Fixed Percentage Option
In an effort to streamline the recovery process, the Centers for Medicare & Medicaid Services (CMS), directed the Benefits Coordination & Recovery Center (BCRC) to implement a new and different method of calculating the recovery amount on certain liability insurance (including self-insurance) cases.

- This new method is called the Fixed Percentage Option
- This option is available to certain beneficiaries as of November 7, 2011
The beneficiary can resolve Medicare’s recovery claim by paying Medicare 25% of the total liability insurance (including self-insurance) settlement instead of using the current, traditional recovery process.

If a beneficiary:
• Has a physical, trauma-based liability insurance (including self-insurance) case, and
• Receives a total settlement of $5,000 or less

What Is the Fixed Percentage Option?
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If the Fixed Percentage Option is selected, the beneficiary:

• Will know what they owe Medicare
• Will be able to immediately pay Medicare a flat 25% of the *gross settlement received

* Gross settlement is not to be reduced for attorney fees and costs.
These two examples demonstrate that under the Fixed Percentage Option, neither the Medicare conditional payment amount nor an Attorney Fee affects the amount due Medicare.

In both examples, the amount due Medicare under the Fixed Percentage Option is $1,000.
What Are the Benefits?

- The Fixed Percentage Option
  - Offers a simple, straightforward process to obtain the amount due to Medicare
  - Eliminates the time and resources typically associated with the MSP recovery process
  - Gives the beneficiary the opportunity to resolve their debt to Medicare quickly since they will no longer have to wait on a Conditional Payment amount prior to settlement
Eligibility Criteria

In order to elect this option, ALL of the following criteria must be met:

1. Must be a liability insurance (including self-insurance) settlement, judgment, award, or other payment. (No-fault or workers' compensation settlements do not qualify)
2. The liability insurance (including self-insurance) settlement must be $5,000 or less
3. The settlement must be for a physical trauma based injury (not related to ingestion, exposure, or medical implant)
4. The beneficiary must elect this option within the required timeframe and before Medicare has issued a demand letter or other request for reimbursement related to the incident
5. The beneficiary must not have received or expect to receive any other settlements, judgments, awards, or other payments related to the incident
How Is this Request Submitted?

A written request for the Fixed Percentage Option must be submitted.

Model language to request the Fixed Percentage Option may be found in the Attorney and Beneficiary Toolkits on the [http://go.cms.gov/cobro](http://go.cms.gov/cobro) website.
When Should this Request Be Made?

- The request must be submitted prior to, or with, the documentation for the Notice of Settlement.

- If the request is made in response to a Conditional Payment Notice (CPN), it must be received by the response due date referenced in the CPN. (Refer to the Tool Kit for more information about the CPN.)

- The request may not be made in response to a Conditional Payment Letter (CPL), i.e., settlement, judgment, award or other payment must occur before the request may be made. (Refer to the Tool Kit for more information about the CPL.)

- Please Note: If the Fixed Percentage Option is elected and approved, the beneficiary may not seek an appeal or waiver of recovery.
How Do I Submit a Request?

- The Fixed Percentage Option request must be mailed to the following address:

  Fixed Percentage Option
  P.O. Box 138880
  Oklahoma City, OK 73113

This special address is **ONLY to be used for Fixed Percentage Option requests.** Failure to send requests to this address may cause a delay that could result in the request being rejected.

**DO NOT** fax these requests to the general BCRC Fax number.

- Faxing a request may result in the request not being received or processed timely.
- Untimely receipt of a request may result in rejection.
When Will a Response Be Received?

- The BCRC will review the request and make a determination as to whether the request is approved or rejected.
- All requests will be worked in the order they are received.
  - A response will be generated within 30 days of request receipt.
Request Approved

- If the request is approved:
  - The beneficiary will receive a bill for the amount due, which will equal 25% of the total liability insurance (including self-insurance) settlement, judgment, award or other payment amount
  - Payment must be received within the timeframe specified on the bill
If the request is rejected:

- The beneficiary will receive an explanation as to why the request was rejected
- The case will then be processed using the traditional recovery process
  - Attorney fees and expenses if applicable will be used to issue a traditionally calculated demand amount
  - The beneficiary will receive a regular demand letter under separate cover
Thank you for reviewing
“New Fixed Percentage Option”