

August 16, 2012

2012 | 9

## Medicare compliance update

All three branches of Medicare compliance—Medicare set-asides (MSA), liens, and reporting—have recently experienced some significant changes that warrant careful review. The Sedgwick Medicare compliance team has prepared this update for our valued clients and friends.

### **Medicare set-asides (MSA)**

As of July 1, 2012, Provider Resources, Inc. (PRI) is responsible for reviewing and approving MSAs on behalf of The Centers for Medicare & Medicaid Services (CMS). PRI took over for the prior subcontractor after a year-long dispute over the federal government's procurement process.

The potential impact of this change includes:

- **Delays** – Currently the industry is experiencing 7-9 month turnaround times on MSA approvals. PRI has promised to improve on this, but their ability to deliver on this promise remains to be seen, especially since they just inherited several thousand backlogged claims from the prior subcontractor.
- **Inconsistency in MSA pricing** – Neither CMS nor the subcontractors have ever provided details on how they would like to see MSA priced. The Sedgwick Medicare compliance team has learned about the practices and policies by simply reviewing the MSA responses we receive. It is likely that the new subcontractor's practices and policies will differ from those of its predecessor. Over the next 4-6 months Sedgwick will be working to glean from PRI's responses exactly how different the new practices and policies are. In the meantime, we are anticipating possible inconsistencies in their responses and the unexpected addition/removal of items from MSAs.

We are hopeful that PRI recognizes that not every drug needs to be priced for life. If that happens, we *could* see the approval of some lower MSAs in the future. We will be carefully monitoring how PRI calculates each item in the MSA.

### **Medicare liens**

The Medicare Secondary Payer Recovery Contractor (MSPRC), the entity that calculates Medicare liens for CMS, recently rolled out a [new website](#), which has been marketed for use by attorneys, Medicare beneficiaries, and insurers. It also allows for an entity like Sedgwick to create a corporate account and assign users to that account.

Our Medicare compliance team reached out to the MSPRC to determine how Sedgwick should best register for and utilize this tool, given that we may have as many as 5,000 workers' compensation and liability colleagues. We have learned that the MSPRC only

permits 20 users per corporate account. We are proactively working with the MSPRC on a possible solution that will allow us to have many more users than are currently permitted. The Sedgwick Medicare compliance team will continue to test the website to determine its reliability and effectiveness.

### **Medicare reporting (MMSEA)**

As of July 1, 2012, CMS has reduced the reporting thresholds for liability bodily injury (BI) settlements involving Medicare beneficiaries to \$25,000. CMS also released a [full schedule](#) for reducing the liability reporting thresholds over the next two years. On October 1, 2014, the reporting threshold drops to \$300. The decreasing threshold means that Sedgwick will be reporting more and more cases to CMS on behalf of our clients. In anticipation of the need to submit information to CMS on nearly all of the cases Sedgwick handles involving Medicare beneficiaries, our Medicare compliance team is working on updates to our JURIS® claims system that will make the reporting process easier for our examiners, promoting accuracy and efficiency.

As always, if you have questions regarding Medicare compliance issues, please email us at [medicarecompliance@sedgwickcms.com](mailto:medicarecompliance@sedgwickcms.com) or contact [Mike Merlino](#), Sedgwick's VP of Medicare compliance, at 678-628-1336.

\* \* \*

**Sedgwick Claims Management Services, Inc.** is the leading North American provider of innovative claims and productivity management solutions. Sedgwick and its affiliated companies deliver cost-effective claims, productivity, managed care, risk consulting, and other services to clients through the expertise of more than 10,000 colleagues in 195 offices located in the U.S. and Canada. The company specializes in workers' compensation; disability, FMLA and other employee absence; managed care; general, automobile and professional liability; warranty and credit card claims services; fraud and investigation; structured settlements and Medicare compliance solutions. For more see [www.sedgwick.com](http://www.sedgwick.com).

© 2012, Sedgwick Claims Management Services, Inc.

Sedgwick client bulletins are available via RSS feed. Visit <http://www.sedgwickcms.com/rss> to subscribe.

Sedgwick Claims Management Services, Inc. • 1100 Ridgeway Loop Road • Memphis, TN 38120 • 800-625-6588