



Financial Services Group

February 28, 2014

REVISED ALERT

Change in Recovery Threshold for Certain Liability Settlements, Judgments Awards, or Other Payments

NOTE: This document supersedes the February 18, 2014 Alert posted on the Threshold Change.

As required by section 202 of the Strengthening Medicare and Repaying Tax Payers Act of 2012 (SMART Act), the Centers for Medicare & Medicaid Services (CMS) has reviewed the costs related to collecting data and determining the amount of Medicare's recovery claim and has calculated a revised single threshold for physical trauma-based liability insurance (including self-insurance) settlements. (Note: This threshold does not apply to settlements for alleged ingestion, implantation or exposure cases.)

Based on this review, CMS is increasing its current recovery threshold from \$300 to \$1000. This new threshold is effective immediately. This means that CMS will not seek recovery on physical trauma-based liability insurance (including self-insurance) settlements of *\$1000 or less*.

Information on the methodology used to determine this new threshold is provided at <http://www.cms.gov/Medicare/Coordination-of-Benefits-and-Recovery/Coordination-of-Benefits-and-Recovery-Overview/Non-Group-Health-Plan-Recovery/Downloads/Computation-of-Annual-Liability-Insurance-Including-Self-Insurance-Settlement-Recovery-Threshold.pdf>.

(Note: The CMS will pursue recovery of any demand issued prior to the date of this Alert.)