



Service: MSPA (Medicare Secondary Payer Accreditation)
Module: LEARNING MODULE 1
Introduction, Background, and Overview of Medicare Secondary Payer
Faculty: Heather Sanderson, CEO, Sanderson Firm

Summary

The first module of the Medicare Secondary Payer Accreditation (MSPA) program, taught by Heather Sanderson, lays the foundation for understanding the Medicare Secondary Payer Act (MSP) and its critical role in healthcare compliance. Heather Sanderson, leveraging her extensive legal experience in MSP compliance, introduces participants to the program's structure and objectives, emphasizing the increasing enforcement of the MSP Act by Medicare.

Historical Context and Structure of Medicare: The Medicare program was established in 1965 to provide health insurance for individuals aged 65 and older, later expanding in 1972 to include those with disabilities and end-stage renal disease. The program is divided into four parts:

- **Part A:** Covers hospital and inpatient care.
- **Part B:** Focuses on outpatient services and medical insurance.
- **Part C (Medicare Advantage):** Combines Parts A and B with additional benefits, administered by private insurers.
- **Part D:** Offers prescription drug coverage.

Medicare is federally funded and distinct from Medicaid, which is state-administered and serves low-income individuals.

Introduction to the MSP Act: The MSP Act, enacted to protect Medicare's trust fund, ensures that Medicare is a secondary payer when another entity is responsible for coverage. Initially targeting workers' compensation claims in 1965, the Act was expanded in 1980 to include liability and no-fault insurance. Key legislative milestones, including the Medicare Modernization Act (2003) and the SMART Act (2013), strengthened enforcement through penalties and reporting requirements.

Three Pillars of MSP Compliance:

1. **Conditional Payments:** Medicare may pay conditionally for claims initially, with the expectation of reimbursement when a primary payer is identified.
2. **Medicare Set-Asides (MSAs):** These allocations ensure that funds are reserved to cover future medical expenses related to a claim, preventing Medicare from bearing these costs.



3. **Mandatory Reporting:** Section 111 of the Medicare, Medicaid, and SCHIP Extension Act (2007) requires insurers to report claims involving Medicare beneficiaries, enabling Medicare to enforce its rights and recover payments.

Importance of MSP Compliance: The MSP Act's enforcement is driven by Medicare's need to reduce financial burdens from improper primary payments. Reporting failures can result in penalties exceeding \$1,400 per day per claim, highlighting the criticality of compliance for insurers and other entities.

Key Takeaways: Heather Sanderson underscores the differences between Medicare and Medicaid, the evolution of Medicare Advantage and Part D plans, and the complexities of MSP compliance. Understanding the obligations under the MSP Act ensures compliance and minimizes risks for stakeholders managing claims involving Medicare beneficiaries.

The module concludes with an emphasis on staying informed about changes to Medicare laws and leveraging the MSPA program to build expertise in this evolving field. Participants are encouraged to actively engage with the course materials and instructors to solidify their understanding of MSP compliance.

Learning Objectives

1. Understand the history and evolution of Medicare, including key legislative milestones that shaped its development.
2. Differentiate between Medicare and Medicaid, with a focus on their purposes, funding, and eligibility criteria.
3. Identify the structure and components of Medicare (Parts A, B, C, and D) and their implications for compliance.
4. Analyze the Medicare Secondary Payer (MSP) Act's purpose, implementation, and its significance in workers' compensation and liability claims.
5. Comprehend the three pillars of MSP compliance: conditional payments, Medicare Set-Asides (MSAs), and mandatory reporting.

Primary Takeaways

1. Medicare was established in 1965, initially covering individuals aged 65 and older, and has since expanded to include those with disabilities and end-stage renal disease.
2. The MSP Act ensures Medicare serves as a secondary payer when other insurance sources are responsible, protecting the Medicare trust fund.
3. Understanding the structure of Medicare, including Parts A, B, C, and D, is essential for navigating compliance requirements.



4. Key MSP compliance components include addressing past conditional payments, planning for future care through MSAs, and adhering to mandatory reporting obligations.
5. Distinctions between Medicare and Medicaid are critical to correctly applying the principles of the MSP Act and related processes.

Course Outline

- 1) Introduction and Background
 - a) Purpose of the MSPA certification program
 - b) Overview of Heather Sanderson's expertise and involvement in MSP
 - c) Goals of the module and its significance in 2024 compliance landscape
- 2) Medicare: History and Structure
 - a) Establishment of Medicare in 1965
 - i) Original coverage: Parts A (hospital) and B (outpatient)
 - ii) Expansion in 1972 to include those under 65 with disabilities
 - b) Introduction of Medicare Advantage (Part C) and Prescription Drug Plans (Part D)
 - c) Medicare enrollment and impact on U.S. healthcare spending
- 3) The Medicare Secondary Payer Act
 - a) Legislative history and key milestones
 - i) Initial focus on workers' compensation (1965)
 - ii) Expansion to liability settlements and no-fault cases (1980)
 - iii) Enforcement mechanisms like double damages (2003)
 - b) Purpose of the MSP Act
 - i) Protecting the Medicare trust fund
 - ii) Ensuring proper payer responsibility
- 4) MSP Compliance Pillars
 - a) Conditional Payments
 - i) Definition and recovery process
 - ii) Importance of addressing past obligations
 - b) Medicare Set-Asides (MSAs)
 - i) Purpose and calculation
 - ii) Addressing future care obligations
 - c) Mandatory Reporting
 - i) Section 111 requirements
 - ii) Transparency and penalties for non-compliance
- 5) Distinction Between Medicare and Medicaid



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- a) Federal vs. state administration
 - b) Eligibility based on age/disability versus income level
 - c) Implications for MSP compliance and claims processing
- 6) Module Conclusion
- a) Recap of the Medicare Secondary Payer Act's importance
 - b) Encouragement to engage with further modules and resources

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