Financial Services Group

December 12, 2016

Medicare Secondary Payer Mandatory Reporting Provisions in Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (See 42 U.S.C. 1395y(b)(7)&(b)(8))

Change in Reporting Thresholds for Certain Liability Insurance, No-Fault Insurance, and Workers' Compensation Settlements, Judgments, Awards or Other Payments

As per the Alert titled *2017 Recovery Thresholds for Certain Liability Insurance, No-Fault Insurance, and Workers' Compensation Settlements, Judgments, Awards or Other Payments* located on the Non-Group Health Plan Recovery page, CMS is implementing a $750 recovery threshold for physical trauma-based liability insurance settlements. Additionally, per the Alert titled *2016 Recovery Thresholds for Certain Liability Insurance, No-Fault Insurance, and Workers' Compensation Settlements, Judgments, Awards or Other Payments* also located on the Non-Group Health Plan Recovery page, CMS implemented a $750 recovery threshold for no-fault insurance and workers' compensation settlements, where the no-fault insurer or workers' compensation entity does not otherwise have ongoing responsibility for medicals (ORM). The impact to mandatory reporting requirements is as follows:

- **Liability Insurance:** The mandatory reporting threshold for liability insurance (including self-insurance) Total Payment Obligation to the Claimant (TPOC) Amounts dated January 1, 2017 or after is changing from $1000 to $750. If the most recent TPOC Date is on or after January 1, 2017, and the cumulative TPOC Amount is greater than $750, the TPOC(s) must be reported.

- **No-Fault Insurance:** The mandatory reporting threshold for no-fault insurance TPOC Amounts dated October 1, 2016 or after changed from $0 to $750. If the most recent TPOC Date is on or after October 1, 2016, and the cumulative TPOC Amount is greater than $750, the TPOC(s) must be reported.

- **Workers' Compensation:** The mandatory reporting threshold for workers' compensation TPOC Amounts dated October 1, 2016 or after changed from $300 to $750. If the most recent TPOC Date is on or after October 1, 2016, and the cumulative TPOC Amount is greater than $750, the TPOC(s) must be reported.

- Reporting of cumulative TPOC Amounts at or below the required reporting threshold will be accepted but are not required. As of January 1, 2017, the CJ07 error code logic will be updated to no longer reject TPOC amounts less than the required reporting thresholds. Until that time, workers' compensation TPOCs of less than or equal to $300 and liability TPOCs of less than or equal to $1000 will be rejected unless reported with ORM. After January 1, 2017, the CJ07 error will only be returned for a liability, workers' compensation, or no-fault claim report where the ORM Indicator is set to "N" and the cumulative TPOC Amount is zero.

The information included in this Alert supersedes the applicable language in the MMSEA Section 111 Medicare Secondary Payer Mandatory Reporting Liability Insurance (Including Self-Insurance), No-Fault Insurance, and Workers' Compensation User Guide (Version 5.1) and will be incorporated into subsequent versions of this User Guide.

These changes will also be applied to the downloadable version of the MMSEA Section 111 Coordination of Benefits Secure Website (COBSW) User Guide, available on the COBSW for January 2017.