



DO MSP REPORTING RULES APPLY TO YOU?

What is Medicare Secondary Payer (MSP)?

The Medicare Secondary Payer (MSP) rules specify when a group health plan must pay primary and when it may pay secondary, if an individual is covered under both a “group health plan” and Medicare. The Centers for Medicare and Medicaid Services (CMS) have indicated that, for purposes of the MSP rules, Health Reimbursement Arrangements (HRAs) are “group health plans” subject to the MSP Rules. At the end of 2007, Congress enacted Section III of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA), which added new mandatory reporting requirements for HRAs beginning in 2011.

Why is MSP reporting required?

The Centers for Medicare and Medicaid Services (CMS) issued guidance on data-reporting obligations for third party administrators of Health Reimbursement Arrangements (HRAs) under the Medicare Secondary Payer (MSP) rules. The MSP rules specify when a group health plan must pay primary and when it may pay secondary, if an individual is covered under both a group health plan and Medicare. CMS has indicated that HRAs are group health plans subject to the MSP rules.

What are the thresholds for MSP reporting requirements?

Effective October 3, 2011, only HRA coverage that reflects an annual benefit level of \$5,000 or more is required to be included in Health Reimbursement Arrangement (HRA) MSP reporting. This is a change from the prior \$1,000 benefit level.

Funding deposit amounts rolled over from the previous year’s coverage must be included when calculating the current year’s annual benefit amount.

The \$5,000 Annual Benefit Reporting Threshold applies to all new or renewing HRA coverage that became effective on or after October 3, 2011. Existing coverage will continue to be reported at the present threshold until the employer’s HRA benefit period is renewed.

What steps do employers need to take for MSP reporting?

Employers will need to ensure the dependent information seen within the employer online account is accurate for their employees. As long as there are no changes needed, there are no actions necessary for your HRA MSP reporting.

The easiest way to make sure the necessary data is collected is to gather dependent information during the new hire or open enrollment process. Once the dependent demographic information is collected employers can:

- Key it directly into the employer online account.
- Import the information by using the Dependent File template located in the employer online account.
- Have their employees enter the information directly into their online account.

When the dependent information is entered, the steps are complete and the file will be automatically generated.

MSP Reporting FAQ — Employers, continued

Does the reporting requirement apply to all HRAs?

There are a few exemptions to MSP reporting requirements:

- Limited HRAs (limited to vision, dental and preventive care only).
- HRAs where the benefit available to the participant is less than \$5,000. The threshold looks at the balance available to the participant, including rollover amounts.
- Those electing the HRA under COBRA.
- Retiree HRAs.

Who is included in MSP reporting?

Any employee who has a balance of \$5,000 or more is required to be included in the reporting. Employees participating in the HRA, their spouse and the dependents of the employee whose expenses are eligible for reimbursement from the HRA are to be reported. Employees who have exceeded the \$5,000 balance are required to be reported until their funds are completely exhausted and they have no additional funds available, at which point a termination record may be reported to discontinue the reporting requirement.

What information does Mercer Marketplace need to receive from the employer?

Mercer Marketplace will provide employers with options for providing the dependent data. The employer will need to provide the spouses and/or dependents of their HRA participants by using one of those options. Mercer Marketplace will send this information to CMS as a query file and CMS will then report back the names and Health Insurance Claim Number (HICN) of individuals on Medicare. Only those on Medicare are reported to CMS when sending the final input file. If an employer has previously imported a file, they should import any changes from the previous quarter.

Can the HRA participants add their own spouse/dependent information to their online accounts?

Yes, HRA participants can add their own spouse and/or dependent information to their online accounts. Mercer Marketplace will send this information to CMS as a query file and CMS will then report back the names and HICN of individuals on Medicare. Only those on Medicare are reported to CMS when sending the final input file.