

Medicare Secondary Payer Overview Introduction

Slide 1 of 26 - Medicare Secondary Payer Overview Introduction

CMS
CENTERS FOR MEDICARE & MEDICAID SERVICES

COB&R
Coordination of
Benefits and Recovery

Medicare Secondary Payer (MSP)

MSP Overview

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Slide notes

Welcome to the Medicare Secondary Payer (MSP) Overview course. Note: This module is appropriate for Organizations offering both Health Benefits and Prescription Drug Benefits: “Health Plans and Drug Plan Sponsors.”

As a reminder, you may view the slide number you are on by clicking on the moving cursor. Additionally, you can view the narration by clicking the Closed Captioning [CC] button in the lower right-hand corner of the page.

Slide 2 of 26 - Disclaimer

Disclaimer

While all information in this document is believed to be correct at the time of writing, this Computer Based Training (CBT) is for educational purposes only and does not constitute official Centers for Medicare & Medicaid Services (CMS) instructions. All affected entities are responsible for following the instructions found at the following link:

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Slide 3 of 26 - Course Overview

Course Overview

- Definition
- GHP MSP
- NGHP MSP
- MSP vs. State Law
- Coordination of Benefits

**Slide notes**

The MSP Overview course begins with a definition of Medicare Secondary Payer. Next, it provides information on the two broad categories of MSP, Group Health Plan (GHP) and Non-Group Health Plan (NGHP).

This course also explores the relationship of the provisions of Medicare Secondary Payer with State law. And for a final topic, addresses Coordination of Benefits.

Slide 4 of 26 - Medicare Secondary Payer

Medicare Secondary Payer

- A term used when Medicare is not responsible to pay first on healthcare claim
 - Comparable to private insurance industry using the term “coordination of benefits”

Slide notes

Medicare Secondary Payer (MSP) is a term used when Medicare is not responsible for paying first on a healthcare claim.

The decision as to who is responsible for paying first on a claim and who pays second is known in the insurance industry as “coordination of benefits.”

Slide 5 of 26 - Medicare Supplement (i.e., Medigap)

Medicare Supplement (i.e., Medigap)

- Private health insurance policy to fill “gaps” in Medicare’s coverage when Medicare is primary
- Typically pay for expenses that Medicare does not pay for, such as
 - Deductibles
 - Coinsurance
 - Other limits
- Private Medigap insurance and MSP law and regulations are not the same
- Medigap policy is not a Medicare program benefit

Slide notes

The term Medicare supplement (i.e., Medigap) should not be confused with Medicare Secondary Payer. Medicare supplemental is a private health insurance policy designed specifically to fill some of the “gaps” in Medicare’s coverage when Medicare is the primary payer.

Medigap policies typically pay for expenses that Medicare does not pay for, such as deductible or coinsurance amounts or other limits under the Medicare program.

Private “Medigap” insurance and Medicare secondary payer law and regulations are not the same. A “Medigap” policy is not a Medicare program benefit.

Slide 6 of 26 - GHP and NGHP

GHP and NGHP

- Medicare Secondary Payer includes two broad categories:
 - Group Health Plan (GHP)
 - Non-Group Health Plan (NGHP)

Slide notes

Medicare Secondary Payer provisions apply to two broad categories of insurance: Group Health Plan (GHP) and Non-Group Health Plan (NGHP).

Slide 7 of 26 - What is a Group Health Plan?

What is a Group Health Plan?

- Health coverage sponsored by an employer or employee organization (such as a union) for a group of employees, and possibly for dependents and retirees as well
- Includes:
 - Self-insured plans
 - Government plans (Federal, State and Local)
 - Employee organization plans
 - Union plans
 - Employee health and welfare funds

**Slide notes**

A Group Health Plan is health coverage sponsored by an employer or employee organization (such as a union) for a group of employees, and possibly for dependents and retirees as well.

The term GHP includes self-insured plans, plans of government entities (Federal, State, and local), and employee organization plans such as union plans, employee health and welfare funds, or other employee organization plans.

The term also includes “employee-pay-all” plans which receive no financial contributions from the employer. The term does not include self-employed persons.

Slide 8 of 26 - Group Health Plans

Group Health Plans

As the primary payer, GHP must provide the same coverage to Medicare beneficiaries as they do all other individuals

Medicare may pay secondary for Medicare-covered services up to Medicare approved amount

If GHP denies payment for services they don't cover, Medicare may pay for services covered by Medicare

Slide notes

As the primary payer, the GHP must provide the same coverage to Medicare beneficiaries as they do to all other individuals.

GHPs such as Blue Cross and Blue Shield plans are required to process and make primary payment on the claim in accordance with the coverage provisions of their contract.

If the GHP does not pay in full for the services, Medicare may make a secondary payment for Medicare-covered services up to the Medicare approved amount.

If a GHP denies payment for services because those services are not covered by the plan, Medicare may pay for those services if those services are covered by Medicare.

Slide 9 of 26 - Who Does GHP MSP Affect?

Who Does GHP MSP Affect?

- Working Aged
- Disabled Individuals
- Individuals with ESRD

**Slide notes**

When certain conditions are met, Medicare is the secondary payer to Group Health Plans for services provided to the following groups of Medicare beneficiaries: the Working Aged, Disabled individuals, and individuals with End-Stage Renal Disease (ESRD).

For more information on these MSP provisions, please view the following CBT's: Working Aged MSP, Disability MSP, and End Stage Renal Disease MSP.

Slide 10 of 26 - Non-Group Health Plan (NGHP) MSP

Non-Group Health Plan (NGHP) MSP

- Includes liability insurance (including self-insurance), no-fault insurance, and workers' compensation

- Liability insurance example
 - Medicare beneficiary injured in an auto accident

 - Beneficiary files a claim against the alleged responsible party and receives payment

 - Medicare is secondary to the liability insurance payment

Slide notes

Non-Group Health Plan MSP encompasses three different types of insurance: liability, no-fault, and workers' compensation.

By statute, Medicare is always a secondary payer to liability insurance (including self-insurance). An example of liability insurance is where a Medicare beneficiary is injured in an auto accident.

The beneficiary files a claim against the alleged responsible party and receives payment. Medicare is the secondary payer to the liability insurance payment.

When certain conditions are met, Medicare is the secondary payer to Group Health Plans for services provided to the following groups of Medicare beneficiaries: the Working Aged, Disabled individuals, and individuals with End-Stage Renal Disease (ESRD).

For more information on these MSP provisions, please view the following CBT's: Working Aged MSP, MSP Disability, and MSP End Stage Renal Disease.

Slide 11 of 26 - Non-Group Health Plan (NGHP) MSP

Non-Group Health Plan (NGHP) MSP

- No-fault insurance is always primary to Medicare
- Example of no-fault insurance
 - Driver has an accident
 - Driver has \$5,000 medical payments coverage on policy
 - \$5,000 is considered no-fault insurance and is primary to Medicare

Slide notes

No-fault insurance is always primary to Medicare. An example of no-fault insurance is where a driver has had an accident. The driver has \$5,000 of medical payments coverage on his/her automobile insurance policy.

This \$5,000 of medical payments coverage is considered no-fault insurance and is primary to Medicare.

Slide 12 of 26 - Non-Group Health Plan (NGHP) MSP

Non-Group Health Plan (NGHP) MSP

- Workers' compensation is primary to Medicare
- Example of workers' compensation
 - Warehouse worker suffers a back injury while on the job
 - All related medical bills are the primary payment responsibility of the workers' compensation insurer

Note: Liability insurance (including self-insurance), no-fault insurance, and workers' compensation known as Non-Group Health Plan, or NGHP

Slide notes

Workers' compensation insurance is primary to Medicare. For example, a warehouse worker who suffers a back injury while on the job would have all related medical bills paid for by the workers' compensation insurer.

Collectively, liability insurance (including self-insurance), no-fault insurance, and workers' compensation are known as Non-Group Health Plan, or NGHP.

Slide 13 of 26 - State Law and Policy Provisions

State Law and Policy Provisions

- Medicare, including MSP, is governed under Federal law
- Most NGHP insurance policies are governed by State law
- Most GHP insurance policies are governed by State law or ERISA
- The Federal ERISA law requires GHP's to comply with MSP laws
- Federal law takes precedence over State law or any conflicting policy provision

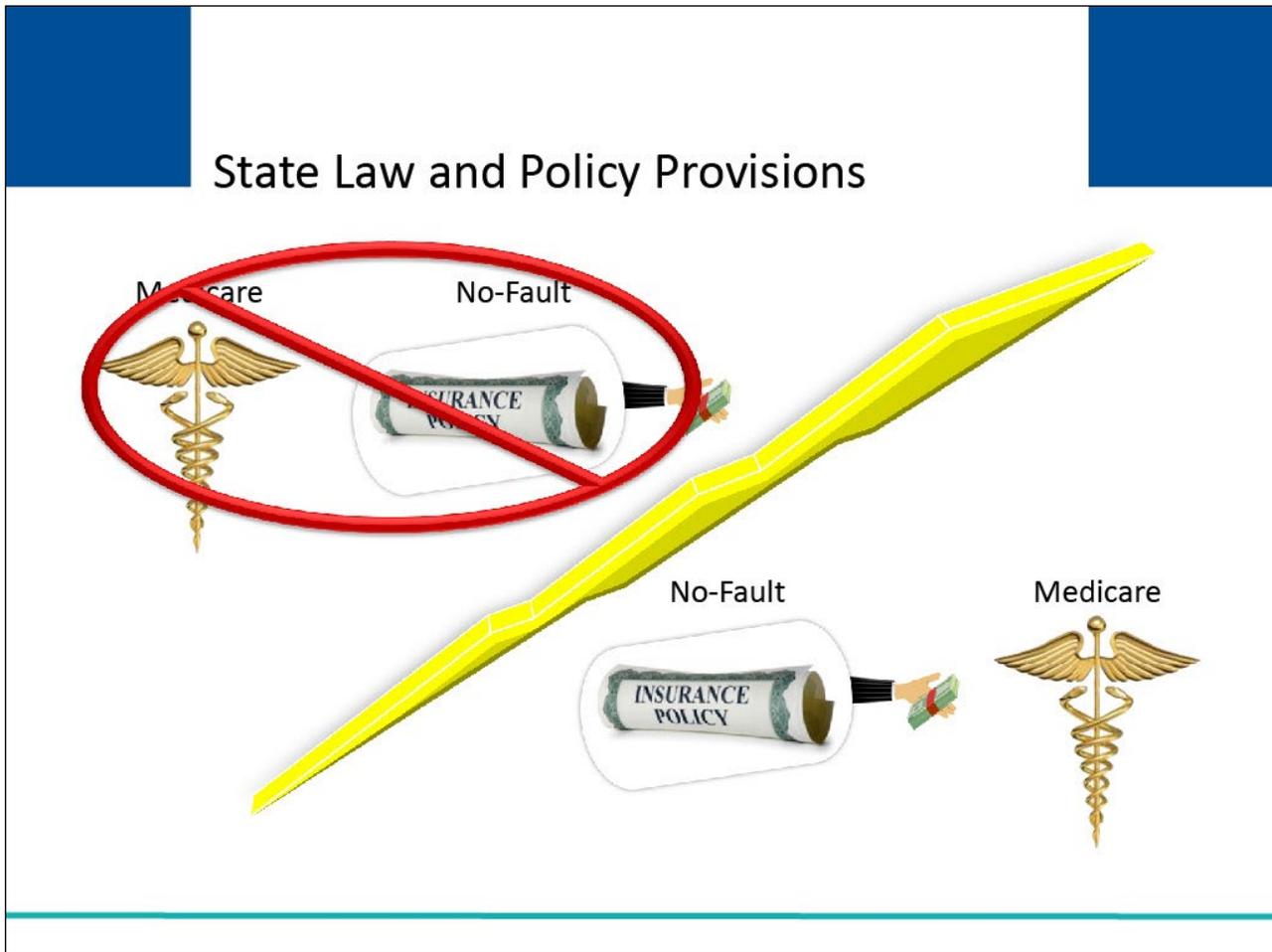
Slide notes

In the Introduction to Medicare CBT, you learned that Medicare is a health insurance system created under Federal law. MSP is also governed by Federal law. Most Non-Group Health Plan policies, i.e., liability, no-fault, and workers' compensation are governed by State law.

Most Group Health Plan policies are governed by State law or the Employee Retirement and Income Security Act, ERISA. The Federal ERISA law requires Group Health Plans to comply with Medicare Secondary Payer laws.

Should there be a conflict between Federal and State law, Federal law takes precedence. If an insurance policy or plan has a provision that conflicts with Federal law, Federal law must be followed.

Slide 14 of 26 - State Law and Policy Provisions



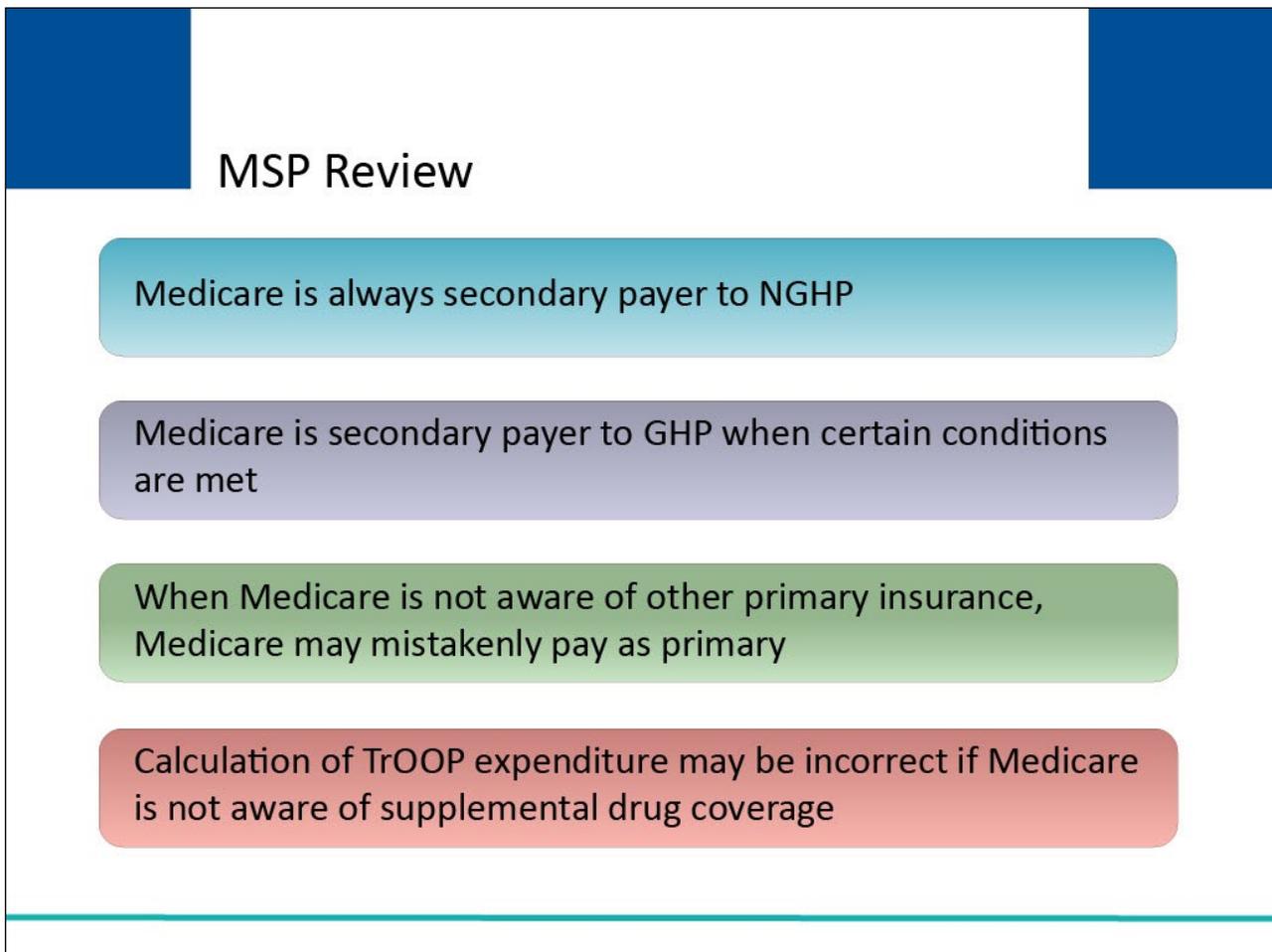
Slide notes

For example, a no-fault insurance policy has a provision that states its benefits are only payable after the claimant has exhausted all other health insurance benefits.

In this case, it appears that Medicare should pay before the no-fault policy. However, the MSP provisions that require the no-fault policy to pay first are part of Federal law.

Therefore, the MSP provisions take precedence over the no-fault insurance policy provisions and Medicare does not pay before the no-fault policy.

Slide 15 of 26 - MSP Review

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MSP Review

- Medicare is always secondary payer to NGHP
- Medicare is secondary payer to GHP when certain conditions are met
- When Medicare is not aware of other primary insurance, Medicare may mistakenly pay as primary
- Calculation of TrOOP expenditure may be incorrect if Medicare is not aware of supplemental drug coverage

Slide notes

We just addressed the fact that Medicare is always the secondary payer of benefits to Non-Group Health Plan insurance, and when certain conditions are met, the secondary payer to Group Health Plan insurance.

If Medicare is not aware of other primary insurance, Medicare may mistakenly pay as primary.

Also, although not technically MSP, the calculation of the beneficiary's True Out-of-Pocket (TrOOP) expenditure may not be correct if Medicare is not aware of the beneficiary's supplemental prescription drug coverage.

Slide 16 of 26 - Coordination of Benefits

Coordination of Benefits

- All plans must ensure Medicare payments are made in the proper order by participating in COB processes
- Purpose of Coordination of Benefits:
 - Identification of other insurance benefits
 - Coordination of the payment process

Slide notes

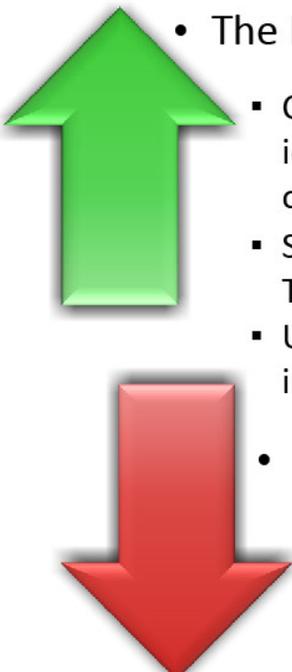
Health Plans and Drug Plan Sponsors have a responsibility to help ensure Medicare payments are made in the proper order by being knowledgeable of and participating in Coordination of Benefits processes.

The purpose of Coordination of Benefits is to identify the other insurance benefits available to a Medicare beneficiary, and to coordinate the payment process to prevent mistaken payment of Medicare benefits.

Slide 17 of 26 - Coordination of Benefits

Coordination of Benefits

- The BCRC
 - Consolidates activities that support the identification, collection, management, and reporting of other primary insurance
 - Supplies information on supplemental drug coverage for TrOOP calculation
 - Updates Medicare systems with other insurance information
- The BCRC does not
 - Process claims
 - Answer claim inquiries

**Slide notes**

The Benefits Coordination & Recovery Center (BCRC) consolidates the activities that support the identification, collection, management, and reporting of other primary insurance coverage for Medicare beneficiaries.

This includes supplying information on supplemental prescription drug coverage needed to facilitate a TrOOP calculation. The BCRC also updates the Medicare systems with other insurance information.

The BCRC does not process claims or answer claim-specific inquiries. The BCRC does not handle mistaken payment recoveries.

Slide 18 of 26 - Data Collection Activities

Data Collection Activities

- Secondary Claims Investigation
- Data Sharing Agreements
- Self-Reports
- Mandatory Insurer Reporting (MMSEA Section 111)

Slide notes

The BCRC uses multiple data collection activities to detect and identify other insurance coverage such as the Secondary Claims Investigation, Data Sharing Agreements, Self-Reports, and Mandatory Insurer Reporting (MMSEA Section 111).

The following slides will briefly address each activity.

Slide 19 of 26 - Data Collection Activities

Data Collection Activities

Secondary Claim Investigation

- Provider of service bills and is paid by an insurer other than Medicare
- Provider submits claim to Medicare for consideration of any balance
- The BCRC will investigate the other insurance to confirm it is primary to Medicare

Slide notes

Providers of service may identify a payer they believe to be primary to Medicare. When this occurs, the provider will bill the other insurance. After the other insurance processes the claim, the provider submits the claim to Medicare for consideration of any balance.

The BCRC is alerted to the existence of the other insurance and will investigate to confirm that it truly is primary to Medicare.

Slide 20 of 26 - Data Collection Activities

Data Collection Activities



DSA

- Regular electronic additions, updates, and deletes transmitted by data sharing partners
- Records are either posted or rejected back to submitter

Slide notes

Some employers have entered into Data Sharing Agreements (DSAs) with CMS to provide information on employees that have insurance primary to Medicare.

Employers transmit electronic files to the BCRC on a regular basis that contain MSP Occurrence adds, updates, and deletes.

MSP Occurrences on the files are either posted to Medicare's records or rejected back to the submitter.

Slide 21 of 26 - Data Collection Activities

Data Collection Activities



Self Reports

- New MSP situations are to be reported by:
 - Employers
 - Insurers
 - Attorneys
 - Beneficiaries
- New MSP situations are received through:
 - Telephone calls
 - Written correspondence

Slide notes

Employers, insurers, attorneys, and beneficiaries will self-report Group Health Plan and Non-Group Health Plan occurrences through telephone calls or written correspondence to the BCRC.

If an MSP Occurrence is self-reported by telephone, the BCRC representatives will review existing records and make any needed adds or changes based upon information received during the call.

If written correspondence is received, but the information is incomplete or inconsistent with existing records, development letters are sent. Development letters are sent when there is a need to gather additional information about the matter being addressed.

Note: The process for generating Medicare Secondary Payer (MSP) development letters has been streamlined so that only beneficiaries, or designated representative payees, will receive them. To support this, the DE (Develop to Employer) and DI (Develop to Insurer) action codes will no longer be available on the MSP Inquiry Action Requested page.

Slide 22 of 26 - Data Collection Activities

Data Collection Activities

- **Mandatory Insurer Reporting**
 - RREs required to report coverage status on certain persons they insure
 - RREs may not participate in the VDSA
 - Incoming files subjected to threshold errors
 - Records are either posted or rejected
 - Submitter required to correct and resubmit rejected records

Slide notes

Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (Mandatory Insurer Reporting) requires RREs, often the insurer, to report information about certain persons they insure to the BCRC.

This has replaced the insurer voluntary data sharing agreement (VDSA) program for any entity who is an RRE for Section 111. RREs are no longer permitted to participate in the VDSA program. The BCRC will check to see if any of these persons also have Medicare coverage.

If Medicare coverage exists, the employer insurance will be primary to Medicare and an MSP Occurrence will be created.

Section 111 also requires RREs to report Medicare beneficiaries who may receive a settlement, judgment, award, or other payment from Liability insurance (including Self-insurance), No-Fault insurance, or Workers' Compensation.

Incoming Mandatory Insurer Reporting records are subjected to data quality edits and threshold testing to ensure the integrity of the files. Records are either posted to Medicare's files or rejected back to the submitter.

If the record is rejected, the submitter is expected to research the record and submit a correction. CMS believes this process will result in the most complete and accurate MSP information available.

Slide 23 of 26 - Benefits Coordination & Recovery Center (BCRC)

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Benefits Coordination & Recovery Center (BCRC)

- Management of other insurance information is an ongoing process
- When circumstances change, updates must be made to the existing insurance occurrences
- Changes must be updated on Medicare's systems and reported to Health Plans/Drug Plan Sponsors
- The BCRC ensures appropriate updates are made

Slide notes

Management of other insurance information is an ongoing process. Other insurance information for Medicare beneficiaries constantly changes.

For example, Working Aged Medicare beneficiaries or their spouses retire, pending Liability cases get resolved, No-Fault insurance benefits become exhausted, and supplemental prescription drug coverage is dropped.

All of these circumstances require updates to existing other insurance occurrences. All of the changes that occur must be updated on Medicare's systems and then reported to Health Plans and Drug Plan Sponsors.

The BCRC ensures appropriate updates are made to Medicare's systems of records.

Slide 24 of 26 - Key Concepts

Key Concepts

- MSP means an insurer other than Medicare has primary payment responsibility
- Working Aged, Disability, and ESRD are types of GHP MSP
- Liability insurance, no-fault insurance, and workers' compensation are types of NGHP MSP
- Coordination of benefits identifies other insurance and coordinates the payment process

**Slide notes**

The key concepts of this course are: Medicare Secondary Payer means that an insurer other than Medicare has primary payment responsibility; Working Aged, Disability, and ESRD are all types of Group Health Plan MSP;

Liability insurance (including self-insurance), no-fault insurance, and workers' compensation are all types of Non-Group Health Plan MSP; and the purpose of coordination of benefits is to identify other insurance and coordinate the payment process.

Slide 25 of 26 - Medicare Secondary Payer Overview Conclusion



You have completed the MSP Overview course.
Information in this course can be referenced by using the
CMS website found at the following link:
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Slide 26 of 26 - Medicare Secondary Payer Overview Survey



If you have any questions or feedback on this material, please go to the following URL:
<http://www.surveymonkey.com/s/MSPTrainingSurvey>.

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