

The Storm is Here: Medicare's New Commercial Repayment Center Program

Are You Prepared to Weather Medicare's Changing Tides?

The CRC program is like a serious storm that's bearing down on P&C insurers everywhere, but it doesn't have to completely swamp your ship. Like any smart sailor, you can be prepared for bad weather and learn how to survive.

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Few experiences are as peaceful and invigorating as spending a night at sea.

Of course, during a heavy storm, the experience changes dramatically.

For the last eight years, there's been a calm on the sea of Medicare Compliance. Property and Casualty insurance companies – among others – have been relaxing in a gently rolling sea under blue skies.

But a storm is coming.

Some P&C insurers have been watching the forecast, but many have not.

And when this storm hits, it's going to be problematic– if not disastrous – for a lot of companies that are cruising along just fine today.

Are you prepared to weather this storm?

The Calm Before the Storm

"Anyone can hold the helm when the sea is calm." – Publilius Syrus

In 2007, the Medicare Medicaid SCHIP Extension Act (MMSEA), also known as Section 111, gave the Centers for Medicare and Medicaid Services (CMS) a way to enforce Medicare Secondary Payer (MSP) recovery laws that had been on the books some 27 years.

Under MMSEA, all Responsible Reporting Entities (RREs), including P&C insurers, are required to report to Medicare any and all liability and no-fault claim settlements involving Medicare beneficiaries. The act specifies how and when this reporting must be done, and for the most part, RREs have set up systems to report faithfully. However, the obligation does not end with Section 111.

MMSEA also reiterates that Medicare must be reimbursed for any conditional payments they made on behalf of beneficiaries for medical bills connected to the liability, no-fault, or workers comp settlement.

Although RREs have faithfully reported claims via Section 111 for years, many have not been following up on their obligation to reimburse Medicare. And, to be fair, CMS has made very few attempts to enforce compliance or levy noncompliance penalties.

We might say the sea has been calm for quite some time, but the storm is coming in the form of the Commercial Repayment Center (CRC). (Previously referred to as the Recovery Audit Contractors, or RAC, the CRC involves the same contractor and process currently in use for group health audits.)

The CRC Has Change the Tides

"He who lets the sea lull him into a sense of security is in very grave danger." — Hammond Ines

Medicare announced the launch of the CRC on August 25, 2015.

The CRC allows Medicare to effectively track down and demand every penny owed on every claim with ORM reported in Section 111. Every workers' comp or no-fault claim reported without corresponding recovery on record will result in a Conditional Payment Notice being mailed out to the carrier.

In other words, Medicare can **send a bill for every single claim where they should be the secondary payer.**

Like a sudden storm bearing down on P&C insurance carriers who have been placidly reporting their claims but handling recovery inconsistently – if at all – the CRC will stir up the wind and the waves, making for a very rough ride.

How many claims will their audits uncover and send to your company? 10? 100? 1,000?

How much money will they say you owe to Medicare? \$100,000? \$500,000? More?

Is your company prepared to review, dispute and process Conditional Payment Notices?

Are you starting to get seasick?

Terms You Need To Know

RRE: Responsible Reporting Entity – any organization that falls under MMSEA reporting and recovery requirements when working with Medicare beneficiaries.

BCRC: Benefits Coordination and Recovery Center – the department that has been handling NGHP recovery efforts prior to the CRC. They will continue to handle liability claims with TPOC.

CRC: Commercial Repayment Center – third party contractor tasked with reviewing all claims with ORM reported by each RRE and requesting payment if Medicare has paid any bills related to the claim.

CPN: Conditional Payment Notice – notice sent by the CRC with a Statement of Reimbursement outlining bills that Medicare has paid and believes are related to the claim. RRE's will have 30 days from the date of the letter to dispute the charges. After 30 days, if no dispute has been submitted, the CPN will automatically convert to a Final Demand.

DRA: Designated Recovery Agent – a third party named by a P&C insurance carrier to represent them in handling the claims and CPNs generated by the CRC. Flagship Services Group is a leading DRA.

The Storm Has Arrived

August 25, 2015: Medicare introduces the Commercial Repayment Center (CRC) and outlines their process for seeking recovery against RREs that report ORM.

October 5, 2015: The transition of the NGHP recovery process to the CRC will be complete.

Late October: The CRC starts issuing CPNs on open ORM files reported via Section 111,

* These dates are estimates based on time frames provided by Medicare. Actual schedule may vary.

What do we already know?

"A ship in harbor is safe, but that is not what ships are built for." — J. A. Shedd.

You're in the business of calculating risk. It's what you do every day, and it's how you feed your bottom line. Looking at it that way, this coming storm is just another risk that needs to be assessed and properly managed. Panic is the worst thing you can do in an emergency.

So, let's take a step back and talk about what we know right now about the CRC program and what you can expect to happen.

What will the CRC actually do?

The CRC will review claims reported via Section 111 to determine if conditional payments were made by Medicare that need to be recovered. Unlike their counterparts in the BCRC, they will not wait for the settlement to be finalized before pursuing reimbursement. And, if ongoing medical payments are required, they have authority to pursue further reimbursement whenever necessary.

Based on its audits of reported claims, the CRC will issue a Conditional Payment Notice outlining the charges they have paid that need to be reimbursed. If the RRE feels the charges are unrelated, they have 30 days to dispute the charges. After 30 days, a Final Demand will automatically be generated and interest will start accruing.

Which claims are affected?

The CRC will review every claim with ORM reported under Section 111. This includes:

- MedPay
- PIP
- Workers' Compensation

Currently, it does not include TPOCs.

When does Medicare expect payment?

If you are disputing charges on a CPN, they are due within 30 days of the date of the notice. If you do not respond within that timeframe, Medicare will send a Final Demand and interest will accrue. The Final Demand is due within 60 days. If it is not paid within 120 days, Medicare will automatically refer the debt to the Department of Treasury for forced collections.

Is there any way to appeal these demands?

There is an appeals process in place, however interest still accrues on unpaid debt and you should not consider this a safe harbor

So, even though the CRC is like a serious storm that's bearing down on P&C insurers everywhere right now, it doesn't have to completely swamp your ship. Like any smart sailor, you can be prepared for bad weather.

And, you can send up flares and get rescued.

What do you need to do right now?

"The pessimist complains about the wind; the optimist expects it to change; the realist adjusts the sails." — William Arthur Ward

If you were stranded at sea on a leaking vessel in the midst of a terrible storm, when you saw the lights of a tall and sturdy ship heading your way, imagine the relief you would feel.

Rescue, at last!

As the CRC builds up speed, Flagship Services Group is prepared to sail to the rescue.

Contact us immediately to chart a course. We will help you develop a customized strategy for navigating this new process.

Here's what you can do *right now*:

- 1.** Be Proactive. Don't wait for Conditional Payment Notices from the CRC. Utilize Flagship's proprietary LumenX claims system to ensure that every Medicare-related claim is properly identified, reported, and reviewed for recovery.
- 2.** Allow Flagship's compliance experts to review every Medicare claim to make sure you're reporting and reimbursing Medicare for everything they are rightfully owed, but not a penny more.
- 3.** Name Flagship as your Designated Recovery Agent and forward all CRC correspondence to us for timely analysis

By taking these three, simple steps, we can help you weather the storm safely and securely. As the leaders in Medicare Compliance, Flagship Service Group is proud to guarantee **100% compliance** while saving our clients millions of dollars in unrelated charges, all while removing cumbersome and time-consuming Medicare claims from their examiners' desks.

Get Started Today

Don't hesitate! This new process moves faster than you're accustomed to, and the CRC will be aggressively pursuing reimbursement. Repayment procedures will begin before you're done settling the claim, and depending on the situation, you may have to deal with both the BCRC and the CRC on the same claimant.

Don't try to weather this storm on your own.

Contact Flagship Services Group today!



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