

## Medicare Changes Affect Group Health Plans

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Medicare Secondary Payer (MSP) rules and Medicare Part D notices are two ongoing obligations for group health plans, and in August the Centers for Medicare and Medicaid Services (CMS) provided information that will shape plan administration.

### **MSP Reporting**

First, a new reporting requirement for group health plans will be effective on January 1, 2009. This requirement is based on the Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA) law that was passed late last year. The rationale is coordination of benefits. MMSEA requires plans to report certain participant information to CMS so that it can ensure that Medicare is secondary when those plans should be primary. The requirement falls on carriers and third party administrators (TPAs) of fully-insured plans and TPAs and plan fiduciaries of self-funded plans. TPAs must comply to the extent that they pay and/or adjudicate claims.

CMS published more information on its [website](#). Additional instructions on the reporting requirement will be forthcoming. CMS has indicated that the reporting requirement will likely be no more than on a quarterly basis. There are 23 required data elements, including participants' names and Social Security Numbers, and optional data elements as well. Reporting will be electronic.

One gray area is what constitutes a "group health plan." In other MSP contexts, that term has included medical, dental and vision plans and health reimbursement arrangements, but not Health FSAs. As a practical matter, many group health plans may know if participants (especially spouse and dependent participants) are entitled to Medicare. This is why many plans perform a blanket mailing for Medicare Part D creditable coverage notices. MMSEA will encourage collection of that information.

Penalties for noncompliance are high: \$1,000 per day for each day of noncompliance. Infinisource is currently reviewing the requirements and how they will apply to the services we provide.

### **Medicare Part D Premium**

In addition, CMS gave a recent status report on the Part D prescription drug program. Satisfaction is high, costs are lower than projected and drug prices are in line with national trends. Significantly, CMS estimates that the average monthly premium for 2009 standard coverage will be \$28, about 37 percent lower than original estimates made in 2003. This is about a \$3 increase from 2008.

The apparent success of Medicare Part D should serve as a reminder to employers about the importance of the annual creditable coverage notice requirement

More information on the creditable coverage notice is available at the [CMS website](#).