



Computer Risk Management, Inc.

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TO OUR CUSTOMERS, PROSPECTS, and FRIENDS:

We are making our Claims Management and paying system, **Risk2009™**, meet the challenges posed by the recent exposures on “Medicare Set Asides” as requested by two of our clients. We are doing so, for the needs of all people who are required to report. Its importance cannot be overstressed. This most recently imposed requirement is probably just a warning bell for the single paying program some are proposing for a National Health System later this year. This is a work in process, and there are testing periods which may be utilized in order to get the reporting right.

Computer Risk Management will handle the project with its latest improved Claims Management System, **Risk2009™** “CMS reporting add-on module”. When our partnership with **ORACLE** is used, with its Business Intelligence, Enterprise Edition, overlying our program, a lot of safety nets can be in place. We are uniquely suited to aid in handling all the problems caused by reporting requirements. Dashboards can be timely alert and published to the executives within every organization properly charged with supervision to make sure deadlines are met, and to see that proper input of the claims, and their dates can be met. The penalties are too great for any mistake. This is certainly on a very short time fuse.

We are entering the required fields in our program to accomplish this. But I cannot stress too much that the cooperation of Human Relations, Claims, and a lot of other resources which must be input and in place from all, to avoid penalties. Every organization must study the website to make sure a full understanding exists: <http://www.cms.hhs.gov/MandatoryInsRep/>

New extended deadlines are to be in place starting September 30th, 2009. Failure to have the requirements put in place could result in huge costs for TPAs, Self Insurers, and Insurers. Failure to do close reading of the requirements, indeed, could pose a problem for anyone paying medical claims which might have been shifted to Medicare. Some of the dates of reporting requirements are:

Key Deadlines:

1. Responsible Reporting Entity (“RRE”) Registration and Account Setup: The Registration period for all RREs is from May 1st to Sept 30th 2009. They can register during this time frame by going to the Center for Medicare and Medicaid (“CMS”) website at: <https://www.section111.cms.hhs.gov/MRA/LoginWarning.action>. The details of the registration process can be found at this URL: <http://www.cms.hhs.gov/MandatoryInsRep/Downloads/RegistrationOverview.pdf>.



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RREs must designate an Authorized Representative from their own organization and it can not be their third party administrator (TPA) or reporting agent.

2. Data Collection and Query Submission from July 1st 'to Dec 31st 2009: RREs can start collecting the data and sending Query Claim files to CMS for testing purposes starting on July 1st '09 but must complete this process by Dec 31st '09.
3. Claim Data Submission and Certification from Jan 1st to March 31st 2010:
RREs need to start sending test Claims data to CMS from Jan 1st of 2010 until March 31st 2010 so that they can be upgraded from test to production stage by CMS before April 1st of 2010. Data files can be submitted to CMS using one of the three submission options which they chose during the initial registration process as follows:
 1. HTTPS(Using CMS secured website)
 2. SFTP (Using File Transfer Protocol)
 3. Connect: Direct (Use of a service provider such as AT & T for very large data transmission)

Once test file is submitted, CMS will send back a response file for each claim record with disposition codes, error codes etc. RREs must pass a testing process for each file submission type, prior to sending production files per Section 111 guidelines.

4. Production Submission for Claims Data from April 1st '2010 and onwards:
Starting April 1st of 2010, actual live production of Claims data submission to CMS is required on a Quarterly basis. Depending on which group you belong, the following are the schedules for Quarterly Submission dates.

Submission Timeframes:

Dates	1st Month	2nd Month	3rd Month
01 - 07	Group 1	Group 5	Group 9
08 - 14	Group 2	Group 6	Group 10
15 - 21	Group 3	Group 7	Group 11
22 - 28	Group 4	Group 8	Group 12

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The following two paragraphs are an attempt to simplify and clarify the resolution of a recent finalization of the Federal Record publication of new hazards facing every employer and payor of Medical claims that may possibly involve persons who may have intentionally or unintentionally involved Medicare claims. The Congress has probably (to be charitable) attempted to recover inadvertently paid claims, paid by the government. Some of claims so wrongfully paid may have occurred, because an employee may have been gaming the system, but most may happen even after exhaustive efforts to properly



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adjudicate such claims. The hazard is too important to not give any but the most close attention to compliance.

The sense of this new exposure to Third Party Administrators, Self Insureds, and Insurers is to capture claims with possible Medicare Exposure. It will require every person injured to be reported by Social Security Number and date of birth, for all persons covered by any Medicare to have coordination of benefits. AND it intends to have Medicare recover any amounts paid by the Social Security Administration where a Tort Claim exists, or where a Workers Compensation Claim exists, after the reporting period, starting July 1, 2009. This reporting of claim payments includes payments for workers compensation, and liability claims. Re-opened claims after the initial period are subject to reporting too. Future payments of those persons subject to Medicare, after Jan 1st, 2010, for accidents and occurrences dating back to December 5, 1980 are to be reported also!! (This would include claims occurring before the date on which claims may be reopened or are open!)

Final regulations have been issued for the **SCIP Act of 2007**, also known as the **Medicare Secondary Payer Mandatory Reporting Act**. The regulations are going to be enforced to allow any possible Medicare payments recovered by the U. S. Government against RRE's (Required Reporting Entities). Loosely Defined entities are any such persons making payments on behalf of Insureds, Self Insureds, or entities making payments on behalf of Self Insureds, their Reinsurance Payors, and all others making payments of Claims, Joint Settlements, Judgments, awards, or other payments. This includes any multiple Settlements involving the same individual. **Failure to comply bears very onerous penalties.** Besides any amounts to be recovered, **specific penalties of \$1000. per day, per claimant, plus costs and other penalties are outlined as penalties for failure to comply.** These are only the first analysis of why this is so important to every company handling all or a portion of their claims. Please see Appendix F-MMSEA Section 111 Statutory Language, Section 111(B) et seq – specifically pages 175, 176 and 177 for details which sets forth the fine and penalties.

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