

News Release

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Wyden, Portman Lead Effort to Make Medicare Secondary Payer Program More Efficient, Save Taxpayer Dollars

Bill Makes Common Sense Reforms to Medicare's Reimbursement Rules to make it easier for the program to collect from Third Party Payers

WASHINGTON, D.C. – U.S. Senators Ron Wyden (D-Ore.) and Rob Portman (R-Ohio) are leading a bipartisan effort that includes U.S. Senators Ben Nelson (D- Neb.) and Richard Burr (R-N.C.) to make the Medicare Secondary Payer (MSP) Program more efficient and cost effective to taxpayers. The Strengthening Medicare and Repaying Taxpayers (SMART) Act will speed up the rate by which Medicare and its beneficiaries are reimbursed for costs that should be borne by another party.

"Streamlining third party payment fixes some of the bureaucratic requirements that often stand in the way of Medicare being reimbursed for services that they are not supposed to pay for," Wyden said. **"By making the process more efficient, Medicare will be repaid more quickly and more accurately than before and the repayment process will work the way it was designed to work. An easier repayment process is not just good for Medicare and taxpayers, but also for the beneficiary who should be able to settle their claim more quickly."**

"I am pleased to introduce the SMART Act because it will help strengthen and protect Medicare by ensuring greater reliability and efficiency of Medicare reimbursements," said Portman. **"With Washington's sky high debt and deficit, we need to do everything we can to ensure that entitlement programs such as Medicare are cost effective and working for the very people they were designed to help."**

"The current Medicare Secondary Payment Program is a bureaucratic mess that often leaves everyone involved in the settlement process – from Medicare beneficiaries to small businesses – unsatisfied," Sen. Nelson said. **"The SMART Act will help the program run more efficiently and reduce unneeded uncertainty for all the parties involved."**

“The lack of transparency and inefficiencies with the current Medicare Secondary Payer process illustrates how Washington’s red-tape and regulatory uncertainty can adversely impact seniors and businesses,” Burr said. “In order to get our economy back on track, we simply cannot afford to continue to waste taxpayer dollars by perpetuating the inefficiencies of the current Medicare Secondary Payer system. We can and must do a better job for the seniors and stakeholders depending upon this program to be as transparent and efficient as possible.”

Under the MSP program, if a Medicare beneficiary is injured by a third party and a settlement is pursued as a result of that injury, the third party is responsible for paying for the individual’s medical expenses. If Medicare, now the “secondary payer,” pays any of the costs associated with the injury, it is entitled to reimbursement.

Several problems exist with the reimbursement process under this scenario. Under current law, Medicare does not have a way to disclose the MSP amount before settlement, creating unnecessary uncertainty that makes it hard to settle cases. Second, there are times when Medicare spends more money pursuing an MSP payment than they actually end up receiving in payment. MSP reporting requirements also require beneficiaries to submit sensitive personal information to the settlement company, causing privacy concerns. Finally, there is no clear statute of limitations on all MSP claims.

The SMART Act will address these issues by creating a process that allows CMS to disclose the MSP amount before settlement so it can be factored into the settlement; requiring Medicare to no longer pursue MSP claims that do not cover their own expenses; directing Medicare to establish an alternative method of identifying individuals so that they don’t have to provide sensitive personal information; and setting a three-year statute of limitations for most claims.