



Using Technology to Enhance the Delivery of Medicare Set-Aside (MSA) Benefits

Self-administered MSAs present a daunting challenge to both MSA recipients and third party vendors alike. Settlement recipients are faced with strict rules and regulations, detailed reporting and accountability, disbursement of funds, and more. Pharmacy benefit managers must find a way to offer added value through enhanced pharmacy discounts and a simple yet secure way for MSA recipients to access their funds. Now there is a solution that addresses all of these issues for each party involved.

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Introduction

Workers' Compensation Medicare Set-Aside Arrangements, commonly known as WCMSA or just MSA, have been in existence since 2001. As workers' compensation claims and settlements increase, the number and type of third-party administrators (TPAs), such as pharmacy benefit managers (PBMs) and integrated settlement services, are on the rise as well. Claimants, however, are not required to engage professional administrators for their MSAs, but can choose to self-administer them instead. This creates an enormous challenge for MSA vendors: not only are they competing with other vendors, but they must also demonstrate their value to claimants who might not understand the intricacies of administering MSAs.

For claimants, managing MSAs on their own can be an unwieldy process. Medical and pharmacy bills must be paid based on the pricing schedule that was approved when the MSA was set up. In addition, claimants need to research their medical/pharmacy expenses since not all services are covered under the MSA. On top of that, they must keep detailed records for every medical and pharmaceutical expense paid out of the MSA and file comprehensive annual reports with the Centers for Medicare and Medicaid Services (CMS)*. If any of the rules and regulations are not followed to the letter, claimants may have to pay back certain non-allowable expenses or face jeopardizing future Medicare benefits.

Another crucial issue in the third-party management of MSAs is claimants' access to their funds when paying for prescriptions. Currently, MSA recipients must pay out-of-pocket and submit claims in order to get reimbursed, or their medical providers submit invoices and wait to receive payment.

With these issues in mind, there is a new card-based solution that can streamline and secure the payment process. When MSA accounts are linked to a debit card formatted with the claimant's specific pharmacy and backend discounts, providers are remunerated immediately and claimants minimize their out-of-pocket payments. By offering a simpler way for claimants to use their settlement funds, MSA vendors provide added value to claimants and offer a simpler, more secure approach to this complex process.

CMS Reporting Requirements*

The Self-Administration Toolkit for WCMSAs details the record keeping requirements for CMS. In addition to recording the settlement date, diagnosis or injury, and date of injury, claimants must keep track of:

- Transaction date
- Check or transaction number
- "Payable to" or healthcare provider name
- Date of service
- Description (procedure, service, or item received; deposit; interest; other allowable expense)
- Amount paid
- Any deposit amount
- Account balance

Background

Originally, MSAs were created to protect Medicare's interests when injured workers received workers' compensation settlements. Currently, MSAs are recommended for injured workers who receive a settlement of more than \$25,000 and are currently eligible for Medicare, or those who receive a settlement of more than \$250,000 and may be eligible for Medicare in the future. According to CMS guidelines, Medicare becomes the primary payer of these claims only after MSA funds are exhausted. As such, CMS has a vested interest in ensuring that MSA funds are managed and disbursed appropriately. To ensure that the workers' compensation settlement funds are used first to pay for related medical/pharmacy expenses, CMS requires regular and detailed reporting of MSA expenditures.

When the workers' compensation settlement is paid and the MSA created, claimants can use a TPA to set up the account, pay future medical and pharmaceutical claims, and submit the required paperwork to CMS. However, the third party vendor does not relieve claimants of their responsibility to manage their MSAs; they must keep track of all medical and pharmaceutical claims, and MSA disbursements, in order to validate their expenses to CMS. Therefore, it is imperative that claimants see the value of and understand the benefits in using an MSA vendor. Vendors can stand apart from the crowd and provide better service by offering an account-linked MSA debit card to claimants.

Challenges with MSAs

Navigating the rules and regulations of MSAs is challenging. Here are just a few of the challenges MSA vendors currently face when assisting claimants:



Pharmacy benefit. TPAs and PBMs can ensure that any pharmacy discounts allowed by the workers' compensation medical insurance remain in place for the life of the MSA. These discounts are tied to pharmacy benefit cards, requiring the claimant to carry multiple cards - one (or more) for pharmacy discounts in addition to a payment card. **If the claimant loses the discount card or leaves it at home, they cannot receive the reduced price at the time of purchase.**



Disbursement of funds. Only pharmaceutical expenses normally covered by Medicare and related to the claimant's injury can be paid by the MSA. Improper use of settlement funds not only affects a claimant's future Medicare eligibility, but they must be paid back to the account before Medicare will pay for any future injury-related medical and pharmacy expenses. An MSA vendor can provide guidance as to what is covered by Medicare, as well as helping claimants complete and submit the required forms. **However, claimants must still pay out-of-pocket until they receive reimbursement and are at risk of purchasing ineligible items or services.**



Recordkeeping requirements. Whether the MSA is self-administered or vendor-managed, claimants are responsible for keeping records and receipts, documenting disbursements, and reporting these to CMS. Vendors can assist with this process by providing software or online programs to help manage the paperwork, but **the reporting requirements are still cumbersome and extremely detailed.** Claimants need a real-time recordkeeping tool that provides accurate, up-to-date reporting whenever they need it.

TPAs and PBMs who offer customer service for self-administered MSAs need an all-in-one pharmacy discount and payment solution that also provides the tools to help claimants track expenditures, minimize out-of-pocket expenses, provide pharmacy discounts, and assist with CMS-required reporting. That solution is an account-linked MSA debit card.

The Benefits of an MSA Debit Card Solution

The MSA card payment solution allows beneficiaries the option to use an account-linked debit card for any qualified pharmaceutical expense outlined by the workers' compensation settlement. Here are some advantages of this solution:



Direct fund access. By linking the card directly to the MSA, reimbursement for out-of-pocket expenses and claim processing delays are eliminated.



24-7 account access. Real-time web access provides updated account information and balances, allowing the claimant to view and search all transactional history and payments.



Simplified electronic recordkeeping. By storing all expense receipts online, record keeping is simplified. Cumbersome forms, receipts and other paperwork are eliminated using the MSA debit-card solution.



Real-time electronic reports. Reports can be run at any time to provide an immediate response to a CMS inquiry or audit; expenditures can be tracked chronologically to satisfy CMS policies; and expenses and payments can be easily exported for completing electronic CMS reports.



Minimize unqualified spending. When the debit card's restrictions are enabled, the account holder can only use the card for approved transactions, based on the Medicare regulations detailed by the workers' compensation settlement.



Enhanced transaction notifications. After a purchase is made, an email notification is sent to the account holder, which can lead to an identification of and a reduction in fraudulent use.



Reliable customer service. A dedicated customer support team is available to call for MSA account, debit card, and online account portal assistance. As well, TPAs can help claimants understand which expenses are qualified to minimize putting future Medicare benefits at risk.

For administering vendors, an account-linked MSA debit card can also be branded and customized to increase name recognition and credibility. By incorporating pharmacy discounts into the card software, pharmacies are able to easily verify the correct rates to charge claimants for services.



Conclusion

The current method of administering MSA accounts is tedious for all parties involved, and even more so for claimants who choose to self-administer their MSAs. There are numerous hassles and risks, including dealing with cumbersome paperwork, processing provider payments and claimant reimbursements, and staying abreast of CMS reporting regulations.

“The injured worker has to provide an accounting of every dollar in and every dollar out of the account, so that Medicare is aware that those dollars set aside are used appropriately. That accounting becomes a burdensome process for the individual. They need to have all the records and bills and make sure they researched every expense to see if it was Medicare-allowable,” says Rafael Gonzalez, Esq., Vice President, Strategic Solutions at Optum, one of the largest PBMs in the industry.

Technological advances make it possible for MSA vendors to alleviate some of that burden by offering a new payment vehicle to their claimants. As card and electronic payment technologies advance, a broader array of industries will begin to take advantage of these innovations and offers unique solutions to enhance administration and reduce burden.

Thus, opportunities exist for PBMs, TPAs and payment processors to gain market share by pioneering these solutions in their industry. Integrating MSA account-linked debit cards with the pertinent pharmacy discount information and linking it directly to the MSA account allows claimants to pay for pharmaceutical expenses directly from their settlement funds. It is clear that every involved party – PBM, TPA, payment processor, and claimant – greatly benefits from an all-in-one MSA card payment solution.

“This type of technology is another helpful tool to help injured workers manage their funds, reduce confusion and access their documentation quickly and efficiently. And, by having a relationship with PBMs, injured workers are able to take advantage of prescription savings, extending their MSA dollars,”

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About the Author and Company:

Glen Hoffman has been designing, developing and implementing benefit account solutions for nearly three decades, most recently focusing on Medicare Set Aside (MSA) accounts and related card solutions. A pioneer in the Health Savings Accounts industry and vice president of DataPath, Inc., he helped the State of Arkansas become the first state government in the nation to implement HSAs for its employees. Glen holds bachelor's degrees in both Computer Science and Mathematics from the University of Central Arkansas and is an Investment Advisor Representative licensed by the Arkansas Securities Department. DataPath's insurance payment solutions offer secure, card-based indemnity payment processing. DataPath strives to improve healthcare with innovative technology and has been creating flexible financial and administrative solutions since 1984. Learn more at www.dpath.com or call (800) 633-3841.

