

DEPARTMENT OF HEALTH & HUMAN SERVICES  
Centers for Medicare & Medicaid Services  
7500 Security Boulevard, Mail Stop C3-14-00  
Baltimore, Maryland 21244-1850



**Office of Financial Management/Financial Services Group**

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NOV 30 2006

The Honorable Ted Poe  
House of Representatives  
Washington, DC 20515-4302

Dear Mr. Poe:

The Secretary has asked me to reply to your letter regarding Medicare's acceptance of repayments from beneficiaries' monetary court settlements. The Centers for Medicare & Medicaid Services (CMS) recently consolidated Medicare Secondary Payer (MSP) debt recovery activities into one national contract. The CMS awarded the MSP Recovery Contract (MSPRC) in August 2006, and it was implemented on October 2, 2006. Prior to implementation, about 42 million pages of paper case files had to be transferred to the MSPRC, and Accounts Receivables from nearly 40 local claims processing contractor systems had to be converted to the new contractor's system.

The CMS was aware that beneficiaries and attorneys in our "non-Group Health Plan" (*i.e.*, no-fault, liability, and workers' compensation) cases would continue to settle and receive awards as we transitioned; thus, we held an aggressively short transition period from September 18-29 to minimize customer impact.

To improve the level of customer service provided to the debtor community, the MSPRC has introduced enhancements into the MSP debt recovery process. Further, CMS instructed the MSPRC that its highest priority upon implementation was handling cases where settlement or judgment documents had been submitted to Medicare for a final demand to be issued. I am happy to report that CMS has been more than satisfied with the MSPRC's early performance, and expects that debtors will begin to experience increased customer satisfaction as the MSPRC continues to work through the backlog of cases it acquired in the transition from the claims processing contractor community. Any problems or delays debtors experienced are being addressed by the MSPRC as we speak.

I trust the above information fully satisfies your inquiry. If you have other questions or need more information, please do not hesitate to call me at (410) 786-0922.

Sincerely,

A handwritten signature in black ink that reads "Joan M. Fowler". The signature is written in a cursive style.

Joan M. Fowler, Director  
Division of Medicare Secondary Payer  
Policy & Operations