

DEPARTMENT OF HEALTH & HUMAN SERVICES
Centers for Medicare & Medicaid Services
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CENTER FOR DRUG AND HEALTH PLAN CHOICE

DATE: July 24, 2009

TO: All Medicare Advantage Organizations

FROM: Thomas Hutchinson, Director, Medicare Plan Payment Group

SUBJECT: Update on Medicare Secondary Payer Data and Process

Earlier this year CMS provided Medicare Advantage organizations (MAOs) with two separate files containing Medicare Secondary Payer (MSP) data for enrolled beneficiaries to assist organizations with 2010 bid preparation. We would like to thank the MAOs for the helpful feedback and information provided regarding this MSP data. This memo provides you with important updates regarding the MSP data, the process for MA organizations to update this information, and the implementation of the beneficiary-level MSP payment adjustment.

CMS is currently analyzing the existing MSP information for these enrolled beneficiaries and updating the MSP periods where appropriate. Our initial review suggests that the outcome of this activity may substantially reduce the number of currently open MSP periods. We expect to complete the process of internally updating the MSP periods in the next two months. Following the completion of this activity, CMS will send MA organizations an updated file including only those remaining open MSP periods. Additionally, this new file will include all the data elements necessary for MAOs to successfully interact with the Coordination of Benefits Contractor (COBC) via the Electronic Correspondence Referral System (ECRS), to request that MSP periods be updated where appropriate and following full development by the MA organization. CMS will provide additional instructions and a detailed file lay-out toward the end of August, 2009, with the updated data files following shortly thereafter.

Finally, CMS recognizes the importance of having correct MSP records. To ensure sufficient time is available for MAOs, beneficiaries, CMS and its contractors to validate the remaining MSP periods and complete development of periods that may need to be updated or closed, CMS intends to delay implementation of the beneficiary-level MSP payment adjustment until the July 2010 payment. At that time, the MSP adjustment will be applied retroactively to January 2010.

MAOs that have already begun to develop MSP periods, and survey membership based on the files previously provided by CMS, should consider postponing that activity until the new files with the updated MSP periods are provided in the coming months.