

New Required Reporting for Health Reimbursement Arrangements (HRAs)

The Centers for Medicare & Medicaid Services (CMS) has issued guidance on new data-reporting obligations for third party administrators of Health Reimbursement Arrangements (HRAs) under the Medicare Secondary Payer (MSP) rules. The MSP rules specify when a group health plan must pay primary and when it may pay secondary if an individual is covered under both a group health plan and Medicare.

CMS has indicated that HRAs are group health plans subject to the MSP rules. As a result, HRAs are required to comply with the mandatory reporting requirements beginning with the fourth quarter of 2010 (October–December 2010), which is later than the January 1, 2009 compliance date that applies to other group health plans that are subject to the MSP rules. The extension of the compliance date for HRAs was intended to give third party administrators and their clients time to gather the necessary information to report on HRA coverage.

HRA third party administrators will be required beginning October 1, 2010, to report to CMS certain data for all individuals meeting the definition of “active covered individuals.” In general, an “active covered individual” is someone who may be Medicare eligible and currently is employed, or the spouse or other family member of an employee who is covered by the employee’s HRA and who may be eligible for Medicare and for whom Medicare would be secondary payer. The information required by CMS includes the names of employees, their spouses and dependents, their Social Security Numbers (SSNs) or Health Insurance Claim Numbers (HICNs), dates of birth and gender for any Medicare beneficiary that meets the criteria below.

- Individuals age 65 and older who are covered based on their or their spouse’s current employment status
- Individuals age 55* through 64 who are covered based on their or a family member’s current employment status
- Individuals who are under 55*, known to be entitled to Medicare, and covered based on their own or family member’s current employment status
- Individuals who have been receiving kidney dialysis or who have received a kidney transplant, regardless of current employment status.

* Effective January 1, 2011, reports must include all active covered Individuals, including spouses and dependents, age 45 and over.

The information provided does not need to report on children, unless they are known to be eligible for Medicare or have kidney disease. Employers do not need to report individuals who are not covered based on current employment status, such as retirees and COBRA beneficiaries.

In order to meet the CMS requirement, Discovery will need all employers sponsoring an HRA to collect from employees the necessary information. Failure to provide the requested information to Discovery in a timely manner could result in termination of services due to the fact there are heavy penalties imposed on Discovery if timely and accurate reporting to CMS is not made.

A file layout containing the necessary data elements for providing information to Discovery will be provided at a later date. In order to meet the CMS requirement, Discovery will require all employers sponsoring an HRA to collect from employees the necessary information and provide that information to Discovery in an electronic file on a quarterly basis. Additional information will be communicated in the coming months regarding how and when the file must be returned to Discovery.

In the meantime, if you have any questions concerning this information, please contact our Benefits Account Management team at 866-451-3399.