

MARKET BULLETIN

REF: Y4419

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| Title | U.S. Medicare reporting and registration requirements |
| Purpose | To advise managing agents that negotiations with the specialist Medicare reporting vendor have been concluded and the arrangements to sign the contract and steps necessary to begin to test and implement an appropriate registration and reporting system for the Lloyd's Market. |
| Type | Event |
| From | Rosemary Beaver, Head of International Regulatory Affairs |
| Date | 1 September 2010 |
| Deadline | Ongoing responsibility |
| Related links | Lloyd's market bulletin Y4277, 12 May 2009 Lloyd's market bulletin Y4279, 13 May 2009 Lloyd's market bulletin Y4306, 10 August 2009 Lloyd's market bulletin Y4328, 6 November 2009 CMS User Guide, version 3.1 (Liability Insurance (Including Self-Insurance), No-Fault Insurance, and Workers' Compensation) Lloyd's market bulletin Y4375, 5 March 2010 Lloyd's market bulletin Y4410, 8 July 2010 |

Purpose

This market bulletin provides an update on progress made to enable Lloyd's to respond to the new U.S. Medicare reporting requirements, further to the above market bulletins and a letter to Lloyd's managing agents' CEO's of 27 April 2010. Specifically, it updates on the tender process led by the Lloyd's Medicare Working Group (comprising a team of Lloyd's and managing agent representatives) to select an appropriate specialist third party vendor and to agree the terms and conditions on behalf of the market.

This process is now complete, subject to parties signing the contract, and will enable the market to commence the next phase of testing and implementing the registration and reporting structure utilising the services of the retained specialist third party vendor. Lloyd's market bulletin Y4410, dated 8 July 2010, details the expected timetable for further communications detailing the process of registering, testing and implementation in response to the U.S. Medicare registration and reporting requirements.

Background

Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA) concerns mandatory reporting requirements which will affect many syndicates writing U.S. risks. It requires all property & casualty insurers (including surplus lines insurers) that pay a liability claim that includes medical expenses, or that releases the insurer from liability for medical expenses to any Medicare beneficiary (or their representative), to report the claim to CMS (Centers for Medicaid and Medicare Services)

Request for Proposal (RFP) to develop a reporting process and negotiation services for Lloyd's

The current CMS timetable for implementing MMSEA requirements requires insurers to commence live reporting during Q1 2011. As advised in the letter to Lloyd's managing agents' CEO's of 27 April 2010, on the recommendation of the market (and reported to LMA, LMACC and Binding Authority Claims Group (BACG) in January 2010) the Lloyd's Medicare Working Group has worked to ensure that managing agents will be able to capture and structure information for reporting to CMS utilising a single specialist third party vendor. This will provide for consistency of service, economies of scale and will be based on a standard set of contractual terms.

Working with market representatives, an RFP was developed and then sent to a shortlist of five vendors (Q1 2010). Market representatives participated in the vendor assessment process and their legal representatives have worked closely on defining the standard set of contractual terms which form the final version of the contract. The contract will be utilised across the Lloyd's market in accordance with the prior recommendations of the Lloyd's Medicare Working Group. The vendor will provide monthly query function (MQF) services; quarterly claims file (QCF) RRE reporting to CMS and negotiation services with CMS on Medicare liens together with other specialised Medicare related services (where applicable and required by the managing agent).

Contract signing and preparing to register with CMS

Lloyd's will contact, shortly after the issuance of this bulletin, all managing agents directly, by letter addressed to Chief Executive Officers, Heads of Claims and Compliance Officers, attaching the vendor contract. The letter will address the key features of the contract and remind managing agents of the broad scope of the Medicare reporting requirements. It will also include updates on matters identified in Lloyd's market bulletin Y4410, dated 8 July 2010. In Lloyd's market bulletin Y4375 (dated 5 March, 2010), Managing Agents were advised **not** to register and commence reporting with CMS until further advice was provided by Lloyd's. **This remains the position.** Lloyd's will not commence this phase of the Medicare reporting process until managing agents have signed their contract with the vendor and Lloyd's has agreed the most efficient method for registering Lloyd's RRE's with CMS, utilising the services of the vendor. Once these arrangements have been finalised and the process agreed, Lloyd's will issue a further market bulletin providing guidance as to how registration will be completed working with the vendor.

Further Contacts and Communications

A dedicated “Medicare reporting and registration” section of Crystal is available to registered users of Crystal and provides a single point of reference to key reference information as the project proceeds through its various stages.

If you have any queries about this market bulletin, please contact:

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