

Legislative Update

Employee Benefits



Services offered through Mesirow Insurance Services, Inc.

December 18, 2008

New Mandatory Social Security Number Reporting Requirements

Background

The Medicare Prescription Drug, Improvement and Modernization Act was enacted in 2003. The addition of Part D on January 1, 2006, greatly increased the need for coordination between Medicare, group health plans, and insurers.

To more efficiently coordinate health care benefits between these entities, an agreement, called VDSA, or Voluntary Data Sharing Agreement, was developed. Through the VDSA, providers had been legally permitted to provide eligibility data, including Social Security numbers for covered employees, to the Centers for Medicare & Medicaid Services (CMS).

New Reporting Requirements

Effective January 1, 2009, the previously voluntary data exchange program will become mandatory, and all employers, insurers and plan administrators, will be required to share eligibility data with CMS. This data includes Social Security numbers not only for employees, but also for covered dependents.

- For *existing members* with effective dates prior to, or as of January 1, 2009, your health insurance carrier must receive member Social Security numbers by January 1, 2009. Spouse/dependent Social Security numbers are due by January 1, 2010.
- For *new members* with effective dates later than January 1, 2009, your health insurance carrier must receive member and dependent Social Security numbers by the effective date.

Mesirow Financial has been a leader in serving the financial needs of individuals, businesses, institutional investors, public sector entities and correspondent broker-dealers since 1937. Our six divisions include: investment management, investment services, insurance services, investment banking, consulting and real estate.

Employees' SSNs are required to be reported to the Centers for Medicare and Medicaid Services (CMS) so that when dual coverage exists with Medicare, a determination can be made as to which plan is the primary payer. The goals of the increased exchange of eligibility data are to reduce coordination of benefits errors, allow for a more efficient process, and help avoid unnecessary interest payments.

The new law also extends to liability insurance (including self-insurance), no-fault insurance, and workers' compensation, but becomes effective for these types of coverage on July 1, 2009.

Data Transmission

Every carrier works differently and will, no doubt, require different methods for transmitting Social Security numbers to them. To find out the format in which your carrier(s) can receive the information, contact your carrier(s) directly, or feel free to call or write your Mesirow Financial representative.

Penalties for Non-compliance

Under the new law, providing eligibility data is no longer voluntary, as it has been in the past – it is mandatory. Failure to report eligibility data and Social Security numbers may subject the required reporting entity - insurers, third-party administrators,

employer and/or plan administrators - to civil monetary penalties of up to \$1,000 for each day of non-compliance, for each individual for whom data exchange is required but not provided.

If you would like to know more about this law, please visit:

<http://www.cms.hhs.gov/MandatoryinsRep/Downloads/Section111GHPUserGuideV1510-15-08Final.pdf>

If you have questions about this new legislation, please contact your Mesirow Financial representative.

To view our archive of *Mesirow Financial Legislative Updates* and *Looks At* newsletters, please visit:

<http://www.mesirowfinancial.com/benefits/default.jsp>

Sources:

Centers for Medicare and Medicaid Services (CMS)

United HealthCare Services, Inc.

Fisher & Phillips LLP

This article is intended as an overview and should not be viewed as legal advice. Please consult your legal professional if you have questions about this legislation.