

March 27, 2009

MMSEA Bulletin # 1

Important Client Alert – Attention Self-Insured and Partially Self-Insured Clients

MMSEA Section 111 - Medicare Secondary Payer

As your Third Party Administrator and Claims Service Provider, we have determined that you may have substantial new legal reporting obligations under Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA). MMSEA is intended to provide verification that Medicare's interests are being considered at settlement and enforce its status as secondary payer. The Act states that Medicare will always be the secondary payer for reimbursement of medical care when a primary payer exists; that rule applies to health care provided in workers' compensation and other cases.

The MMSEA mandates that as of January 1, 2010, all liability insurers, including entities that self-insure, (and, in certain cases, entities that self-insure for even a part of a claim pursuant to a deductible or retention amount), no-fault insurers, and worker's compensation plans (referred to as "Casualty Insurers") electronically report to Medicare, all settlements, judgments, awards or other payments. The only reporting exception relates to "property damage only" claims wherein there was no claim for or release of a medical claim or having the effect of releasing a medical claim.

We believe your organization will be required to report information as a Responsible Reporting Entities (or "RRE" as defined by this legislation). If your company or organization is an RRE, you must meet the following schedule:

5-1-09 to 6-30-09	Register with CMS via its Coordination of Benefits Secure Web Site
7-1-09 to 12-31-09	System testing period
1-1-10 to 3-31-10	Go live with first production files

All Casualty Insurer RREs shall be submitting production files directly or via their Agent by January 1, 2010 on a quarterly basis going forward.

The MMSEA allows RREs (such as your company/organization) to define and appoint FARA as your Agent to perform all or some of your statutory reporting obligations. We stand ready to be your company's Agent. At this time, certain guidelines and procedures remain under consideration; therefore, we will continue to provide you with detailed information so that you can fully comply with this new reporting requirement. In the interim, plan to register (using instructions we will provide in an upcoming bulletin) between May and June and consider what person within your organization should be your Authorized Representative. We will need that person's contact information in the near future.

This is the first in a series of Client Alerts and Bulletins that we will be providing to you on this subject. Our new Corporate General Counsel, [Laura Tarantino](#), is available to answer your questions in the interim. Her email is Laura.Tarantino@fara.com or direct line (985) 674-4880. Please consider us as your MMSEA expert and feel free to call with any questions. Also, the government website for all of the public information on this subject is <http://www.cms.hhs.gov/MandatoryInsRep>