the State of New Jersey.

**BACKGROUND:** Certain Medicaid/NJ FamilyCare covered services are not provided by the Medicaid/NJ FamilyCare (MCO) and should be submitted to the Medicaid/NJ FamilyCare fiscal agent for FFS processing. These services are identified in the Contract between the State of New Jersey and the MCOs. The current contract can be viewed or downloaded from the State of New Jersey, Department of Human Services, DMAHS website: [HTTP://www.state.nj.us/humanservices/dmahs](http://www.state.nj.us/humanservices/dmahs).

In addition, certain inpatient claims may contain services that are both in-network and out-of-network. These claims may be eligible for additional payment from the FFS program after the MCO reimburses the provider for those services that are covered by the MCO per the Managed Care Contract with the State of New Jersey.

**ACTION:** Providers are instructed to identify Medicaid as the primary payer (in absence of a third party payer) when submitting to the fiscal agent for reimbursement of services that are “carved out” of the Managed Care Contract with the State of New Jersey. On the hard-copy UB04 claim form, the payer code in block 50a should be 012, indicating Medicaid as the primary payer, unless another commercial carrier is responsible for payment of the claim. This data should be transmitted on the HIPAA 837 claim transaction in the appropriate field as described in the HIPAA companion guide.

When submitting claims for inpatient services where the MCO has denied a portion of the claim as payable by the Medicaid FFS program, claim completion should follow the instruction indicated above. These claims require review by the Division so that the appropriate reimbursement amount can be determined. Examples of these claims would be claims for newborn services that result in social hold days after the child is medically cleared for discharge and claims that are for both acute medical and psychiatric services during the course of one inpatient hospital stay. Claims that meet this criterion must be submitted to the address below and must contain a cover letter, including contact information, physician progress notes, court orders- if applicable, and the managed care organization's remittance advice.

DMAHS- Office of Reimbursement  
Hospital Reimbursement Services, Room 302  
PO Box 712  
Trenton, NJ 08625-0712

Questions regarding this newsletter can be directed to the Office of Reimbursement mailbox – [MAHS.Hospitalissues@dhs.state.nj.us](mailto:MAHS.Hospitalissues@dhs.state.nj.us) or the Office of Reimbursement main office phone number, 609-588-2668.

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