

## Medicare Secondary Payer – Small Employer Exception

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The Church Pension Group (CPG) and the Episcopal Church Medical Trust (Medical Trust) will be providing eligible employers with the option to apply for the Medicare Secondary Payer (MSP) Small Employer Exception beginning January 1, 2014.

### Overview – Cost Savings

**Medicare Secondary Payer (MSP)** is the term used when Medicare is not responsible for paying first. However, Medicare allows for an exception. A small employer may request Medicare to pay as primary for eligible Medicare eligible beneficiaries by seeking a “small employer exception.”

When Medicare becomes the primary payer of medical benefits, the cost of providing medical coverage will be lower. We are anticipating that the reduction in cost may reduce premiums by up to 20%, compared to plans in which Medicare is not the primary payer.

### What Does the MSP Exception Mean to You?

Since you are 65 years or older (as of September 2013), are eligible for Medicare, and are covered by a Medical Trust plan, you may be eligible to apply for and enroll in a MSP “small employer exception” plan, with benefits equal to, or better, than those of your current plan.

The exception is available to employees, and/or their spouses, who work for an employer with fewer than 20 employees. If your employer has fewer than 20 employees, your employer may apply for exception, and if approved, you may be eligible to participate. If your employer have 20 or more employees, or does not apply and get approved for the exception, there will be no impact to you.

If approved and enrolled, Medicare would become the primary payer of your claims covered under Medicare Part A *only*. Part A is hospitalization insurance that helps cover inpatient care in hospitals, skilled nursing facilities, hospices, and home healthcare situations. For all other coverage, such as doctor visits, outpatient procedures, and prescription drug coverage, the Medical Trust plan will remain the primary payer of your benefits.

For Medicare Part A hospitalization claims, the Medical Trust plan will act as the “secondary” payer of claims. The plan will coordinate benefit payments with Medicare so that any claims not paid by Medicare will be processed under the Medical Trust Plan. This includes out-of-pocket expenses such as deductible and copays. Under this scenario, member’s out-of-pocket costs will typically be lower.

### What Does the Process Entail?

1. Group benefit administrators will submit an Employer Election Form indicating that the employer is eligible for the Small Employer Exception.
2. Group benefit administrators are also required to submit an Employee Certification Form for each employee who may be eligible, including the employee’s Health Insurance Claim Number<sup>1</sup> (HICN), which the employee will provide to his or her administrator.

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<sup>1</sup> Health insurance claim number (HICN) refers to the number assigned by the Social Security Administration to an individual for the purpose of identifying him/her as a Medicare beneficiary. HICN will be shown in the beneficiary’s insurance card and it is on the basis of this number that a beneficiary’s Medicare claims are processed.

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3. The Medical Trust will submit the completed forms to Medicare (Centers for Medicare and Medicaid Services (CMS). CMS needs to approve employers and each individual for them to be eligible to participate in the Small Employer Exception.

**Please note, that even though you may be approved for the Small Employer Exception by Medicare CMS, participation in the Small Employer Exception is not mandatory for employers or individuals. If you are approved for the exception and your employer participates, you will still have the option to elect other plans offered by your employer. But please note that the Medical Trust anticipates that out-of-pocket hospitalization costs will be lower for participants in this program.**

### What Do You Need to Do?

1. If requested, please provide your Medicare Health Insurance Claim Number to your benefits administrator.
2. Since you are age 65 or older, you should already be enrolled in Medicare Part A. If not, participants will need to be enrolled in Medicare Part A to be effective January 1, 2014. For questions about how to sign up for Medicare, you may go to [MyMedicare.gov](http://MyMedicare.gov). To submit your Medicare application online, you may go to <https://secure.ssa.gov/iCLM/rib>.
3. If your employer applies for the Small Employer Exception, we will notify you.
4. Upon approval of your employer's exception, we will send you more detailed information about the benefits of participating, and how the coordination of benefits with Medicare will work.
5. Lastly, if you are approved to participate, we will explain how you may elect a Small Employer Exception Plan during Open Enrollment this fall for the 2014 plan year.

If you have any questions about the program, please contact our Client Engagement call center at (800) 480-9967, Monday to Friday 8:30 AM to 8:00 PM ET (5:30 AM to 5:00 PM PT), or email [mtcustserv@cpg.org](mailto:mtcustserv@cpg.org).

Sincerely,

Episcopal Church Medical Trust Team

**Please note that this document is provided for informational purposes only and should not be viewed as legal, tax or other advice. Please consult with your own professional advisor for further guidance.**