COMPLIANCE OVERVIEW

Provided by JRG Advisors, LLC

Medicare Secondary Payer: IRS-SSA-CMS Data Match

The Omnibus Budget Reconciliation Act of 1989 requires the Internal Revenue Service (IRS), Social Security Administration (SSA), and Centers for Medicare & Medicaid Services (CMS) to share information about whether Medicare beneficiaries or their spouses are working. The process for sharing this information is called the **IRS-SSA-CMS Data Match (Data Match)**. The purpose of the Data Match is to identify situations where another payer, such as an employer-sponsored group health plan, has the responsibility for paying before Medicare.

Employers may receive letters from CMS asking if certain individuals worked during a specific time period, and if so, whether they had employer-sponsored group health plan coverage. These inquiries, which are part of the Data Match program, help Medicare identify claims on an ongoing basis for which Medicare should not be the primary payer.

Employers should respond within 30 days of CMS' inquiry, unless an extension has been requested and approved. Failing to respond may trigger penalties.

LINKS AND RESOURCES

- CMS' web page on the Data Match program
- Data Match Instructions to help employers complete the group health plan questionnaire.

HIGHLIGHTS

OVERVIEW

- The Data Match program requires that employers share certain information regarding health plan coverage with CMS.
- The information is used to determine whether Medicare or an employer-sponsored group health plan should have primary payer status.

REPORTING REQUIREMENTS

- Employers must complete a questionnaire, providing health coverage information about their Medicare-eligible employees and their spouses.
- Employers have 30 days to complete the questionnaire (unless an extension applies).
- Failure to complete the questionnaire may result in penalties.

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EMPLOYER REPORTING REQUIREMENTS

Employers must provide CMS with information regarding the health coverage of their Medicare-eligible workers and spouses of Medicare-eligible individuals whenever CMS identifies those individuals to the employer. This information allows CMS to determine whether Medicare or the group health plan should pay first on health care claims.

According to CMS, when employers provide this information it allows medical claims involving Medicare beneficiaries to be processed more quickly, which reduces administrative expenses and provides better service to Medicare beneficiaries.

Coordinating Benefits – How it Works: If an individual has Medicare and other health coverage (such as through an employer's group health plan) Medicare's coordination of benefits rules decide which entity should pay claims first.

The "primary payer" pays what it owes on health claims first, and then the claim is sent to the "secondary payer" to pay. Paying "primary" means that the bill is paid up to the limits of the payer's coverage. It doesn't mean that the primary payer is always the first one in time to pay its share of the costs.

Generally, CMS' questionnaire asks if each named individual worked during a specific time period, and if so, whether he or she had employer-sponsored group health plan coverage. Employers must respond within **30 days** of the initial inquiry, unless an extension has been requested and approved.

Employers' Data Match questionnaire responses are submitted through the IRS/SSA/CMS Data Match website. There are two submission options available: Direct Entry and Electronic Media Questionnaire (EMQ).

- ✓ The **Direct Entry method** is an internet-based option that allows an employer to complete all of its Data Match questionnaires directly online, without the need to download or upload files. Employers that need to report on fewer than 50 workers should use the Direct Entry method.

- ✓ The **EMQ method** is available to employers that need to report on 50 or more workers. Employers choosing this method will download a file of the workers via the IRS/SSA/CMS Data Match website, and upon completion of the questionnaire response file, return to the Data Match website and upload the data.

More information on the reporting process is available in CMS' Instructions for completing the Data Match report.

PENALTIES FOR NOT COMPLETING A QUESTIONNAIRE

Employers that willfully or repeatedly fail to report, or who provide inaccurate or incomplete information, may be assessed a civil monetary penalty of up to **$1,000** for each individual for whom an inquiry concerning health care coverage was made.

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In addition, CMS may investigate the employer's group health plan, and if noncompliance is found, make a referral to the IRS for imposition of an **excise tax** on the employer.

REQUESTING AN EXTENSION

Employers that need more than 30 days to complete the questionnaire can request an extension of an extra 30 days by calling CMS at 1-800-999-1118 or (TTY/TDD): 1-800-318-8782.

Requests for extensions beyond 60 days (the original 30 days and one 30-day extension) generally are not granted to employers reporting on fewer than 150 workers. Extensions will be reviewed on a case-by-case basis. Requests for extensions beyond the 60-day period must be requested over the phone and also submitted in writing.

EMPLOYER VOLUNTARY DATA SHARING AGREEMENTS (VDSA)

As an alternative to the Data Match program, employers may enter into an Employer Voluntary Data Sharing Agreement (VDSA) with CMS to exchange group health plan and Medicare entitlement data. A VDSA is an agreement between CMS and an employer to electronically exchange Medicare and group health plan eligibility information. The employer agrees to share group health plan coverage data on employees and their spouses. In exchange, CMS agrees to provide the employer with Medicare eligibility information for identified Medicare individuals. This enables claims to be paid in the correct payer order. For more information on the VDSA program, see CMS' web page on VSDAs.

Source: Centers for Medicare & Medicaid Services

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