

School: Stakeholders
Course: Medicare Secondary Payer 101
Faculty: Aaron Frederickson, Attorney at Law, MSP Compliance Solutions

Summary

The course "Medicare Secondary Payer 101," taught by Aaron Frederickson of MSP Compliance Solutions, offers an introductory overview of the Medicare Secondary Payer (MSP) Act and its implications for the workers' compensation system. Frederickson begins by outlining the history and purpose of the MSP Act, which was established in 1980 to make Medicare a secondary payer to other insurance types, including workers' compensation. Prior to the MSP Act, Medicare was the primary payer, leading to instances where the program bore the costs of injuries that should have been covered by other insurers. The MSP Act aims to protect Medicare's financial interests by ensuring it only pays when other forms of insurance are not available or have already been exhausted.

A critical component of the presentation is the "three-legged stool" of MSP compliance, consisting of conditional payments, future medicals (Medicare Set Asides or MSAs), and Section 111 reporting. Conditional payments refer to situations where Medicare pays for an injured worker's medical expenses on the condition that it will be reimbursed if another payer is found responsible. Future medicals involve MSAs, which are funds set aside from a workers' compensation settlement to cover future medical expenses that would otherwise be paid by Medicare. Section 111 reporting obligates insurers and self-insured entities to report certain claims involving Medicare beneficiaries to the Centers for Medicare & Medicaid Services (CMS).

Frederickson delves into the details of Medicare's different parts (A, B, C, D, and E) to clarify their relevance in MSP compliance. Part A covers hospital insurance, Part B covers outpatient and doctor services, Part C encompasses Medicare Advantage plans offered by private insurers, Part D covers prescription drugs, and Part E includes miscellaneous provisions like the MSP Act itself. He emphasizes the importance of distinguishing between Medicare and Medicaid, as they are separate programs with different eligibility criteria and implications for workers' compensation cases.

The presentation highlights the significance of early identification of Medicare beneficiaries in the claims process. Frederickson advises claims handlers, attorneys, and employers to assess whether an injured worker is a current or potential Medicare beneficiary. This assessment can influence the handling of the claim, including the need for an MSA and proper Section 111 reporting to CMS.

Frederickson also discusses Medicare Set Asides (MSAs), explaining that while not explicitly required by law, they are recommended to ensure compliance with the MSP Act. MSAs allocate a portion of the workers' compensation settlement to cover future medical expenses, thus preventing cost-shifting to Medicare. He underscores that the goal is to protect all parties involved—Medicare, the injured worker, and the payer—by ensuring that Medicare's interests are appropriately considered.

In conclusion, the course provides a foundational understanding of MSP compliance in the workers' compensation context. Frederickson stresses the need for claims professionals to be proactive, thorough, and precise in handling cases involving Medicare beneficiaries to avoid pitfalls and ensure compliance with the MSP Act.

Learning Objectives

1. Understand the origins and purpose of the Medicare Secondary Payer (MSP) Act in relation to workers' compensation.
2. Learn the different parts of Medicare (A, B, C, D, and E) and their implications for Medicare Secondary Payer compliance.
3. Explore the concept of the "three-legged stool" of MSP compliance, including conditional payments, future medicals, and Section 111 reporting.
4. Recognize the importance of identifying Medicare beneficiaries early in the claims process to ensure proper compliance.
5. Gain insight into the complexities of Medicare Set Asides (MSAs) and the criteria for when they are recommended.

Primary Takeaways

1. Established in 1980, the MSP Act makes Medicare a secondary payer to workers' compensation and other insurance types. It requires Medicare's interest to be considered in all relevant cases.
2. Medicare may make conditional payments if another payer is not expected to pay promptly. These payments are contingent on reimbursement once the primary payer settles the claim.
3. MSP compliance revolves around three key components—conditional payments, future medicals (Medicare Set Asides), and Section 111 reporting, all of which must be managed to protect the interests of the Medicare program and other parties involved.
4. MSAs are tools to allocate funds for future medical expenses in workers' compensation settlements. While not explicitly required by law, they are recommended in cases involving Medicare beneficiaries to prevent shifting costs to Medicare.

5. Identifying potential Medicare beneficiaries early in the claims process is crucial for compliance, as it affects how claims are handled, reported, and settled.

Course Outline

- 1) Introduction to Medicare Secondary Payer (MSP) Act
 - a) Historical Background and Purpose
 - i) Medicare established in 1965 for senior citizens
 - ii) MSP Act of 1980: Making Medicare secondary to other insurance types
 - b) Medicare's Role in Workers' Compensation
 - i) Initially primary payer; shifted to secondary with MSP Act
 - ii) Rights to recover payments and the development of compliance tools
- 2) Parts of Medicare and Their Implications
 - a) Overview of Medicare Parts A, B, C, D, and E
 - i) Part A: Hospital insurance funded through payroll taxes
 - ii) Part B: Doctor's office visits and services requiring additional premiums
 - iii) Part C: Medicare Advantage Plans offering private insurance options
 - iv) Part D: Prescription drug benefits
 - v) Part E: Miscellaneous services, including MSP compliance
 - b) Medicare Beneficiaries in Workers' Compensation
 - i) Eligibility: Age, disability status, and impact on claims handling
 - ii) Importance of differentiating Medicare from Medicaid
- 3) The Three-Legged Stool of MSP Compliance
 - a) Conditional Payments
 - i) Definition and origin in the MSP Act
 - ii) Recovery rights and the process of reimbursement
 - b) Future Medicals (Medicare Set Asides)
 - i) Concept and historical development of MSAs
 - ii) Criteria for when MSAs are recommended
 - c) Section 111 Reporting
 - i) Requirements for insurers and other entities
 - ii) Reporting obligations to Medicare for open claims and settlements
- 4) Medicare Set Asides (MSAs)
 - a) Purpose and Use in Workers' Compensation
 - i) Allocating funds for future medical expenses
 - ii) Importance in protecting Medicare's interests
 - b) Funding and Administration of MSAs

- i) Lump sum vs. annuity funding mechanisms
 - ii) Self-administration, partial, and full professional administration options
 - c) When MSAs Are Not Recommended
 - i) Situations where future medicals remain open
 - ii) Cases with minimal impact on Medicare interests
- 5) Identifying Medicare Beneficiaries Early
 - a) Importance of Early Identification in Claims Process
 - i) Assessing age, disability status, and Social Security applications
 - ii) Using simple inquiries to determine Medicare status
 - b) Steps for Compliance
 - i) Evaluating eligibility and making necessary inquiries
 - ii) Adjusting claims handling to protect Medicare's interest
- 6) Conclusion and Best Practices for MSP Compliance
 - a) Key Considerations for Claims Handlers and Attorneys
 - i) Early, often, reasonable, and precise approach to MSP compliance
 - b) Final Thoughts on Medicare Secondary Payer 101
 - i) Emphasis on learning and ongoing compliance efforts

NOTE: Artificial Intelligence was used in the creation of this document.