



May 11, 2009

MEMORANDUM

To: All Payroll Locations

From: State Health Benefit Plan (SHBP)

Subject: Medicare Secondary Payer

The purpose of this memo is to address some recent developments and concerns over Medicare Secondary Payer (MSP) issues.

Problems:

- SHBP and the payroll locations (school districts, state agencies, etc.) have noticed an increased volume of demand letters, and even more concerning, an escalation of the timeframes that the Centers for Medicare and Medicaid Services (CMS) expects resolution/reimbursement
- We have heard concerns from many payroll locations that these cases are being referred to the Department of Treasury, who apparently hires very aggressive collection agencies to pursue the payment
- SHBP recognizes that CMS's stance that the payroll locations are the employers, rather than SHBP, puts the payroll locations in a bind since they do not have the authority to manage the claims administrators or to make final determination on payment of SHBP funds
- However CMS holds the payroll locations accountable by threatening to withhold federal funds

Proposed Next Steps:

- SHBP has and will continue to have a full-time person dedicated to the resolution of these MSP issues and we are committed to seeing each case through to resolution
- In 2009 CMS has implemented a much more intensive health coverage data share exchange between CMS and the claims administrators which should greatly reduce the volume of these demand letters
- SHBP is working with CMS to try to assume the full liability of resolving these issues. This means that the demand letters would be sent directly to SHBP from CMS, as well as the Protected Health Information (PHI) and the follow up communications. This would effectively remove the payroll locations from the process

Memorandum
May 11, 2009
Page Two

- SHBP is also working on communications to all Medicare-eligible actively working employees to remind them that they are committing health care fraud if they intentionally use their Medicare card rather than their SHBP card when they receive medical services

SHBP understands the predicament in which the payroll locations have been placed and we are committed to finding a process that reduces the financial risk to the payroll locations and places that burden on SHBP. Additionally SHBP is committed to working with the payroll locations, the claims administrators and CMS to ensure that any refunds are processed as quickly as possible.

In the meantime, please continue to send ALL communications from CMS, the Treasury Department or any collection agencies to Adriene DeBarr at fax: 770-344-3769 so she can escalate the issues with the claims administrators.