



# White Paper

## What Every Self-Insured Hospital and Liability Insurance Company Needs to Know before January 2012!

### *Medicare Medicaid SCHIP Extension Act (MMSEA) Section 111 Reporting Requirements*

*This White Paper outlines the MMSEA reporting requirements for self-insured hospitals and liability reporters and Clarity Group, Inc.'s MMSEA compliance solutions and strategies to make reporting for claims administrators easy and streamlined.*

#### **Whose Fault is it Really?**

A mother of two children was rushing to finish her weekly grocery shopping at Grocer-A late one afternoon. With only 20 minutes to spare before picking up her children from soccer practice, she found herself running through the aisles of Grocer-A grabbing as many lunchbox essentials as possible. Upon reaching the final grocery aisle, the mother slipped and fell on recently spilled apple juice and landed straight on her hip. An ambulance was called and the mother was rushed to the closest emergency room where she was treated for a fractured hip. When the mother's insurance company, Insurer-B, received her medical bill claims, it saw the grocery store incident, and claimed that Grocer-A was liable for the financial treatment related to the mother's fractured hip. Grocer-A in this case was the primary payer and made a liability payment to cover the medical fees associated with the mother's fractured hip.

Now, let's put this same scenario in the context for liability reporters and self-insured hospitals as it relates to the requirements under MMSEA Section 111. If the mother of two was a Medicare beneficiary and slipped and fell at Hospital C, the liability for the treatment of the fractured hip is Hospital C's and therefore Hospital C, if self-insured, or its liability insurance company, is the primary payer of the mother's medical expenses. These unfortunate, but frequent accidents in hospitals may prompt the hospital, if self-insured, or its liability insurance company to provide a good-will gesture (gift card), write-off the bill or in some instances, it may require the hospital or its liability insurance company to

pay a liability settlement payment due to the threat of litigation by the Medicare beneficiary's mother. In the event that a self-insured hospital or liability insurance company provides a monetary good-will gesture or a liability payment to the Medicare beneficiary's mother, this information will need to be reported to CMS under Section 111.

As a risk manager or a hospital administrator, when these unfortunate events happen in a hospital, the **last** question on a staff member's mind is, "Does this require Section 111 reporting?"

### **In Short, CMS Wants to Know, "How Much?"**

In order for the Center for Medicaid and Medicare Services (CMS) to become aware of claims in which Medicare is secondary payer to liability events, as indicated in the aforementioned scenario, the US Congress enacted MMSEA Section 111 in 2007. Under this legislation, liability insurance companies, such as medical malpractice insurance or self-insured hospitals, are required to register with the CMS Coordination of Benefits Contractor (COBC) and become a Registered Reporting Entity (RRE) as a means to provide (electronically) information related to liability payments made on behalf of Medicare beneficiary to CMS. The COBC's role is to support CMS in their recovery efforts to essentially identify: 1) how much this RRE paid on behalf of a beneficiary in the form of a settlement, judgment, award or other payment **AND** 2) if CMS has the right to recover any money in relation to the treatment that Medicare was not liable for and therefore considered a secondary payer to the patient's medical claims.

### **What if I Write-Off a Portion of a Medicare Beneficiary's Medical Bill...Do I Report that too?**

Many times, hospitals, administrators or providers will provide something of value to a patient as a good-will gesture or will reduce (i.e., "write-off") portions of a Medicare beneficiary patient's treatment bill as a risk management tool as a way to, in some instances, admit liability or reduce the chances of future litigation and liability. On May 26, 2010, CMS released an alert under Section 111 stating that payments related to risk

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management write-offs performed by self-insured hospitals or liability insurers may constitute a liability payment, and therefore may be reportable under Section 111. The alert outlined that CMS may be informed of write-offs in one of two ways: 1) the liability reporter (i.e., self-insured hospital) submits a claim to Medicare reflecting the unreduced charges and indicates the reduced or written-off amount **OR** 2) the RRE reports the reduction, write-off or item of value to the COBC through Section 111<sup>1</sup>.

Below are two tables that provide an overview of the requirements for reporting liability payment scenarios and the amounts required to be reported by liability RREs under Section 111:

**Table 1: Liability Payments and Write-Offs**

Write-Offs or Other Payment Scenarios	Section 111 Reporting NOT Required, But Must Submit a Claim	Section 111 Reporting Required
A medical provider (e.g., a hospital), physician or other medical supplier reduces the charges for medical services or takes some other type of write-off, and the amount of this write-off is clearly documented through the billing process. This does <b>not</b> need to be reported through Section 111.	<b>X</b>	
Someone (hospital, provider, administrator, etc.) offers something of value to an individual and there is a reasonable expectation that the individual has sought or may seek medical care, such payment is subject to Section 111 reporting as a liability payment and the related reporting thresholds apply.		<b>X</b>

<sup>1</sup> <https://www.cms.gov/MandatoryInsRep/Downloads/NGHPUserGuideV3.2.pdf>

**Table 2: Liability Payment Thresholds<sup>2</sup>**

<b>TPOC Amount</b>	<b>TPOC Date On or After</b>	<b>Section 111 Reporting Required Beginning</b>
TPOCs over \$100,000	1-Oct-2011	1-Jan-2012
TPOCs over \$50,000	1-Apr-2012	1-Jul-2012
TPOCs over \$25,000	1-Jul-2012	1-Oct-2012
All TPOCs over \$5,000	1-Oct-2012	1-Jan-2013

\*TPOC: Total Payment Obligation to Claimant (Liability Payment – settlement, judgment, award or other payment made on behalf of a Medicare beneficiary)

### **CMS Section 111 Reporting...Ready, Set...**

Wait, not so fast! CMS has pushed the reporting timeline back for RREs to report liability payments made on behalf of a Medicare beneficiary, not once, not twice, but three times since 2009 when the Section 111 reporting registration process was initiated. Since 2009, CMS has released several alerts indicating changes in reporting timelines, liability payment amounts and the methods for physically transmitting payment information to the COBC. Liability reporters are currently required to report all liability payments made after October 1, 2011 beginning in January 1, 2012.

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### **Clarity Group, Inc. is Ready to Go! MMSEA Reporting Compliance Services and Solutions**

The fines for a RRE's failure to report liability payments are high. There is a fine of \$1,000 for every day a payment is not reported to the COBC by the RRE. As a way to assist self-insured hospitals and liability insurance companies, such as a captive, Risk Retention Groups or commercial medical malpractice insurers in the Section 111 reporting requirements, Clarity Group, Inc. provides education to RREs and a reporting solution to make compliance easy and streamlined.

<sup>2</sup> <https://www.cms.gov/MandatoryInsRep/Downloads/RevNGHPTimelineTPOC.pdf>

## **MMSEA Reporting Solution: The Healthcare *SafetyZone*® Portal Claim Management Module**

Clarity Group, Inc.'s Healthcare *SafetyZone*® Portal Claim Management Module allows liability claims administrators from insurance companies and hospitals managing self-insured retentions to electronically manage liability and other types of claims. The Claim Management Module incorporates all of the required MMSEA section 111 data requirements. Upon entry of payment by the Claim Management Module user administrator, the beneficiary information, payment information and all the required MMSEA data is swept and reported through an interface to the COBC. Timely, Seamless, Easy!

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### **Key Features of the Claim Management Module and Clarity Group, Inc. MMSEA Reporting Solution**

- Provides an electronic interface between the Claim Management Module and the COBC to easily transfer claims data – you only enter data ONCE in the course of managing your claim ... this data passes through the interface to the COBC
- Relieves the burden of MMSEA data entry by auto populating the required data fields
- Creates a system to check for beneficiary status prior to reporting
- Assists registered reporting entities with the COBC online registration process
- Assists clients with the COBC data testing requirements

Contact us: Do you have questions on MMSEA reporting compliance? Are you interested in more information on the Healthcare *SafetyZone*® Portal Claim Management Module? Please contact Clarity Group, Inc. by email [info@claritygrp.com](mailto:info@claritygrp.com) or by calling 773-864-8280