

Date: Tuesday, January 10, 2006

Re: Notice of Initial Coordination of Benefits (COB) File Containing Incident Related Medicare Secondary Payer Information

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This notice is to inform Part D plans of the initial COB File which plans should receive on or about January 10, 2006.

To generate the content of this file, the COB Contractor examined its systems to find existing records of incident or accident related non-Employer Group Health Plan (EGHP) Medicare Secondary Payer (MSP) situations. These situations are where Medicare has determined that it is the secondary payer to insurance that is incident-related. Where the COB Contractor found an existing hospital or medical record, it built a corresponding drug record under the assumption that these types of insurance cover hospital, medical, and drug costs relating to the incident. Plans should use both the "PDE Instructions for MSP" found in Chapter 17 of the PDE Instructions and the "COB File Instructions" found on page 31 of Systems Letter #4 to pay appropriately when they have received an MSP record.

Unlike for EGHP MSP Reason Codes "A" Working Aged; "B" End Stage Renal Disease; "G" Disabled, where the Part D plan will generally reject claims submitted for primary payment, for non-EGHP MSP Reason Codes "C" Conditional Payment; "D" Automobile Insurance/No fault; "E" Workers Compensation; "H" Black Lung; "L" Liability the plan will always make conditional primary payment unless the plan is aware that the enrollee has Worker's Compensation/Black Lung/No-Fault/Liability coverage and has previously established that a certain drug is being used exclusively to treat a related injury. For example, when a beneficiary refills a prescription previously paid for by Worker's Compensation, the Part D plan may deny primary payment and default to MSP.

In all other instances involving Worker's Compensation/Black Lung/No-Fault/Liability coverage, the Part D Plan is required to make conditional primary payment and then recover any mistaken payments where it should have only paid secondary to Worker's Compensation/Black Lung/No-Fault/Liability coverage. For example, if a plan does not know whether a given drug for which it is billed is related to the covered injury, the plan must pay for the drug (if it is covered) and later retrieve any amounts that the other insurance was supposed to cover.