GBS Health Benefits Compliance

Medicare Secondary Payer (MSP) Section 111 Reporting

Employer Guide

Most employers are not responsible for filing Section 111 reports directly, but they should understand who is responsible and cooperate with required information requests from carriers, TPAs, PBMs, or other reporting vendors and oversee the reporting process to ensure required filings are submitted.

What Is Section 111 Reporting?

Section 111 reporting is part of the Medicare Secondary Payer (MSP) rules. It requires certain entities to provide information to the Centers for Medicare & Medicaid Services (CMS) about individuals who have group health plan coverage and may also be entitled to (enrolled in) Medicare.

The purpose of the reporting is to help CMS determine when a group health plan should pay claims before Medicare and to prevent Medicare from paying claims that should have been paid by another source first.

Failure to comply with Section 111 reporting requirements can result in significant civil penalties (for example, as of this writing, $368-$1,512 per day per record, to a maximum of $365,000 per violation).

Why Employers Should Care

Although most employers are not responsible for actually submitting Section 111 reports, employers play an important role in supporting the reporting process.

Employers are often asked to provide information needed by carriers, third-party administrators (TPAs), or other reporting vendors, including:

- Employee eligibility and enrollment data
- Medicare-related information
- Employee counts used for MSP determinations
- Information regarding covered spouses and dependents
- Details regarding plan design and coverage

Providing accurate and timely information helps ensure reporting is completed correctly and reduces compliance risk.

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Who Is Responsible for Reporting?

CMS refers to the entity that must submit Section 111 reports as the Responsible Reporting Entity (RRE).

Plan Type	Typical RRE
Fully insured plan	Insurance carrier
Self-funded plan with a TPA	TPA
Self-funded and self-administered plan	Employer/plan administrator
Self-funded prescription drug plan with a PBM	Pharmacy Benefit Manager (PBM) is usually the RRE

Most employers sponsoring fully insured or TPA-administered plans are not the RRE. However, employers should confirm which vendor is responsible and understand how reporting obligations are handled.

What Coverage Is Subject to Reporting?

Many traditional medical plans are subject to Section 111 reporting requirements. Examples that may be reportable include:

- Major medical coverage
- Self-funded medical plans
- Certain Health Reimbursement Arrangements (HRAs)
- Prescription drug coverage

Coverage Generally Not Subject to Reporting

Certain coverage types are generally excluded from reporting requirements, including:

- Health Savings Accounts (HSAs)
- Health Flexible Spending Accounts (Health FSAs)
- Stand-alone dental plans
- Stand-alone vision plans
- Stand-alone behavioral health or mental health plans
- Certain Employee Assistance Programs (EAPs)

Special rules apply to HRAs. In some cases, HRAs with annual benefits below specified thresholds (as of this writing: $5,000 annual benefit) may be exempt from reporting.

Which Individuals Are Reported?

Reporting generally focuses on individuals who have active employment-based coverage and may be eligible for Medicare. Examples may include:

- Active employees
- Covered spouses of active employees
- Certain individuals entitled to Medicare due to disability
- Individuals with End-Stage Renal Disease (ESRD)

In general, individuals covered solely through retiree coverage or COBRA continuation coverage are not reported unless special ESRD-related rules apply.

How Does Reporting Occur?

Section 111 reporting is completed electronically through a dedicated CMS website. Reporting entities generally:

1. Identify covered individuals who may be Medicare eligible.
2. Collect required eligibility and coverage data.
3. Submit information to CMS electronically.
4. Update CMS on an ongoing basis.

Reports are generally submitted on a quarterly schedule established by CMS.

Key Employer Action Items

- **Confirm Who Is Responsible:** Identify whether the carrier, TPA, PBM, or another vendor serves as the Responsible Reporting Entity.
- **Understand Vendor Responsibilities:** Request documentation describing how Section 111 reporting is handled and which party is responsible for compliance.
- **Provide Accurate Data:** Ensure enrollment, eligibility, employment status, and dependent information provided to vendors is accurate and timely.
- **Review Special Arrangements:** If your organization sponsors self-funded plans, HRAs, carve-out prescription drug coverage, or retiree medical coverage, confirm with vendors whether additional reporting obligations apply.
- **Maintain Documentation:** Keep records demonstrating who the RRE is, vendor contractual responsibilities, communications regarding reporting compliance, and any information provided to reporting vendors.

Employer Compliance Checklist

- ☐ Do we know which vendor serves as the Responsible Reporting Entity (RRE)?
- ☐ Have we confirmed our carrier, TPA, PBM or other claims administrator is completing any required Section 111 reporting?
- ☐ Do we provide timely and accurate eligibility and enrollment information to the reporting vendor(s)?
- ☐ Have we evaluated whether any self-funded arrangements, HRAs, or carve-out benefits require special consideration?
- ☐ Do we maintain documentation regarding vendor reporting responsibilities?

This document is not intended to be exhaustive, nor should any information be construed as tax or legal advice.