Policyholders Subject to the Same Legal Obligations and Liabilities as Insurance Companies Under Medicare Program

Frankenmuth Insurance would like to remind its agency partners and commercial policyholders of mandatory reporting requirements for liability insurance (including self-insurance), no-fault insurance and workers' compensation that were added to Section 111 of the Medicare, Medicaid and SCHIP Extension Act of 2007 (MMSEA).

According to the Act, if a policyholder pays medical claims submitted by Medicare-eligible individuals arising from bodily injury, the insured must register with the Centers for Medicare & Medicaid Services (CMS). They must then comply with Medicare reporting requirements that became effective during the second quarter of 2010.

Additionally, CMS has declared a business paying a medical claim is deemed to be a self-insured business, and it is subject to Section 111's reporting requirements. Thus, an insured business that pays even a minor medical claim beneath its deductible may in certain circumstances be required to report claims data to CMS.

Failure to report paid claims with Medicare beneficiaries could result in **fines up to $1,000 per day, per claim**.

To aid our policyholders in this process and ensure they do not incur any fines, we recommend policyholders submit all medical claims – even those below established deductibles – to Frankenmuth Insurance's Claims Department. Our Claims Department will then coordinate payment and the deductible and comply with the CMS reporting requirements on behalf of the policyholder.

Thank you for assisting us in keeping our mutual customers informed about these important requirements. For any further questions regarding potential responsibilities under Section 111, we recommend policyholders consult with their attorneys.

For any other questions, please contact Chris Zook at (800) 234-4433, ext. 2846.