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# Medicare

## Carriers Manual

### Part 3 – Claims Process

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Department of Health and  
Human Services (DHHS)  
HEALTH CARE FINANCING  
ADMINISTRATION (HCFA)

Transmittal 1698

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#### CHANGE REQUEST 817

<u>HEADER SECTION NUMBERS</u>	<u>PAGES TO INSERT</u>	<u>PAGES TO DELETE</u>
3335.4 - 3335.4 (Cont.)	3-90.7 - 3-90.8 (2 pp.)	3-90.7 - 3-90.8 (2 pp.)

**CORRECTION--*EFFECTIVE DATE: September 1997***  
***IMPLEMENTATION DATE: Not Applicable***

Section 3335.4, Dual Eligibility/Entitlement Situations, is being corrected to reflect accurate ESRD coordination periods. Transmittal 1691, Change Request 817, dated January 11, 2001, contained incorrect information in Examples 1 and 2 on page 3-90.8.

**DISCLAIMER:** The revision date and transmittal number only apply to the redlined material. All other material was previously published in the manual and is only being reprinted.

These instructions should be implemented within your current operating budget.

Medicare, it must provide the same level of secondary benefits when Medicare is primary in order to comply with the nondifferentiation provision.

3335.3 Determining Period During Which Medicare May Be Secondary Payer.--

A. Duration of Coordination Period.--The coordination period is a period of 18 months that begins with the earlier of the first month of entitlement to or eligibility for Medicare Part A based on ESRD. Eligibility refers to the first month the individual would have become entitled to Medicare Part A on the basis of ESRD if he/she had filed an application for such benefits.

Prior to enactment of the Balanced Budget Act (BBA) of 1997, Medicare benefits were secondary to benefits payable under a GHP in the case of individuals eligible for or entitled to benefits on the basis of ESRD during an 18-month coordination period. The BBA extended the coordination period to 30- months for any individual whose coordination period began on or after March 1, 1996. Therefore, individuals who have not completed an 18-month coordination period by July 1, 1997, will have a 30-month coordination period.

**EXAMPLE:** Coordination period ended on or before July 31, 1997.

An individual began a course of maintenance dialysis in October 1995. He became entitled to Medicare based on ESRD effective January 1, 1996. The GHP must pay primary to Medicare through June 1997, the end of the 18-month period.

**EXAMPLE:** Coordination period began on or after March 1, 1996.

**EXAMPLE:** An individual began dialysis on November 17, 1996, and thus becomes entitled to Medicare effective February 1, 1997. Medicare is secondary payer from February 1, 1997, through July 1999, a total of 30 months.

B. Determination for Subsequent Periods of ESRD Eligibility.--If an individual has more than one period of Part A eligibility or entitlement based on ESRD, a coordination period is determined for each period of eligibility in accordance with subsection A.

3335.4 Dual Eligibility/Entitlement Situations.--When an individual is eligible for or entitled to Medicare based on ESRD and also entitled on the basis of age or disability, coordination of benefits is in accordance with this section instead of §3335.3.

Except as provided in subsection B, GHPs are subject to a 30-month coordination period for any plan enrollee eligible for or entitled to Medicare based on ESRD, regardless of whether that individual also is entitled to Medicare on the basis of age or disability. The 30-month period coincides with the first 30 months of ESRD-based Part A Medicare eligibility or entitlement. (Under previous law, Medicare automatically became the primary payer at the point of dual Medicare eligibility/entitlement.) As long as dual eligibility/entitlement exists, the ESRD MSP provision applies exclusively. Medicare becomes the primary payer after the 30th month of ESRD-based eligibility/entitlement even though plan coverage may be in effect by reason of current employment status. That is, the working aged MSP provisions (see §§3336ff.) and the disability MSP provisions (see §§3337ff.) do not apply to individuals with ESRD during or after the 30-month coordination period.

Subsection A deals with coordination periods governed by present law. Subsection B specifies the circumstances under which the ESRD MSP provision does not apply in dual entitlement situations and provides examples. Subsection C deals with the effect of the cessation of dual entitlement.

A. Circumstances in Which Medicare Continues to be Secondary After Aged or Disabled Beneficiary Becomes Eligible for or Entitled to Medicare on the Basis of ESRD.--

1. Medicare secondary payer during the first 30-months of ESRD-based eligibility and entitlement and becomes primary payer after the 30th month of ESRD-based eligibility or entitlement.

**EXAMPLE 1:** Mr. C, who is 67 years old and entitled to Medicare on the basis of age, has GHP coverage by virtue of current employment status. Mr. C is diagnosed as having ESRD and begins a course of maintenance dialysis on June 27, 1996. Effective September 1, 1996, Mr. C is eligible for Medicare on the basis of ESRD. Medicare, which was secondary because Mr. C's GHP coverage was by virtue of current employment, continues to be secondary payer through **February** 1999, the 30th month of ESRD-based eligibility, and becomes primary payer beginning **March** 1999.

**EXAMPLE 2:** Mr. D retired at age 62 and maintained GHP coverage as a retiree. In January 1997 at the age of 64, Mr. D became entitled to Medicare based on ESRD. Seven months into the 30-month coordination period (July 1997), Mr. D turned age 65. The coordination period continues without regard to age-based entitlement with the retirement plan continuing to pay primary benefits through **June** 2000, the 30th month of ESRD-based entitlement. Thereafter, Medicare becomes the primary payer beginning **July** 2000.

**EXAMPLE 3:** Mr. E retired at age 62 and maintained GHP coverage as a retiree. In July 1996, he simultaneously became eligible for Medicare based on ESRD (maintenance dialysis began in April 1996) and entitled based on age. The retirement plan must pay benefits primary to Medicare from July 1996 through December 1998, the first 30 months of ESRD-based eligibility. Medicare becomes the primary payer beginning January 1999.