



May 15, 2009

RE: Centers for Medicare and Medicaid Services (CMS) passed Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007

Historically, Medicare has not been able to consistently identify primary payers, nor have all carriers consistently ensured reporting of Medicare eligible claims to Medicare. In an effort to address this, Section 111 of the Medicare, Medicaid, and SCHIP Extension Act of 2007 (MMSEA) (P.L. 110-173) (the "Act"), was passed on December 29, 2007. The Act adds new mandatory reporting requirements for group health plan arrangements and for liability insurance (including self-insurance), no-fault insurance, and workers' compensation. Additionally, it imposes an affirmative obligation on primary payers to identify claimants entitled to Medicare and to notify Medicare electronically of such entitlement.

The Act adds reporting rules. It does not eliminate any existing statutory provisions, regulations or processes, such as CMS' existing processes if a Medicare beneficiary (or his/her representative) wishes to obtain interim conditional payment amount information prior to a settlement, judgment, award or other payment. Furthermore, it does not change or eliminate existing CMS policies with regard to protecting Medicare's interests in settlements via Medicare set-asides or resolution of conditional payments.

Reporting

The Centers for Medicare and Medicaid Services (CMS) has defined who can be a Responsible Reporting Entity (RRE) under this Act. An RRE has the overall responsibility for reporting all settlements, judgments, awards, or other payments made to a Medicare beneficiary under liability, workers compensation, and no-fault insurance plans. It is important to note that an RRE cannot shift its Section 111 reporting responsibility to another entity; however, an RRE is permitted to identify and contract with an agent for reporting purposes. According to CMS's definition, Zurich will be the RRE since we fund losses up to its deductible. Therefore, Zurich will register as the RRE and will be designating Broadspire's agent partner, PMSI, as the reporting agent and no further action is required by you at this time.

You can refer to the CMS dedicated webpage: www.cms.hhs.gov/MandatoryInsRep for additional information.

If you have any questions, you should forward them to your Broadspire account executive.