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MEDICARE ADVOCACY RECOVERY COALITION (MARC) APPLAUDS GAO ON RECENTLY RELEASED MEDICARE SECONDARY PAYER REPORT

Wednesday April 11, 2012. The Medicare Advocacy Recovery Coalition (MARC) applauds the United States Government Accountability Office (GAO) for their recently released report titled "*Medicare Secondary Payer - Additional Steps Are Needed to Improve Program Effectiveness for Non-Group Health Plans.*" This GAO report was requested by Representative Stark (D-CA-9) in August of 2010 and reflects many of the issues and solutions that MARC strongly supports in the current Strengthening Medicare and Repaying Taxpayers Act (SMART Act) – S.1718/H.R. 1063.

The GAO report concludes that the Non-Group Health Plan (NGHP) Medicare Secondary Payer (MSP) mandatory reporting process continues to face many obstacles and administrative burdens, and that the current process is impeding settlements, and harming both beneficiaries and business alike. GAO also notes that many improvements are needed to make the MSP system more cost-effective and less burdensome, and points out many specific shortcomings in the current system -- conclusions with which MARC agrees and which MARC is trying to remedy through support of the SMART Act before Congress.

Among the many findings in the report, the GAO report concludes that multiple improvements to the MSP system should be made:

- To ensure cost-effectiveness in the NGHP recovery process, GAO recommends that CMS should review the recovery thresholds periodically to ensure that recovery efforts are "being conducted in the most cost-effective manner possible." GAO also recommends that CMS should not require NGHPs to report MSP cases which the Agency would not pursue for recovery. This recommendation mirrors the SMART Act's threshold legislation.

- To facilitate settlements GAO acknowledges the difficulties settling parties have in not receiving a final demand from the Agency. Again, the SMART Act would solve this issue.
- GAO also noted the unfairness of CMS's insistence on taking 100% of settlement funds without any allocation. While not the subject of pending legislation, the MARC coalition has supported recent efforts before the Supreme Court to clarify this question.
- In discussing the issues and inefficiencies in the current MSP system, GAO notes that CMS has taken some, but not enough, steps to address some of these concerns. Others cannot be changed by the Agency, but must be fixed by the Congress through legislation.

"We are pleased that GAO has focused attention on this issue which is important to beneficiaries and businesses alike," said Roy Franco, co-chair of the MARC Coalition. MARC urges CMS to seriously review the report and adopt all its recommendations" said Dean Pappas, co-chair of the Coalition. "While some changes can only be achieved through legislation like the SMART Act, the Agency should do what it can today to ameliorate the unnecessary burdens on both industry and beneficiaries trying to settle these claims" said Pappas.

The SMART Act, H.R. 1063 and S.1718, is the first comprehensive MSP reform legislation to be introduced into both chambers of Congress. To date the legislation has extensive bi-partisan support, with 98 co-sponsors in the U.S. House of Representatives and 15 co-sponsors in the Senate.

About MARC:

The Medicare Advocacy Recovery Coalition (MARC) advocates for the improvement of the Medicare Secondary Payer (MSP) program for beneficiaries and affected companies. The Coalition collaborates and develops strategic alliances with Congressional leaders and government agencies to focus on implementation of MSP reporting, and on the broader issue of MSP reform. MARC's membership is comprised of entities representing virtually every sector of the MSP regulated community including attorneys, brokers, insureds, insurers, insurance and trade associations, self-insureds and third-party administrators. For more information on MARC and the SMART Act/H.R. 1063, please visit www.marccoalition.com.

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