

EMPLOYEE BENEFIT SERIES

Medicare Secondary Payer Chart: Who Pays First?



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The Medicare Secondary Payer (MSP) provisions ensure that Medicare does not pay for items and services when other health insurance coverage (such as employer-sponsored coverage) is primarily responsible for paying. When there is more than one payer, "coordination of benefits" rules determine who pays first. The term "MSP" is used when Medicare is not responsible for paying first.

Whether [Medicare pays first](#) depends on a number of factors. The chart below identifies which entity pays first in common situations where a beneficiary has both Medicare and other coverage.

Individual	Situation		Who Pays First	Who Pays Second
Is age 65 or older and covered by a group health plan* through his or her current employment or a spouse's current employment	Individual is entitled to Medicare	Employer has fewer than 20 employees	Medicare	Group health plan
		Employer has 20 or more employees (or the employer is part of a multi-employer group with at least one employer employing 20 or more individuals)	Group health plan	Medicare
Has a group health plan* through a former employer after he or she retires (retiree coverage) and is age 65 or older	Individual is entitled to Medicare		Medicare	Retiree coverage
Is under age 65, disabled, and covered by a group health plan* through his or her current employment or through a family member's current employment	Individual is entitled to Medicare	Employer has fewer than 100 employees	Medicare	Group health plan
		Employer has 100 or more employees (or the employer is part of a multi-employer group with at least one employer employing 100 or more individuals)	Group health plan	Medicare

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Individual	Situation		Who Pays First	Who Pays Second
Is age 65 or older or is disabled and covered by Medicare and COBRA continuation coverage	Individual is entitled to Medicare		Medicare	COBRA
Is covered under workers' compensation because of a job-related illness or injury	Individual is entitled to Medicare		Workers' compensation, for health care items or services related to the job-related illness or injury	N/A (Medicare does not pay for items or services to the extent that payment has been made, or may reasonably be expected to be made, through workers' compensation. However, Medicare may make a conditional payment which must be repaid.)
Has End-Stage Renal Disease and group health plan* coverage (including retiree coverage)	Individual is entitled to Medicare	First 30 months of Medicare eligibility or entitlement	Group health plan	Medicare
		After 30 months of Medicare eligibility or entitlement	Medicare	Group health plan
Has End-Stage Renal Disease and COBRA continuation coverage	Individual is entitled to Medicare	First 30 months of Medicare eligibility or entitlement	COBRA	Medicare
		After 30 months of Medicare eligibility or entitlement	Medicare	COBRA

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***Prohibitions Applicable to Employers Offering Group Health Plan Coverage**

Under the MSP provisions, employers are prohibited from offering Medicare beneficiaries financial or other benefits as incentives not to enroll in, or terminate enrollment in, a group health plan that would otherwise be primary to Medicare—even if the payments or benefits are offered to all other individuals eligible for coverage and regardless of whether the offer is made orally or in writing. Any employer that violates the prohibition is subject to a civil money penalty of up to \$5,000 for each violation.

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