



COMMONWEALTH OF PUERTO RICO

OFFICE OF THE COMMISSIONER OF INSURANCE

August 25, 1987

Circular Letter No. AC-7-1091-87

TO ALL AUTHORIZED INSURERS IN PUERTO RICO

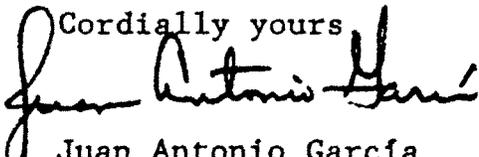
Re: Changes in the federal law
dealing with the Medicare
Program

Dear Sirs:

We are enclosing herewith a copy of an announcement issued by Puerto Rico's Part A local carrier of the Medicare Program, describing recent changes in federal legislation which principally convert such program into a secondary payor, under certain specific circumstances.

Since non-compliance with the provisions of this legislation could be punished with sanctions, we urge you to take the necessary steps in order to give full compliance to said law.

For additional information, please contact Mr. José A. Brull, Vice-president, Medicare Department of Cooperativa de Seguros de Vida de Puerto Rico, telephone (809) 751-5656 or Ms. Marisela García, telephone (809) 758-9720 ext. 422.

Cordially yours

Juan Antonio García
Commissioner of Insurance

Enclosure

MEDICARE SECONDARY PAYER

Medicare is a Federal Health Insurance Program for individuals 65 years or older, certain disabled or with an End Stage Renal Disease. Since 1966, Medicare has been paying for services rendered regardless of the reasons which lead to such services or the coverage of a health plan that the Medicare beneficiary may have.

The Omnibus Reconciliation Act of 1980 made Medicare payments secondary in certain circumstances. The purpose of these serie of changes in law is to avoid unnecessary payments by Medicare when there is another coverage.

It is essential that Medicare accomplish a coordination of benefits and services with other health care plans, private insurers and state and federal government agencies. Coverage of Services provided by Medicare will not be affected or reduced as a result of this process.

The Medicare program as a health care plan has two parts:

Part A

Hospital Insurance - Pays coverage of inpatient or outpatient hospital care, inpatient care in a skilled nursing facility, home health care, hospice care and renal dialysis treatment. The Part A Fiscal Intermediary for Puerto Rico and Virgin Islands is "Cooperativa de Seguros de Vida de Puerto Rico".

Part B

Medical Insurance - Coverage for medically necessary physician services, ambulance services and durable medical equipment such as position bed, wheelchair, oxygen and others. The Part B Carrier for Puerto Rico and Virgin Islands is "Seguros de Servicios de Salud de Puerto Rico (Triple S)".

The circumstances that makes Medicare Secondary Payer are the following:

- I. Services covered by an automobile medical, no-fault, or liability insurance, as for instance, the "Administración de Compensaciones por Accidentes de Automóviles (ACAA). (Omnibus Reconciliation Act of 1980).

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MEDICARE SECONDARY PAYER

- II. Medicare patients who have benefits solely on the basis of end stage renal disease and have the coverage of an Employer Group Health Plan. The private health plan is obligated to cover the renal dialysis treatments for the first twelve (12) months, since the first dialysis treatment. (Omnibus Reconciliation Act of 1981).
- III. Medicare beneficiaries aged 65 or over, who are working (the beneficiary or his/her spouse) and have the coverage of an Employer Group Health Plan. The health plan is considered the primary payer when the beneficiary receives medical services at a Medicare provider. This disposition applies only to employers with 20 or more employees. (Tax Equity and Fiscal Responsibility Act of 1982 - TEFRA), (Deficit Reduction Act of 1984 - DEFRA) and the (Consolidated Omnibus Budget Reconciliation Act of 1985 - COBRA).
- IV. For services related with an injury or accident at work covered by the "Fondo del Seguro del Estado de Puerto Rico". Also, for services covered by any federal program like the Veteran's Administration, Black Lung, or others, (Social Security Act of 1966, 42 U.S.C., 1395 -).
- V. Effective January 1st., 1987, Medicare will be secondary payer to an Employer Group Health Plan for disabled beneficiaries under 65 years. The beneficiary will be covered primarily by the Employer Group Health Plan. This applies either if the beneficiary is employed or his/her spouse works and the beneficiary is included in the plan or is a dependent of any working family member. This disposition applies only to employers with 100 or more employees. (Omnibus Budget Reconciliation Act of 1986 - OBRA).

This federal law is mandatory and may have a penalty to the Employer Group Health Plan that fails to pay primary benefits.

The provider and any claimant including an individual who received services, has the right to take legal action against an Employer Group Health Plan that fails to pay primary benefits for services covered by both, the health plan and Medicare, and to collect "double damages".