

140.1 - Coordination of Benefits

(Rev. 30, 09-05-03)

The Medicare program is usually the primary payer for covered Medicare services provided to Medicare members of an HCPP. However, there are six categories of services for which Medicare is the secondary payer if a timely filed claim was submitted to the primary payer. These are:

- Services covered by a state or Federal Workers' Compensation law (WC);
- Services covered by no-fault insurance;
- Services covered by any liability insurance;
- Services covered by Employer Group Health Plans (EGHPs) in the case of ESRD beneficiaries during a period of generally 30 months;
- Services covered by EGHPs in the case of employed beneficiaries age 65 and over, and the spouses age 65 and over of employed individuals; and
- Services covered by Large Group Health Plans (LGHPs) in the case of certain disabled Medicare beneficiaries who are covered by reason of their employment or the employment of a family member.

No payment will be made to an HCPP for services to the extent that Medicare is not the primary payer under the provisions of §1862(b) of the Act.

If a Medicare enrollee receives covered services from the cost-based HCPP for which the enrollee is entitled to benefits under one of the preceding categories, the HCPP may charge or authorize a provider that furnished the service to charge:

- An insurance carrier, employer, or other entity that is the primary payer for these services; or
- The Medicare enrollee, to the extent that he/she has been paid by such a primary payer.

140.1.1 - Definition of Certain Terms Used in Coordination of Benefits

(Rev. 30, 09-05-03)

- The CMS' claim is the amount that is determined to be owed to the Medicare program. This is the amount that was paid out by Medicare, less any prorated procurement costs (see 42 CFR 411.37) if the claim is in dispute.

- An Employer, as used in these instructions, means not only individuals and organizations engaged in a trade or business, but also includes organizations exempt from income tax, such as religious, charitable, and educational institutions, as well as the governments of the United States, the States, Puerto Rico, Guam, the Virgin Islands, American Samoa, the Northern Mariana Islands, and the District of Columbia, including their agencies, instrumentalities, and political subdivisions.
- A secondary payer for purposes of this instruction, when used with respect to Medicare payment, means that Medicare incurs a legal obligation to pay only after other primary third party payers satisfy their payment responsibilities. If the primary payer covers all expenses, Medicare has no payment obligation. If the primary payer covers part of the expenses, Medicare may pay for the residual, uncovered amounts. In certain instances when the primary payer does not pay promptly, CMS pays conditional primary benefits and later recovers them from the responsible party.
- Subrogation means the substitution of one person or entity for another.