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New Mandatory Insurer Reporting Requirements for CMS

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HSI’s Settlement Services Division

Health Systems International, LLC has been a leader in the Medicare Set-Aside, Medical Cost Projection and Life Care Planning market since 2005. To adapt to the new regulations and requirements set forth by the Centers for Medicare and Medicaid Services (“CMS”), Health Systems International has formed the Settlement Services Division. This division will provide the same great product you have come to expect. It will also service all product lines required to help you settle and manage your files accurately and completely. These services include:

- Medicare Set-Aside Solutions
- Medical Cost Projections
- Life Care Planning
- CMS Submission Services
- Professional Lien Negotiations
- Mandatory Insurer Reporting Services



As part of our ongoing effort to provide the best education and resources available, HSI will be sending periodic newsletters to our clients and prospects regarding the Settlement Services Division and new legislation posted by CMS. This newsletter will focus on the new mandatory insurer reporting requirements effective for Non-Group Health Plans on July 1, 2009.

As many of you know, on August 1, 2008, the Centers for Medicare and Medicaid Services (“CMS”) released a statement clarifying the Mandatory Insurer Reporting Requirements of Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007 (“MMSEA”). Section 111 amended the Medicare Secondary Payer Statute (“MSP”) to mandate data reporting by Group Health Plans (“GHP”) and Non-Group Health Plans (“NGHP”). NGHP plans include workers’ compensation, liability insurance (including self-insurance), and no-fault insurance (including auto insurance). The Mandatory Insurer Reporting Requirements carry significant penalties for non-compliance, specifically a civil penalty of \$1,000.00 per day per claim if applicable claimants are not reported in a “timely” (this has not been defined by CMS) manner. To comply with all of the requirements put forth by the

MSP, Health Systems International has been conferencing in for monthly “Town Hall” meetings with CMS, speaking with personnel from each CMS Regional Office, and preparing for the online reporting course for NGHP plans. The following information is being provided to further educate our clients and potential clients on the new rules and regulations.

Reporting will be required on claims where:

- The claimant is a Medicare Beneficiary;
- Responsibility for medicals occurred on or after July 1, 2009 or ongoing responsibility for medicals was assumed prior to July 1, 2009, and continued at least through July 1, 2009; and
- Claims where there is an Ongoing Responsibility for Medicals (“ORM”). ORM does not refer to “ongoing reporting” but rather the Responsible Reporting Entity’s (defined below) responsibility to pay on an ongoing basis for the injured party’s medicals associated with the claim.

The same claims information will not need to be reported each quarter. Rather, claims will only be reported in the quarter during which the injury or accident occurred, if there are changes to ICD-9 codes or reported information before the claim is closed, and when ORM is terminated due to a settlement, judgment or other award. These claims must be reported regardless of whether there is an admission or determination of liability.

Health Systems International is committed to protecting the interest of our clients. As such, we are currently building the EDI necessary to exchange data with the Centers for Medicare and Medicaid Services (“CMS”). The “NGHP User Guide” was released on March 16, 2009, and our dedicated IT staff will have all necessary components in place to report data for those clients who elect to utilize HSI for SCHIP reporting before the mandatory testing date. A timeline of events for NGHP reporting, including registration, testing and “live data” exchange is included below. Each step is described in detail directly after this timeline:

- 03/16/09 – 06/30/09 EDI Requirements Released by CMS and Systems Development Begins
- 05/01/09 – 06/30/09 Electronic Registration via the COBSW for all NGHP Plans
- 07/01/09 – 12/31/09 EDI Testing for all NGHP Plans
- 10/01/09 – 12/31/09 Most NGHP Plans will Begin “Live Data” Exchange
- 01/01/10 – 03/31/10 All Responsible Reporting Entities (RREs) Must be Submitting Data

EDI Systems Development

At Health Systems International, our IT Staff will have the necessary EDI in place to begin testing immediately after the actual testing period begins. Currently, we have an EDI in place with many of our clients. This will allow us to submit the majority of the data needed, but CMS is requiring additional fields that are not normally reported for Pharmacy Management or Medical Bill Review, such as Settlement or Judgment Ruling and date of award (if applicable), Section 111 Reporter ID (assigned during registration), Product Liability Indicator (whether the injury was allegedly caused by or contributed to by a particular product), and others. Because of this, EDIs currently in place will need to be reviewed to include the new necessary data fields. Clients that do not currently have an EDI in place and would like for Health Systems International to handle their reporting will have two options regarding this requirement. The client may work with our IT staff to build or modify the necessary EDI, or a manual process will be arranged.

Electronic Registration via the COBSW for all NGHP Plans

On May 1, 2009, registration will begin for all Responsible Reporting Entities (“RREs”). RREs are insurance carriers, self-insured entities, employers, or self-insurance pools. Each RRE must register on the specified CMS website (still under construction) and agree to submission of data, or name an Agent (such as Health Systems

International) that will act on behalf of the RRE to submit appropriate data to CMS. Agents are not allowed to register. The registration process requires RREs to provide notification to the Coordination of Benefits Contractor (“COBC”) of their intent to report data to comply with Section 111 of the MMSEA. Registration must be completed before testing between the RRE (or its agent) and the COBC can begin. Through the registration process, the COBC will obtain information needed to:

- Validate information provided by the RRE registrant;
- Assign a Section 111 ID to each RRE;
- Develop a Section 111 reporting profile for each entity including estimates of the volume and type of data to be exchanged for planning purposes;
- Assign a production live date and ongoing file submission timeframe to each entity;
- Establish the necessary file transfer mechanisms;
- Assign a COBC EDI Representative to each entity to assist with ongoing communication and data exchange;
- Assign Login IDs to individual users associated with each RRE account; and
- Allow the RRE to name an Authorized Representative, Account Manager and other COBSW users. The Authorized Representative will be an employee or officer of the RRE. The Account Manager can be a member of the named Agent.

Upon registration, each RRE will be assigned a “production live date” and a seven (7) day window for quarterly file submission. The “production live date” is the first day of the quarterly submission timeframe and the initial Claim Input File must be received within that seven (7) day window.

EDI Testing Begins for NGHP Plans

RREs must pass a testing process for each file submission type prior to sending production files for Section 111. The testing process will ensure that the RRE has developed an adequate system internally to capture and report data to the COBC as well as process the corresponding “response files”. Response files are files returned by CMS after data is reported. These response files will act as a confirmation that all files submitted were received and all necessary information was transferred correctly. A series of test files will be submitted to the COBC in order to verify that the RRE (or agent) can transmit files successfully in the correct format, accept and process response files, and properly submit, add, update, and delete records. If the RRE is using an agent for testing purposes, the agent must submit and pass the testing process on behalf of the RRE. Testing must be completed for each RRE ID registered.

RREs will submit test files in the same manner as they choose to submit live production files (through HTTPS, SFTP, or Connect:Direct). All RREs will be able to monitor the status of the testing process, no matter what method is chosen. The results will trigger the transition of an RRE from a testing status to a production status. The COBC will maintain a test environment that contains a mirror image of the COB Beneficiary Master Database containing all beneficiary information the COBC has in production and programs that will mimic the way files would be processed for production, with the exception of actually updating other Medicare systems and databases.

“Live Data” Exchange

The exchange process will be a two-step process. CMS is offering a Query File system to help RREs and their agents determine Medicare Beneficiary status. Although this step is optional, Health Systems International will be participating to ensure that only necessary data is reported to CMS. This process will also be available for testing and Health Systems International will take part in this as well to ensure that our EDI setup is ready to submit live data. During this step, the social security number (or Medicare Health Insurance Claim Number), first initial of the first name, first six characters of the last name, date of birth (DOB), and gender of each claimant will be transmitted to CMS. CMS will then return a Query Response File with a determination as to whether the queried

injured claimant can be identified as a Medicare Beneficiary based upon the information submitted. Only Medicare Beneficiaries will be reported to CMS. Each RRE (or its named agent) will be allowed to query Medicare status up to once per month. The actual exchange of data will occur once per quarter.

For additional information regarding the new Mandatory Insurer Reporting Requirements, please visit us on the web at www.us-hsi.com. The NGHP User Guide can be downloaded directly from our website. It is also available at www.cms.hhs.gov/MandatoryInsRep. If you have questions or would like to discuss creating an EDI to enable Health Systems International to act as your agent, or if you would like additional information regarding the Settlement Services Division, please call (800) 683-1254 and ask to speak with one of our Settlement Specialists. You may also email us at mpayne@us-hsi.com.



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HSI is a leading provider of outsourced medical cost management solutions to healthcare payors and provider networks throughout the world. Through our technology, partnerships and skilled staff, we offer access to the markets broadest selection of medical discount solutions designed to ease administrative burden and achieve the lowest possible cost of medical care.

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