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Service: MSACP (Medicare Set-Aside Certified Planner)
Module: LEARNING MODULE 1
Introduction, Background, and Overview of Medicare Secondary Payer
Faculty: Heather Sanderson, CEO, Sanderson Firm

Summary

Module 1 of the Medicare Set-Aside Certified Planner (MSACP) certification program, led by Heather Sanderson of the Sanderson Firm, provides a foundational understanding of Medicare, its history, structure, and the Medicare Secondary Payer (MSP) Act. This course emphasizes the importance of Medicare Set-Asides (MSAs) in workers' compensation cases, equipping learners with the knowledge to effectively manage compliance.

The module begins with an overview of Medicare, established in 1965 under President Lyndon B. Johnson. Initially designed for individuals aged 65 and older, Medicare expanded under President Nixon in 1972 to include individuals under 65 with long-term disabilities or end-stage renal disease. Today, Medicare has four components: Part A (hospital insurance), Part B (outpatient and medical insurance), Part C (Medicare Advantage), and Part D (prescription drug coverage). Over 65 million Americans are enrolled, and the program accounts for 20% of U.S. healthcare spending. The differences between Medicare and Medicaid are also highlighted, emphasizing Medicaid's state-administered benefits for low-income individuals versus Medicare's federal focus on the elderly and disabled.

The MSP Act, enacted in 1980, ensures Medicare acts as a secondary payer when another entity, such as a workers' compensation insurer, is primarily responsible. This legislation aims to preserve the Medicare Trust Fund by minimizing unnecessary spending. Significant reforms include the 2003 Medicare Modernization Act, which introduced double damages for non-compliance, and the 2020 PAID Act, enhancing transparency about private Medicare plans. Also discussed was the 2013 SMART Act, which among other items added a three-year statute of limitations for Medicare secondary payer recoveries.

Three pillars of MSP compliance are explored: conditional payments, MSAs, and mandatory insurer reporting. Conditional payments occur when Medicare pays for a beneficiary's treatment under the assumption it will later be reimbursed by the responsible primary payer. MSAs allocate settlement funds for future medical needs, ensuring Medicare is not billed when they are a secondary payer. These funds are restricted to injury-related, Medicare covered expenses and must be properly managed in compliance with federal guidelines. Mandatory insurer reporting, initiated under the



Medicare, Medicaid, and SCHIP Extension Act (MMSEA) of 2007, requires primary payers to disclose settlements and claims involving Medicare beneficiaries to the Centers for Medicare and Medicaid Services (CMS), facilitating recovery efforts and accountability.

The lecture further discusses Medigap plans, which cover out-of-pocket costs for Medicare beneficiaries but do not influence MSA allocations. Learners are reminded of the complexity of Medicare enrollment, noting that beneficiaries often switch between plans. This dynamic underscores the importance of verifying coverage types when preparing MSAs.

In conclusion, the module establishes the significance of MSAs in preserving Medicare's interests, introduces the legislative framework of the MSP Act, and provides a detailed breakdown of Medicare's components. Participants gain essential insights into the responsibilities and processes involved in writing and managing MSAs. This foundational knowledge prepares learners for the advanced topics covered in subsequent modules.

Learning Objectives

1. Understand the foundational concepts of Medicare, including its history, structure, and types (Parts A, B, C, and D).
2. Identify the principles and purpose of the MSP Act and its legislative history.
3. Differentiate between Medicare and Medicaid, including their administration, eligibility, and coverage.
4. Recognize the importance of MSAs in protecting Medicare's future interests and compliance with MSP requirements.
5. Analyze the three pillars of MSP compliance: conditional payments, MSAs, and mandatory insurer reporting.

Primary Takeaways

1. Medicare comprises four parts, each serving specific healthcare coverage needs, and enrollment is critical to understanding benefits and limitations.
2. The MSP Act ensures that Medicare acts as a secondary payer when other insurers hold responsibility, preserving the Medicare Trust Fund.
3. Medicaid and Medicare serve distinct populations, with Medicare focusing on the elderly and disabled and Medicaid serving low-income individuals.
4. MSAs are vital for addressing future medical expenses in workers' compensation settlements, ensuring compliance with federal laws.
5. The three pillars of MSP compliance—conditional payments, MSAs, and mandatory reporting—are integral to maintaining transparency and accountability in Medicare-related claims.



Course Outline

- 1) Introduction to Medicare and Its Components
 - a) History and Evolution of Medicare
 - i) Original establishment under President Lyndon B. Johnson.
 - ii) Expansion under President Nixon to include disabled individuals and end-stage renal disease.
 - b) The Four Parts of Medicare
 - i) Part A: Hospital insurance.
 - ii) Part B: Outpatient and medical insurance.
 - iii) Part C: Medicare Advantage (private plans).
 - iv) Part D: Prescription drug coverage.
- 2) MSP Act
 - a) Purpose and Importance
 - i) Preserving the Medicare Trust Fund.
 - ii) Ensuring other insurers pay before Medicare.
 - b) Legislative History and Milestones
 - i) Initial implementation for workers' compensation cases.
 - ii) Extensions to liability and no-fault injuries.
 - iii) Recent reforms such as the SMART Act and PAID Act.
- 3) Compliance Components of MSP
 - a) Conditional Payments
 - i) Medicare's temporary coverage awaiting reimbursement.
 - ii) Recovery processes involving primary payers.
 - b) MSAs
 - i) Allocating settlement funds for future medical expenses.
 - ii) Submission thresholds and best practices.
 - c) Mandatory Insurer Reporting
 - i) Section 111 reporting requirements.
 - ii) Penalties for non-compliance and their impact.
- 4) Differentiating Medicare and Medicaid
 - a) Medicare: Federal program for elderly and disabled.
 - b) Medicaid: State-administered program for low-income individuals.
 - c) Common misconceptions and practical distinctions.
- 5) Supplemental Plans and Medigap Coverage



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- a) Role of Medigap plans in covering out-of-pocket costs.
- b) Impact on MSAs

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