How Medicare Secondary Payer and the Data Match Project affect your workforce

What is Medicare Secondary Payer?

- Medicare Secondary Payer (MSP) is the term used when another payer (for example, a group health plan or workers' compensation coverage) must pay for services provided to a Medicare beneficiary before Medicare pays.

- When Medicare is the secondary payer, it only pays after the member's primary payment source has been exhausted or if a primary payment source doesn't exist.

- The private insurance industry uses the term "coordination of benefits" when assigning responsibility for first and second payers.

Common scenarios

Here are some common scenarios in which Medicare is considered the secondary payer:

- A member is 65 or older with coverage through a group health plan based on their own or their spouse's active employment, and the employer has 20 or more employees.

- A member is disabled with coverage through a large group health plan based on their own or a family member's active employment, and the employer has 100 or more employees.

- A member has end-stage renal disease with coverage through a group health plan and is in the first 30 months of eligibility for Medicare.

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What is the Data Match Project?

- The Internal Revenue Service (IRS), Social Security Administration (SSA), and Centers for Medicare & Medicaid Services (CMS) are required to share information with each other about the employment status of Medicare beneficiaries and their spouses.

- This process, called the IRS/SSA/CMS Data Match, helps CMS identify the primary and secondary payers for medical services provided to a Medicare beneficiary.

As an employer, you'll be notified by CMS whenever an employee and/or eligible spouse is identified as potentially Medicare eligible with Medicare being the secondary payer. You must complete a Data Match questionnaire within 30 days of receipt of the initial inquiry. Generally, the questionnaire asks about the employment and health coverage status of each employee or spouse listed in the report.

Information you must provide Kaiser Permanente

CMS has mandatory reporting requirements for group health plans such as Kaiser Permanente. Therefore, Kaiser Permanente sends yearly communication requests to employers with Medicare retiree group coverage to get the following information for CMS:

- subscriber, spouse, and dependent Social Security numbers

- Health Insurance Claim Numbers (HICNs)

- Group Taxpayer Identification Numbers (TINs)/Employer Identification Numbers (EINs)

- employer group size (defined as the total number of full-time or part-time employees, not the number of participants in a policy or group plan option)

This will allow Kaiser Permanente to assist you in meeting your legal obligations listed below.

Your legal requirements

As an employer, you must:

- make sure your plans identify individuals affected by the MSP requirements

- make sure your plans distribute the correct primary payments when, by law, Medicare is the secondary payer

- make sure your plans don't discriminate against employees and employees' spouses 65 or older, people who suffer from permanent kidney failure, or disabled Medicare beneficiaries for whom Medicare is the secondary payer

- complete and submit timely Data Match reports on identified employees