



*Medicare Secondary Payer (MSP)
Group Health Plan (GHP) Recovery Process*

November 11, 2010



Topics for Discussion

- **Roles & Responsibilities**
 - Coordination of Benefits Contactor
 - Medicare Secondary Payer Recovery Contractor
- **Overview of GHP Recovery Process**
 - Life of a GHP Recovery Case
 - Primary Payment Notice
 - Demand Letter
 - Responding to a Demand Letter
- **Delinquency & Debt Referral to the Department of Treasury**
 - Interest
 - Intent to Refer Letter
 - Debt Referral to Treasury
 - Treasury Roles & Responsibilities
- **Improving the Process**
 - What Employers/Other Plan Sponsors can do
 - What Insurers/TPAs can do



ATTENTION:



In this presentation, the use of the term “Employer” refers to either Employers or Other Plan Sponsors. The use of the term “Insurer” refers to either Insurers or TPAs.



Coordination of Benefits Contractor (COBC)

vs.

Medicare Secondary Payer Recovery Contractor (MSPRC)

- The Coordination of Benefits Contractor (COBC) and the Medicare Secondary Payer Recovery Contractor (MSPRC) are two separate entities.
- The COBC consolidates the activities that support the collection, management, and reporting of other insurance coverage for Medicare beneficiaries.
- The MSPRC is responsible for all the functions and workloads related to Medicare Secondary Payer (MSP) recovery, with the exception of provider, physician, or other supplier recovery.

COBC

Roles & Responsibilities

- The COBC collects information from multiple sources regarding MSP occurrences, as appropriate.
 - Section 111 Reporting
 - Beneficiary phone calls
 - IRS Data Match
 - Initial Enrollment Questionnaire (IEQ)
- The COBC is responsible for updates to MSP information including insurance updates, address changes, changes in coverage effective dates, etc.



Contacting COBC

By Telephone

COBC Call Center:

1-800-999-1118

1-800-318-8782 (TTY/TDD)

Hours of Operation: Monday - Friday 8am-8pm(ET)

By Mail - General Inquiries

MEDICARE- Coordination of Benefits

P.O. Box 33847

Detroit, MI 48232 - 5847

Note: For more information on the COBC visit:

www.CMS.gov/COBGeneralInformation



MSPRC

Roles & Responsibilities

- Responsible for identifying and recovering Medicare mistaken payments where a GHP has primary payment responsibility.
- Some of these responsibilities include:
 - Issuing a Primary Payment Notice (PPN) to verify MSP leads
 - Issuing recovery demand letters when mistaken primary payments are identified
 - Receiving payment and resolving outstanding debts
 - Referral of delinquent debt to the Department of Treasury for further collection actions, including the Treasury Offset Program, as appropriate.

Contacting MSPRC

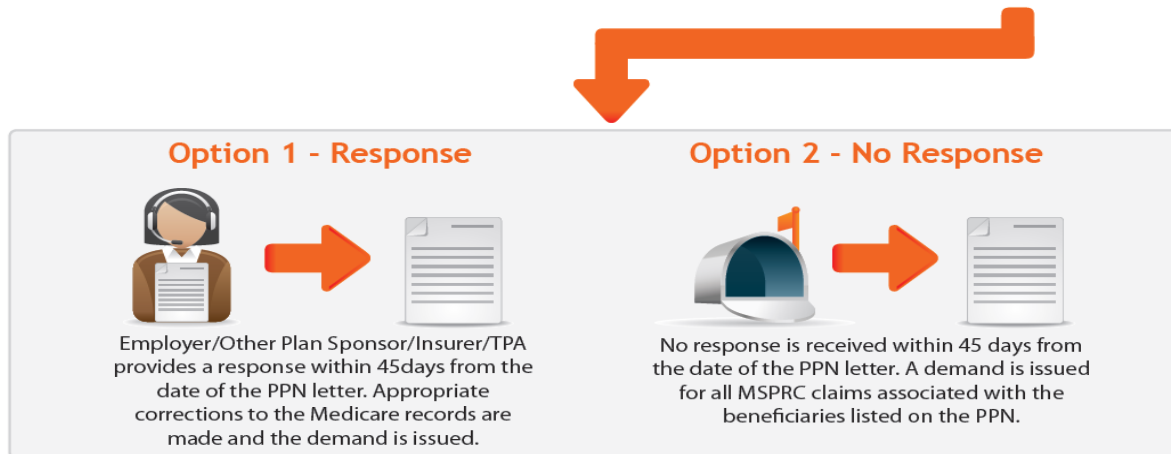
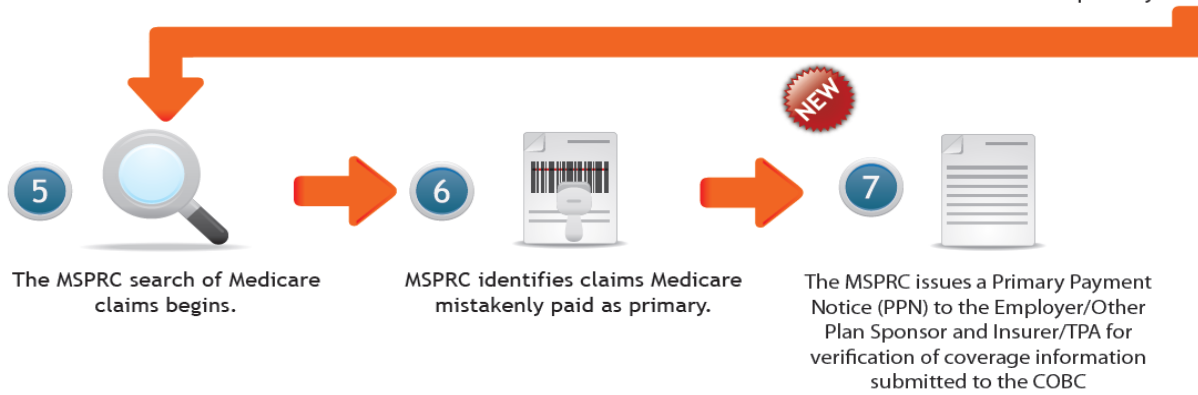
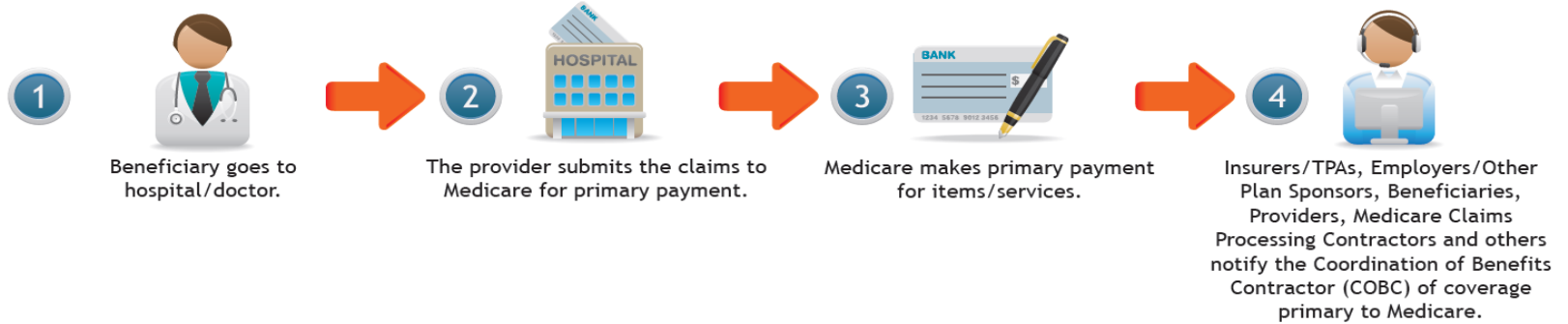
- Call the MSPRC at 866-677-7220 during our operating hours 8 AM - 8 PM, Monday - Friday EDT
- For the MSPRC fax number and mailing address, visit the Contact Page on our web site at www.msprc.info

GHP Recovery Process

The following slides provide a look at the life cycle of a typical case followed by a detailed overview of the GHP Recovery process.

Note:

As of 08/01/2010, the GHP Recovery Process has been updated to include the Primary Payment Notice (PPN) for verification of GHP coverage information (Step 7:option 1&2 on slide 10).



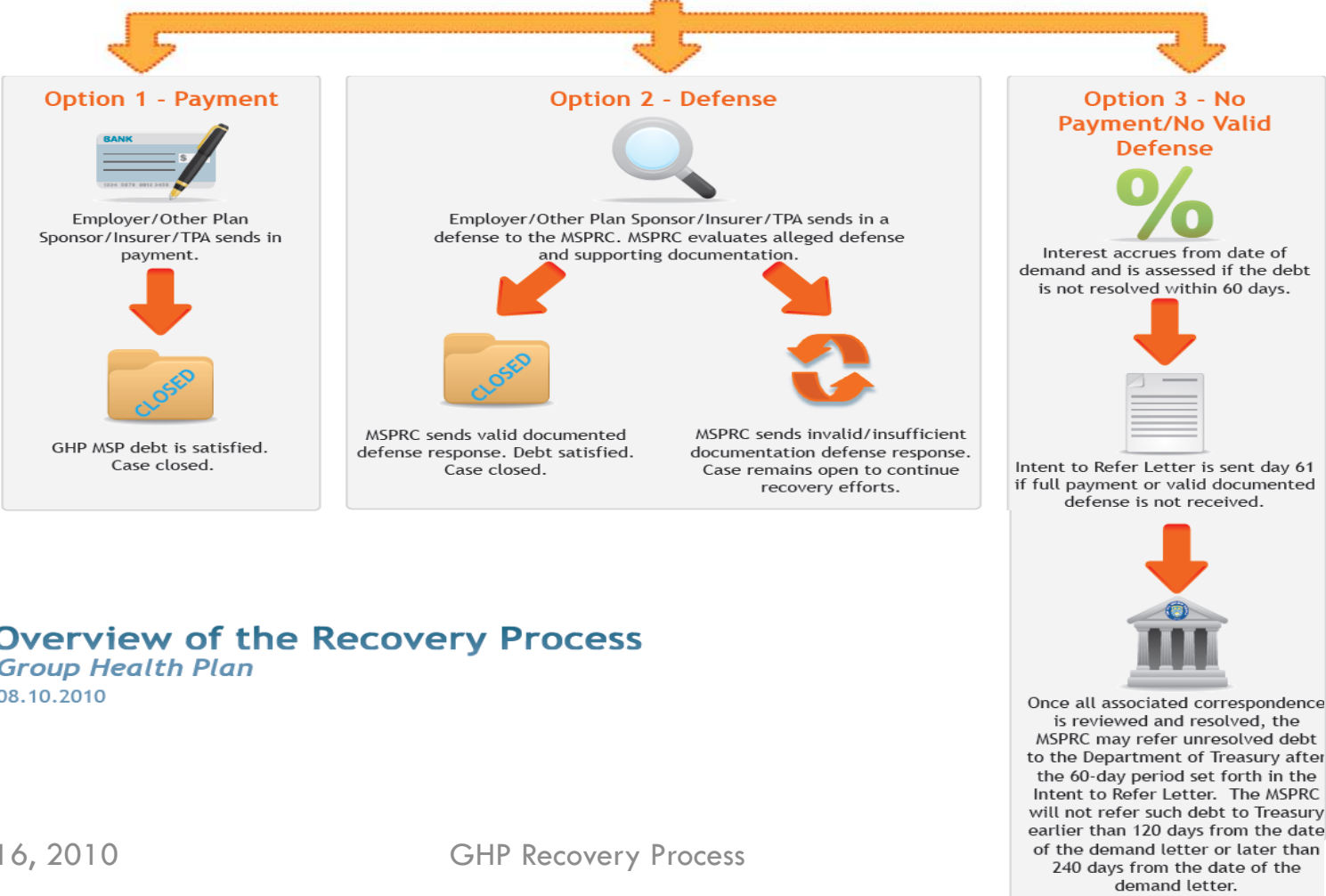
To view this chart on one page, click here!

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The Demand Letter is issued to the Employer/Other Plan Sponsor and a copy is supplied to the Insurer/TPA.

Three situations arise from the Demand Letter.



Overview of the Recovery Process
Group Health Plan
 08.10.2010

Primary Payment Notice (PPN)

The Problem

- The MSPRC issues demand letters utilizing information reported to the COBC. Experience indicates a large number of defenses are submitted in response to these demand letters due to errors in the coverage information previously reported to the COBC.
- Prior to August 1, 2010, an average of 70% to 80% of the valid documented defenses received by the MSPRC were clarifications of GHP coverage status. These coverage defenses included (but were not limited to):
 - Coverage effective dates
 - Employee(Subscriber) retirement status
 - Coverage termination status

The Solution

- The PPN allows Employers and Insurers the opportunity to review and validate beneficiary coverage information submitted to the COBC before a demand is issued. Corrections made during the PPN stage eliminate the issuance of erroneous demands based upon inaccurate coverage information.
- The PPN eliminates the extra work involved in reviewing/processing individual demand letters and submitting valid documented defenses for simple coverage corrections.

PPN Contents

- The PPN goes to both the Employer and Insurer and will include:
 - A cover letter
 - *A PPN Worksheet including:
 - a list of covered individuals
 - *Employees (that are Medicare beneficiaries)*
 - *Dependents (that are Medicare beneficiaries) of employees*
 - coverage dates
 - Medicare HIC Number
 - policy number and group ID
 - certification statement regarding the accuracy of the contents of the worksheet
- *Note: *Both the Employer and Insurer should review and complete their copy of the worksheet and certification statement.*

PPN Worksheet

- The PPN Worksheet requests verification of the following:
 - Coverage dates for the beneficiary
 - Date the Employee(Subscriber) retired, if applicable
 - That you have no record of the beneficiary, if applicable

BENEFICIARY NAME & MEDICARE ELIGIBILITY	HIC NUMBER	POLICY NUMBER	GROUP ID	EMPLOYEE (SUBSCRIBER) NAME	RELATIONSHIP TO EMPLOYEE (SUBSCRIBER)	COVERAG E DATES	ENTER CORRECTED COVERAGE DATES	EMPLOYEE (SUBSCRIBER) RETIREMENT DATE	INDICATE WITH (X) IF YOU HAVE NO RECORD OF THIS BENEFICIARY	COMMENTS
Jones, Sam <i>ESRD</i>	123456789A	123456789	G12345	Sam Jones	Self	1/1/1992 – 12/31/2010	<i>01/1/1993 – 12/31/2010</i>			
Smith, Lulu <i>Working Aged</i>	999881234B	123456987	G12345	John Smith	Husband	1/1/1992 – 12/31/2010		<i>06/30/2008</i>		
Doe, Jane <i>Disability</i>	112233445A	123344556	G12345	John Doe	Husband	7/1/2009 -			X	

Note: Items in red are sample responses.

PPN Process

- The PPN is not a demand for payment.
 - No dollar figures will be included in the PPN.
 - No claims will be included in the PPN.
- Do not send payment in response to the PPN; a demand has not yet been issued.
- Respond only on the response worksheet.
 - Do not send EOBs, additional coverage documentation, etc.

PPN Process (cont.)

- You have 45 days from the PPN Letter date to respond.
- If a response is untimely, the MSPRC will be unable to update Medicare records before a demand is issued and the debtor will have to follow the valid documented defense process associated with the demand letter.

PPN Process (cont.)

- We encourage Employers and Insurers to submit a timely response to the MSPRC, so that any erroneous coverage information can be corrected before a demand for payment is issued.
- If a response is not received within 45 days, a demand will be issued for all claims associated with the beneficiaries identified on the PPN.
- You can avoid having to submit multiple valid documented defenses by correcting errors on the PPN worksheet.
- Correcting this data at the time the PPN is issued will also help eliminate errors later in the process, including unnecessary referrals to the Department of Treasury.

PPN Process (cont.)

- Once a demand letter has been issued, the PPN response worksheet cannot be accepted as a valid basis for changing Medicare's records.
- If a demand letter is issued, a valid documented defense must be submitted to the MSPRC to dispute information included within.
 - Note: *PPN worksheets are not appropriate documentation at the demand letter stage of the process and cannot be used as valid documented defenses.*

How Does the PPN Benefit You?

- The PPN provides Employers and Insurers with an easy way to review and correct coverage information before a demand is issued.
- Fewer resources and documentation are required to respond to coverage information on the PPN worksheet than to respond to each individual claim in a demand letter with a valid documented defense.

How Does the PPN Benefit You?

(cont.)

- Taking the time to address coverage data separately from claim issues allows you to analyze the data more effectively and identify why erroneous coverage data is being reported to the COBC.
- Responding to the PPN helps the MSPRC avoid issuing unnecessary demands.

Demand Letter

Demand Letter

- Utilizing MSP information gathered by the COBC and from PPN Responses, the MSPRC issues a demand for payment to the Employer and sends a copy, with claim detail, to the Insurer.
 - **Employer demand packet will include:**
 - summary of payment due on a beneficiary-by-beneficiary basis
 - demand summary
 - Medicare's paid claim summary
 - **Insurer copy of demand packet will include:**
 - summary of payment due on a beneficiary-by-beneficiary basis
 - demand summary
 - Medicare's paid claim summary
 - claim facsimile(s)

Responding to the Demand Letter

- The demand letter provides instructions on how to respond and resolve a debt.
 - A response should be sent to the MSPRC within 60 days of the demand letter date.
 - *Responses to demand letters include:
 - Sending payment to the MSPRC
 - Sending Written Responses/Defenses to the MSPRC
- * Note: All responses must include appropriate supporting documentation.

Repaying the MSPRC

- When sending payment, please make checks payable to “Medicare.”
- Please ensure that the following information is included either on the check or on an attached remittance:
 - debt identification number
 - amount of debt owed to Medicare
 - beneficiary name(s)
 - beneficiary Medicare Health Insurance Claim Number(s) (HICN)
 - the date(s) of service and amounts for each claim being reimbursed in the check (*If payment is less than the amount demanded, documentation must be provided to justify why full payment was not made*)

Note: *If paying a portion of the demand or for specific claims, all above information must be included to ensure accurate application of payment to the case. A valid documented defense must be submitted for the remaining debt.*

Repaying the MSPRC (cont.)

- **Payment**

- If the demand amount (full payment) is received within 60 days of the demand letter date, the MSPRC will send a response indicating the debt has been satisfied and the case will be closed.

Valid Documented Defenses

Documentation requirements for a wide array of demand defense situations can be found at www.MSPRC.info in the “[Group Health Plan Valid Defense Instructions](#)” tool. This tool provides information and instruction on submitting a valid documented defense for situations such as:

- coverage status
- non-covered services
- duplicate primary payment
- capitation
- timely filing
- employer size (working aged)
- employer size (disabled)
- long term disability

Note: All defenses/rebuttals must be in writing and include appropriate supporting documentation.

Responding to Demand

- **Written Responses/Defenses**
 - If the MSPRC determines the response is a valid documented defense and it was received within 60 days of the demand letter date with a partial payment justifying why full payment was not sent, a letter will be sent indicating the debt has been satisfied and the case is closed.
 - If the MSPRC determines the response is a valid documented defense and it was received within 60 days of the demand letter date, a letter will be sent indicating the debt has been satisfied and the case is closed.
 - If the MSPRC determines the response is an invalid/insufficiently documented defense, a letter will be sent indicating the debt is still owed and request additional documentation, where appropriate.

Delinquency & Debt Referral to the Department of Treasury

Delinquency, Intent to Refer

- For MSP purposes, “delinquent” means debt which remains outstanding more than 60 days after the demand letter date. This can occur:
 - If a less than full payment has been made.
 - If there is no valid documented defense for any outstanding amount, including no response by the debtor.
 - The debtor is notified of delinquency through an Intent to Refer letter (a notice of the MSPRC’s intent to refer the debt to the Department of Treasury for further collection activities). The Intent to Refer letter provides 60 days for a response to be sent to the MSPRC before the debt is referred to Treasury.
 - *Responses include:
 - Sending payment to the MSPRC
 - Sending Written Responses/Defenses to the MSPRC
- * Note: All responses must include appropriate supporting documentation, including a copy of the Intent to Refer letter or initial demand letter.

Referral to Treasury

- The MSPRC may refer unresolved debt to the Department of Treasury after the 60-day period set forth in the Intent to Refer Letter. The MSPRC must refer such debt to Treasury by the time it is 180 days delinquent. Generally, this means that a debt will not be referred earlier than 120 days from the date of the demand letter or later than 240 days from the date of the demand letter.
- The MSPRC will not refer a debt to Treasury until all associated correspondence is reviewed and resolved.

Referral to Treasury

- Once the debtor is contacted by the Department of Treasury or one of its contracted Private Collection Agencies (PCA), all communication must be directed to Treasury/PCA. As the debt is now with Treasury/PCA, all direct communication with MSPRC stops.
- Treasury requires an Insurer to submit documentation that it is authorized to act on behalf of an Employer debtor.
- Appropriate responses to Treasury/PCA, depending on who contacted the debtor, include:
 - Payment, including accrued interest
 - Written Response

Treasury's Roles & Responsibilities

- Treasury attempts to collect the debt directly, for a minimum of 30 days, by issuing a letter and making calls to the debtor.
- At day 20, the debt is entered in the Treasury Offset Program (TOP) database for offset of federal payments to the identified debtor.
- On day 31, if Treasury has been unsuccessful in resolving the debt, Treasury may assign the debt to one of its contracted PCAs for further cross-servicing activities. The debt remains with the assigned PCA for up to 9 months.

Treasury's Roles and Responsibilities

- If the debtor disputes the debt while it is with Treasury or the PCA, the allegation and other documentation furnished to Treasury/PCA is forwarded to the MSPRC for evaluation and response. The MSPRC will respond to Treasury.
 - Payment to Treasury or a PCA is not required to dispute a debt.
- Debtors should specifically state that they wish to place the debt in "dispute."
 - However, partial payment or formally stating that you wish to dispute the debt does not stop the TOP process while further review takes place.

Excess Collections Made by Treasury

In the event that treasury collects more than the balance of the debt, an excess collection may result. The excess collection will be applied to any other outstanding debt(s).

- If payment is submitted by the Employer, the excess collection is applied to any other Employer debt.
- If payment is submitted by the Insurer, the excess collection is applied to any other debt with the same Employer and Insurer combination.
- If there are no other outstanding debts, the excess collection is refunded to the payer indicated on the check (Employer or Insurer).

Interest

- Interest accrues from the date of the demand letter and will be assessed on the outstanding principal balance on day 61 if full payment or full valid documented defense is not received.
- Payment is applied to interest first, principal second.
- If there is a partial documented defense, interest is recalculated based on the adjusted principal amount.

Interest Calculation

- Interest is calculated for a 30-day period as follows:
 - Principal balance times interest rate (interest rate as of the date the demand was issued) equals annual interest.
 - Annual interest divided by 12 equals the interest for a 30-day period.

Interest Calculation Example

1. $\$281.94 \times .11125 = \31.37 Principal amount times interest rate
2. $\$31.37 / 12 \text{ months} = \2.61 Annual interest amount divided by 12 months
3. $\$2.61 \times 2 \text{ months} = \5.22 Monthly interest amount times number of months

**First accrued interest amount due on case is
\$5.22**

Improving the GHP Process

Improving the GHP Process

- *What can Employers & Insurers do?*
 - To help ensure accurate and updated information is submitted, Employers and Insurers must communicate regularly regarding any changes in coverage. This includes employer information as well as beneficiary information.

Improving the GHP Process (cont.)

- *What can Employers do?*
 - Ensure that the data submitted to Insurer is current and accurate to assist your Insurer with its mandatory reporting pursuant to Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007.
 - Check out www.cms.gov/mandatoryinsrep
 - Frequently, Employers expect their Insurers to resolve these matters on their behalf. In order to facilitate this, it is critical to communicate changes in coverage promptly and consistently to Insurers.

Improving the GHP Process (cont.)

- *What can Insurers do?*
 - Help educate the Employers on the importance of updating the Insurer regarding:
 - Current mailing address
 - Medicare status of covered individuals
 - Termination date of employee (subscriber)
 - Retirement date of employee (subscriber)
 - Ensure that the Employer's address included on each reported record is the address where they wish to receive any demands.

Where can you find reference materials?

- www.MSPRC.info (This site has information regarding the GHP recovery process as well as Tool Kits, presentations, FAQs, copies of the letters the MSPRC issues to debtors, and other resources.)
- www.CMS.gov/COBGeneralInformation (The COBC site.)
- www.CMS.gov/MandatoryInsRep (This site has all official instructions for MMSEA Section 111 mandatory MSP reporting.)
- www.CMS.gov/manuals/IOM
- 42 U.S.C. 1395y(b) and 42 CFR Part 411 (MSP statute and regulations.)

Thank you for viewing this presentation.