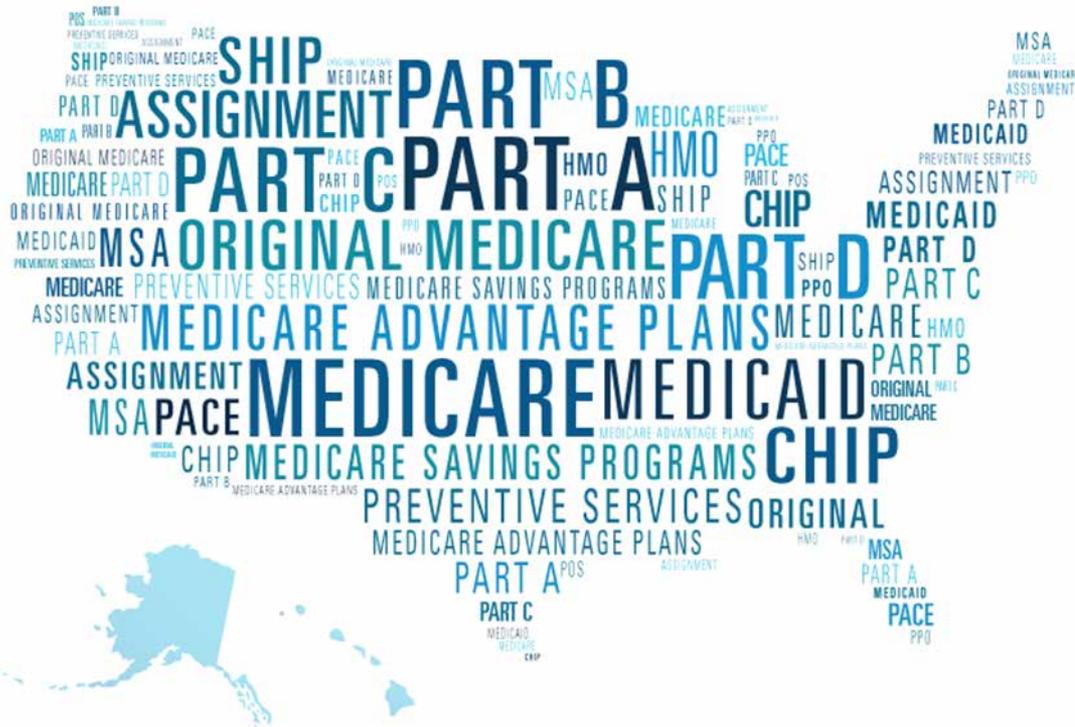


# 2015 National Training Program



## Module 5

## Coordination of Benefits





# Session Overview

This session should help you

- § Explain health and drug coverage coordination
- § Determine who pays first
- § Identify where to get more information



# Lesson 1—Coordination of Benefits Overview

- § Coordination of Benefits
- § Medicare as the Primary Payer
- § Medicare Secondary Payer



# Coordination of Benefits Overview

---

- § Each type of health insurance coverage is called a “payer”
- § When there’s more than one payer, coordination of benefits rules decide which pays first
- § There may be primary and secondary payers, and in some cases there may also be a third payer



# When Does Medicare Pay?

---

§ Medicare may be primary payer

- In the absence of other primary insurance

§ Medicare may be secondary payer

- You may have other insurance that must pay first

§ Medicare may not pay at all

- For services and items other health insurance is responsible for paying



# When Medicare Is the Primary Payer

---

§ If Medicare is your only insurance, or

§ Your other source of coverage is

- A Medigap (Medicare supplement insurance) policy
- Medicaid
- Retiree benefits
- The Indian Health Service
- Veterans benefits
- TRICARE
- Consolidated Omnibus Budget Reconciliation Act (COBRA) continuation coverage
  - Except 30-month coordination period for people with End-Stage Renal Disease



# Medicare Secondary Payer

---

- § When Medicare isn't responsible for paying a claim first
- § Legislation protects the Medicare Trust Funds
- § Helps ensure Medicare doesn't pay when another insurer should
- § Saves \$9 billion annually
  - Claims processed by insurances primary to Medicare



# Gathering Secondary Payer Information

---

## § Initial Enrollment Questionnaire

- Sent 3 months prior to Medicare entitlement date
- Receive notice to complete online
- Asks about current employer, liability, and workers' compensation insurance coverage
  - q Can complete at [MyMedicare.gov](http://MyMedicare.gov)
  - q By phone with the Benefits Coordination & Recovery Center
    - o 1-855-798-2627
    - o TTY 1-855-797-2627



# Gathering Secondary Payer Information From Employers

---

- § Mandatory reporting requirements for insurers
  - Use secure web portal to facilitate transfer of data
  - Penalty up to \$1,000/day per beneficiary for failure to report data
- § Internal Revenue Service/Social Security/Centers for Medicare & Medicaid Services Claims Data Match
  - Employers complete an online questionnaire for their employees
    - Entitled to Medicare
    - Married to a Medicare beneficiary
- § Voluntary Data-Sharing Agreements
  - Between CMS and large employers



# Benefits Coordination & Recovery Center

---

- § Identifies health benefits available to people with Medicare
- § Coordinates claims to ensure they're paid by correct payer
- § Responsible for identifying
  - Medicare Secondary Payer (MSP) situations
  - Claims that should cross over to supplemental insurers
- § MSP Claims Investigation
  - Contractor learns about other insurance
  - Identifies which is primary



# Check Your Knowledge—Question 1

How many possible different payers could there be for an insurance claim?

a. One

b. Two

c. Three



# Lesson 2—Health Coverage Coordination

- § Medicare and the Marketplace
- § Important Considerations
- § Identifying Appropriate Payers
- § Determining Who Pays First



# Medicare and the Marketplace

---

- § Medicare isn't part of the Health Insurance Marketplace
- § If you have Medicare Part A, you're considered covered
- § No matter how you get Medicare, whether through Original Medicare or a Medicare Advantage Plan (like an HMO or PPO), you won't have to make any changes related to the Marketplace
- § If you have Medicare, it's illegal for someone to sell you a Marketplace plan
- § You may have a Qualified Health Plan (QHP) through the Marketplace and Medicare if you signed up for the QHP first



# Medicare and Marketplace Coordination

---

- § Generally, no coordination between Marketplace Qualified Health Plan (QHP) and Medicare
  - Unless enrolled in employer-sponsored Small Business Health Options Program (SHOP) plan
- § QHPs aren't secondary insurance to Medicare
- § May cause you to pay a lifetime Part B penalty if you don't enroll in Part B during your Medicare Initial Enrollment Period
  - Unless enrolled in employer-sponsored SHOP plan
- § If you have to pay a premium for Medicare Part A
  - Can drop Medicare and enroll in QHP



# Important Retiree Coverage Considerations

---

- § Most retiree plans offer generous coverage for the entire family
  - Employer/union must disclose how its plan works with Medicare drug coverage
  - Talk to your benefits administrator for more information
- § If you lose your creditable prescription drug coverage, you have 63 days to enroll in a Part D plan without penalty
- § People who drop retiree drug coverage may
  - Lose other health coverage
  - Not be able to get it back
  - Cause family members to lose their coverage



# Possible Health Claims Payers

---

No-Fault  
Insurance

Liability Insurance

Workers'  
Compensation

Employer  
Group Health  
Plan

Medicare

Federal Black  
Lung Benefits  
Program

TRICARE For Life

VA Benefits

Retiree Group  
Health Plan

COBRA



# Employer Group Health Plans

---

- § Coverage offered by many employers and unions
  - To current employees, spouse, and family members
  - To retirees, spouse, and family members
  - Includes Federal Employee Health Benefits Plans
  - May be fee-for-service plan
  - May be managed care plan
- § Employees can choose to keep or reject
- § Businesses with 50 or fewer employees can offer Small Business Health Options Program (SHOP) plans

# Employer Group Health Plans (EGHP) Continued

If You Are	Medicare Pays First
65 or older and have <b>retiree</b> coverage	Yes
65 or older with <b>EGHP</b> coverage through <b>current</b> employment (yours or your spouse's)	If the employer has less than 20 employees
Under 65 with a <b>disability</b> and have <b>EGHP</b> coverage through <b>current</b> employment (yours or a family member's)	If the employer has less than 100 employees
Eligible for Medicare due to <b>End-Stage Renal Disease (ERSD)</b> and you have <b>EGHP</b> coverage	When the 30-month coordination period ends, or if you had Medicare primary before you had ESRD



# Non-Group Health Plans

---

§ Medicare doesn't usually pay for services when diagnosis indicates that other insurers may provide coverage, including

- Auto accidents
- Illness related to mining (Federal Black Lung Benefits Program)
- Third-party liability
- Work injury or illness (workers' compensation)



# No-Fault Insurance

---

- § Pays regardless of who's at fault
- § Medicare is secondary payer
- § Medicare may make conditional payment
  - If claim not paid within 120 days
  - You won't have to use own money to pay bill
  - Must be repaid when claim is resolved by the primary payer



# Liability Insurance

§ Protects against certain claims

- Negligence, inappropriate action, or inaction

§ Medicare is secondary payer

- Providers must attempt to collect before billing Medicare

§ Medicare may make conditional payment

- If the liability insurer won't pay promptly (within 120 days)
- Medicare recovers conditional payment



# Workers' Compensation

---

- § Medicare won't pay for health care related to workers' compensation claims
- § If workers' compensation claim is denied, claim may be filed for Medicare payment
- § Workers' compensation claims can be resolved by settlements, judgments, or awards



# Workers' Compensation Medicare Set-Aside Arrangement (WCMSA)

---

- § Funds to be set aside to pay for future medical or prescription drug services
- § Funds must be used for the injury, illness, or disease covered by workers' compensation
- § Only used for Medicare-covered services
- § Medicare pays for Medicare-covered services after WCMSA funds are used up



# Federal Black Lung Benefits Program

---

§ Covers lung disease/conditions caused by coal mining

§ Services under this program

- Considered workers' compensation claims
- Not covered by Medicare

§ For more information call

- 1-800-638-7072
- TTY 1-877-889-5627



# Consolidated Omnibus Budget Reconciliation Act (COBRA)

---

- § Requires employers with 20 or more employees to let employees and dependents keep health coverage under certain conditions
- § Allows certain former employees, retirees, spouses, former spouses, and dependent children the right to temporary continuation of health coverage at group rates
- § Coverage is only available when coverage is lost due to certain specific events
  - Generally for 18 months, but can be longer in special circumstances
- § Person must pay the entire insurance premium



# Consolidated Omnibus Budget Reconciliation Act Coverage (COBRA)

If You	Medicare Pays First
Are 65 or older or have a disability and have <b>COBRA</b> continuation coverage	In most cases
Have <b>COBRA</b> continuation coverage and are eligible for Medicare due to End-Stage Renal Disease	When your 30-month coordination period ends



# Veterans Affairs (VA) Coverage

---

- § If you have Medicare and VA benefits
  - Can get treatment under either program
- § Medicare pays first when you choose to get your benefits from Medicare
- § To receive services under VA benefits
  - You must get your health care at a VA facility or
  - Have the VA authorize services in a non-VA facility



# TRICARE for Life Coverage (TFL)

---

- § Military retiree coverage for services covered by Medicare and TFL
  - Medicare pays first/TFL pays remaining
- § For services covered by TFL but not Medicare
  - TFL pays first and Medicare pays nothing
- § For services received in a military hospital or other federal provider
  - TFL pays and Medicare generally pays nothing

# Check Your Knowledge—Question 2

Which of the following is a true statement about WCMSA funds?

- a. WCMSA funds can be used to cover all medical expenses
- b. WCMSA funds must be used within 1 year
- c. WCMSA funds can be used to cover all of your prescription drug expenses
- d. Medicare will pay for all Medicare-approved expenses after all WCMSA funds are used

# Check Your Knowledge—Question 3

Who pays John's bill first?  
He is 34 years old. He has End-Stage Renal Disease, Consolidated Omnibus Budget Reconciliation Act (COBRA) coverage, and has been enrolled in Medicare for 8 months.

- a. Medicare
- b. COBRA



# Lesson 3—Medicare Part D Coordination of Benefits

---

- § Coordination of Prescription Drug Benefits
- § Other Possible Payers
- § When Part D Pays First



# Coordination of Prescription Drug Benefits

---

- § Ensures proper payment by Medicare Part D plans
- § Medicare Part D plan usually pays primary
- § If Medicare is secondary payer
  - Part D plan denies primary claims
  - Part D plan may make conditional payment
    - q To ease burden on enrollee
    - q Medicare is reimbursed and Benefits Coordination & Recovery Center is advised

# Possible Drug Coverage Payers

## Employer Group Health Plans

- § Retiree
- § Active employment
- § Consolidated Omnibus Budget Reconciliation Act

## State

- § Medicaid programs
- § State Pharmaceutical Assistance Programs
- § Workers' compensation

## Federal

- § Medicare Part A or B
- § Federal Black Lung Benefits Program
- § Indian Health Service
- § Veterans Affairs
- § TRICARE for Life
- § AIDS Drug Assistance Programs

## Other

- § No-Fault/Liability
- § Patient Assistance Programs
- § Charities



Type of Coverage	Situation	Part D Pays First for Medically Necessary Part D Covered Prescriptions
<b>Employer Group Health (EGHP) Plan</b>	You're 65 or older and have retiree coverage	Yes
	You're 65 or older with EGHP coverage through current employment (yours or your spouse's)	If the employer has less than 20 employees
	You're under 65 with a disability and have EGHP coverage through current employment (yours or a family member's)	If the employer has less than 100 employees
	You're eligible for Medicare due to End-Stage Renal Disease (ESRD) and you have EGHP coverage	When the 30-month coordination period ends, or if you had Medicare before you had ESRD
<b>Consolidated Omnibus Budget Reconciliation Act (COBRA)</b>	You're 65 or older, have a disability, and have COBRA continuation coverage	In most cases
	You have COBRA continuation coverage and are eligible for Medicare due to ESRD	When your 30-month coordination period ends



## Type of Coverage

## Situation

## Part D Pays First for Medically Necessary Part D Covered Prescriptions

<b>Federal Black Lung Benefits Program</b>	If you get these benefits, Part D plans may make a conditional payment	For prescriptions not related to lung disease and other conditions caused by coal mining
<b>Indian Health Services (IHS)</b>	You get benefits from the IHS	Even if you get your drugs from IHS, Tribal, or Urban Indian clinics
<b>Department of Veterans Affairs</b>	You have coverage through the Department of Veterans Affairs	There's no coordination of benefits. A prescription must be paid solely by either the VA or Medicare.
<b>TRICARE for Life</b>	You have TRICARE for Life benefits	You generally won't need to enroll in a Part D plan
<b>State Medicaid Programs</b>	You're enrolled in your state's Medicaid program	For all Part D covered drugs. States may provide Medicaid coverage of drugs the Medicare Modernization Act excludes from Part D coverage



## Type of Coverage

## Situation

## Part D Pays First for Medically Necessary Part D Covered Prescriptions

<b>State Pharmaceutical Assistance Programs</b>	You get assistance from a State Pharmaceutical Assistance program	Yes. The state just helps pay your Part D costs.
<b>Workers' Compensation</b>	If you're covered under Workers' Compensation	For prescriptions other than those for the job-related illness or injury. Medicare may make a conditional payment.
<b>Manufacturer-sponsored Patient Assistance Program</b>	If you get help from a Manufacturer-sponsored Patient Assistance Program	Yes
<b>Charity</b>	If you get help from a charity	Yes
<b>No-fault/Liability Insurance</b>	If you're covered by No-Fault/Liability insurance, such as for an automobile accident, injury in a public place, or malpractice	For prescriptions covered by Part D not related to the accident or injury.



# Check Your Knowledge—Question 4

It's important to make an informed decision about whether to keep or drop coverage through an employer or union retirement plan because

- a. If you drop retiree group health coverage you may not be able to get it back
- b. If you drop drug coverage you may also lose doctor and hospital coverage
- c. Family members covered by the same policy may also be affected
- d. All the above



# Check Your Knowledge—Question 5

For people covered by Medicare **and** full Medicaid benefits who have a medical issue that's covered by workers' compensation insurance

- a. Medicaid pays for all prescriptions
- b. Medicare pays for prescriptions other than those for the job-related injury or illness
- c. Medicare pays for all prescriptions
- d. Medicaid pays for prescriptions other than those for the job-related injury or illness

# Coordination of Benefits Resource Guide

Resources	Medicare Products	
<p><b>Centers for Medicare &amp; Medicaid Services (CMS)</b>            1-800-MEDICARE            (1-800-633-4227)            TTY 1-877-486-2048  <a href="http://Medicare.gov">Medicare.gov</a>  <a href="http://CMS.gov">CMS.gov</a></p> <p><b>Benefits Coordination &amp; Recovery Center</b>            1-855-798-2627            TTY 1-855-797-2627</p> <p><b>U.S. Department of Labor</b>            1-866-4-USA-DOL            (1-866-487-2365)  <a href="http://dol.gov/dol/topic/health-plans/cobra.htm">dol.gov/dol/topic/health-plans/cobra.htm</a></p> <p><b>Office of Personnel Management (Federal Employees Health Benefit Program)</b>  <a href="http://opm.gov/healthcare-insurance/healthcare/">opm.gov/healthcare-insurance/healthcare/</a></p>	<p><b>Patient Assistance Program Center</b>  <a href="http://rxassist.org">rxassist.org</a></p> <p><b>Medicare/TRICARE Benefit Overview</b>  <a href="http://TRICARE.mil/welcome/eligibility.aspx">TRICARE.mil/welcome/eligibility.aspx</a></p> <p><b>TRICARE</b>  <a href="http://TRICARE.mil/">TRICARE.mil/</a></p> <p><b>U.S. Department of Veterans Affairs</b>            1-800-827-1000            TTY 1-800-829-4833  <a href="http://va.gov/opa/publications/benefits_book.asp">va.gov/opa/publications/benefits_book.asp</a></p> <p><b>Veterans Affairs</b>  <a href="http://benefits.va.gov/benefits/">benefits.va.gov/benefits/</a></p> <p><b>Federal Black Lung Benefits Program</b>  <a href="http://dol.gov/compliance/topics/benefits-comp-blacklung.htm">dol.gov/compliance/topics/benefits-comp-blacklung.htm</a>            1-800-638-7072            TTY 1-877-889-5627</p>	<p><b>“Medicare &amp; You” Handbook</b>            CMS Product No. 10050</p> <p><b>“Your Medicare Benefits”</b>            CMS Product No. 10116</p> <p><b>“Medicare and Other Health Benefits: Your Guide to Who Pays First”</b>            CMS Product No. 02179</p> <p><b>To access these products</b>            View and order single copies at <a href="http://Medicare.gov/publications">Medicare.gov/publications</a></p> <p>Order multiple copies (partners only) at <a href="http://productordering.cms.hhs.gov">productordering.cms.hhs.gov</a>            You must register your organization.</p>



To view all available NTP training materials, or to subscribe to our email list, visit

[CMS.gov/Outreach-and-Education/Training/CMSNationalTrainingProgram/index.html](https://www.cms.gov/Outreach-and-Education/Training/CMSNationalTrainingProgram/index.html)

For questions about training products email [training@cms.hhs.gov](mailto:training@cms.hhs.gov)