

Conditional Payment Letters and Conditional Payment Notices: Where Medicare is Pursuing Recovery from the Beneficiary

What is a Conditional Payment?

- A conditional payment is a payment that Medicare makes for services where another payer may be responsible. This conditional payment is made so that the Medicare beneficiary won't have to use their own money to pay the bill. The payment is “conditional” because it must be repaid to Medicare when a settlement, judgment, award or other payment is secured.
- If Medicare makes a conditional payment, and the beneficiary gets a settlement, judgment, award or other payment from an insurance company, Medicare will recover the conditional payment from the settlement. The beneficiary is responsible for making sure that Medicare gets repaid for the conditional payments.

What is a Conditional Payment? *(continued)*

Example: Rose is driving her car when someone in another car hits her. Rose has to go to the hospital. The hospital tries to bill the other driver's liability insurer. The insurance company disputes who was at fault, and won't pay the claim right away. The hospital bills Medicare, and Medicare makes a conditional payment to the hospital for health care services that Rose received. Later, when a settlement is reached with the liability insurer, Rose makes sure that Medicare gets its money back for the conditional payment.

Conditional Payment Letter

- An initial Conditional Payment Letter (CPL) does NOT need to be requested. A CPL will be generated automatically within 65 days of the issuance of the "Rights and Responsibilities Letter".
- Conditional Payment Letters will go to all authorized parties. Note: The beneficiary may receive a copy of a Conditional Payment Letter that is sent to the insurer/workers' compensation entity. The beneficiary does not need to take any action on this correspondence.
- If authorization is not on file with the Benefits Coordination & Recovery Center (BCRC), the beneficiary will receive the letter and his or her attorney or other representative must obtain a copy through the beneficiary.

Conditional Payment Letter (*continued*)

- Review the Conditional Payment Letter thoroughly to make sure that only case related claims are included.
- Beneficiaries can obtain up-to-date conditional payment amounts by accessing the [My Medicare.Gov](https://www.medicare.gov) website. After logging in, select the MSP tab and then click the Case ID or Go to MSPRP button.

Conditional Payment Letter (*continued*)

- Attorneys can obtain conditional payment information from the Medicare Secondary Payer Recovery Portal (MSPRP) using this link:
<https://www.cob.cms.hhs.gov/MSPRP>.
 - Registration must occur before access to the MSPRP is permitted.
 - Authorized MSPRP users may request access to view unmasked claims data that was previously only accessible to the beneficiary. Individuals requesting this access must complete the Identity Proofing and Multi-Factor Authentication process on the MSPRP.

Demand Calculation Options

- If the beneficiary is settling a liability case or a workers' compensation case, he or she may be able to request a final conditional payment amount for a case that is approaching settlement.
- Optionally, if the beneficiary is settling a liability case, he or she may be eligible to self-calculate Medicare's demand amount prior to settlement or to pay Medicare a flat percentage of the total settlement.
- Click the [Demand Calculation Options](#) link for more information.

Final Demand Letter

- Once case has settled, the settlement documentation must be sent in to the BCRC.
- The BCRC generates a final demand letter when they receive the settlement information.
- Payment is due within 60 days of the date of the demand letter.
- If payment is not received within 60 days of the date of the demand letter, interest will be charged from the date of the demand letter.

When Will a CPN Be Sent?

There are two instances when a Conditional Payment Notice (CPN) will be issued in place of the usual CPL. They are:

1. If the BCRC has been alerted to a settlement, judgment, award, or other payment by the beneficiary or his or her attorney or other representative before the usual CPL has been issued.
2. If the BCRC is notified of a settlement, judgment, award, or other payment through Section 111 reporting rather than from the beneficiary or his or her attorney or other representative .

What does the CPN mean to you?

- In most cases, the beneficiary and/or beneficiary's attorney or other representative will receive the CPN within 65 days of the issuance of the Rights and Responsibilities Letter.

Exception: A CPN will be sent if the BCRC receives notification of a settlement from Section 111 reporting after the initial CPL is issued.

What does the CPN mean to you? *(continued)*

- After the CPN has been issued, the BCRC will allow up to 30 days for a response. A response to the CPN should include:
 - All proof of representation documentation, if not already submitted.
 - Proof of any items and/or services that are NOT related to your case, if applicable.
 - All settlement documentation if you are providing proof of any items and/or services not related to your case.
 - Procurement costs and fees paid by the beneficiary, if not already submitted.
 - Documentation for any additional or pending settlements, judgments, awards, or other payments related to the same incident.

Conditional Payment Notice

- If a response is received within 30 days, the correspondence will be reviewed and a demand letter will be issued.
- If a response is **not** received within 30 days, a demand letter will automatically be issued requesting repayment of **all** conditional payments related to your case without a proportionate reduction for fees or costs, if this information has not already been submitted.

Note: The beneficiary may receive a copy of a CPN that is sent to the insurer/workers' compensation entity. The beneficiary does not need to take any action on this correspondence.

Conditional Payment Notice (*Continued*)

- Procurement costs and fees paid by the beneficiary are necessary to correctly calculate the demand amount.
 - **Note:** If the BCRC does not have this information, it cannot make a pro rata reduction to the conditional payment amount as set forth in 42 CFR 411.37.
- The total conditional payments may increase after the CPN is issued if Medicare paid for additional items and/or services related to your case.