



## The New CMS Medicare Secondary Payer Rules – What You Need to Know Now

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Medicare Advantage plans are challenged by a new CMS rule that reduces payments for those members that are identified by the CMS COB vendor as having other carrier coverage. Some MA Plans have experienced a 10-fold increase in members identified as having other coverage in addition to Medicare. In developing 2010 bids, many Plans have elected to reduce the projected revenue reduction in 2010 bids by assuming that the information would either be corrected or that the Plan will appropriately collect payments from the other carriers. To deliver on both of these assumptions Plans must quickly develop robust businesses processes. Not acting on these commitments will result in significant reductions in MA Plan payments in 2010 that could reduce revenues by 5% to 10% without offsetting reductions in medical expenses.

Medicare Secondary Payer rules have been developed over the past 45 years. Ingenix Consulting staff has been involved with MSP for much of this period. We have found that primacy determinations are not always intuitive and the insurance industry has worked closely with CMS to appropriately adjudicate claims. Unfortunately, HMOs have not often been closely involved with these discussions and their COB programs frequently are inadequate. With the maturing of the industry and the increasing percentage of Medicare beneficiaries choosing HMO coverage, it has become critically important for Plans to develop the business processes to meet this revenue and expense management challenge.

### Approach

The first job is to determine which members actually have other carrier coverage. Over the past several years CMS has contracted with a COB vendor for the Part D program. This information is now being used by CMS to identify MA members that have other coverage. This information is likely to be incorrect or out of

date. MA Plans must quickly verify the other carrier coverage or indicate to CMS that other coverage is not present. As a result, Ingenix Consulting suggests that MA plans:

1. Conduct a complete evaluation of all members tagged by CMS with secondary coverage and make corrections
2. Perform a COB process gap assessment to ensure new opportunities are identified and current other carrier coverage is tapped.
3. Expand enrollment reconciliation processes to include Working Aged review and verification
4. Assess claims processing systems and their ability to adjudicate secondary to other coverage.
5. Ensure Subrogation and Workers Compensation programs are properly tracking cases.

Ingenix Consulting has the expertise and proven business processes to help. We can audit your current program, perform a gap assessment and help you implement the required operational enhancements to ensure continued revenues as well as reduce medical expense.

MSP and COB shouldn't be a mystery. Neither should it be ignored. In fact, for the balance of 2009, information collected by CMS can enhance other carrier collections for your current membership *before* CMS begins to reduce your payments for those members. But you need to act quickly. A claim paid out-of-turn is difficult and expensive to recover. Since you will need to scrub your membership files anyway to ensure appropriate 2010 payments, why not get an early start and secure other carrier coverage in 2009? It might just pay for your administrative efforts in the coming months to verify the data!