

## SEO Metadata

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Medicare Secondary Payer Program (MSP): 2025–2026 Rules, Coverage & Compliance Updates

Meta Description (149/150):

Learn how the Medicare Secondary Payer (MSP) program works, when Medicare acts as secondary insurance, and the key updates and penalties to watch in 2025–2026.

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# H1: Understanding the Medicare Secondary Payer Program (MSP)

The Medicare Secondary Payer (MSP) program determines when Medicare pays after another insurance plan—such as employer coverage, workers’ compensation, or liability insurance—has paid its share.

The goal is simple: prevent duplicate payments and protect the Medicare Trust Fund. Knowing how these rules work (and what’s changing in 2025–2026) can help you avoid billing issues and ensure you get the coverage you’re entitled to.

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## H2: What Does “Medicare Secondary Payer” Mean?

The MSP rules decide which insurer pays first (the primary payer) and which pays second (the secondary payer).

If another insurer—like an employer or auto insurer—is responsible, Medicare will pay only after that primary payer has met its obligations.

This structure helps ensure that other insurers fulfill their responsibilities before Medicare steps in.

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## H2: When Does Medicare Act as Secondary Insurance?

**Medicare acts as secondary in several common scenarios:**

### **1. Employer Group Health Plans (GHPs)**

- If you're 65+ and still working, and your employer has 20 or more employees, your employer plan pays first.
- If the employer has fewer than 20 employees, Medicare pays first.
- If you're under 65 with a disability, and the employer has 100+ employees, the employer plan is primary.

### **2. Spouse's Employer Coverage**

If you're covered under your spouse's plan, that plan is primary if the employer has 20+ employees.

### **3. End-Stage Renal Disease (ESRD)**

During the first 30 months after you become eligible for Medicare due to ESRD, your group plan pays first.

After that period, Medicare becomes the primary payer.

### **4. Workers' Compensation, No-Fault, or Liability Insurance**

When injuries are job-related or caused by an accident, those coverages pay before Medicare.

Medicare only pays after those claims are fully resolved.

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## **H2: What Costs Can Medicare Cover as Secondary?**

When Medicare is the secondary payer, it can help pay for:

- Deductibles, coinsurance, or copayments that your primary plan didn't cover
- Services exceeding your primary insurer's benefit limits
- Medically necessary services your primary plan doesn't cover but Medicare does

However, if your primary insurer denies a service that Medicare also doesn't cover, Medicare won't pay either.

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## **H2: Will Medicare Pay if the Primary Insurance Denies a Claim?**

If your primary insurer denies a claim, Medicare may still pay—if the service is medically necessary and covered under Medicare guidelines.

But if the primary denial was for a service that Medicare doesn't cover, then Medicare will not pay.

**Tip:** Always review your Explanation of Benefits (EOB) and understand why the denial occurred before resubmitting to Medicare.

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## **H2: How the MSP Billing Process Works**

1. Provider bills the primary insurer first.
2. The primary insurer processes the claim and issues an EOB.
3. The remaining eligible balance is billed to Medicare.
4. Medicare reviews and pays its portion (if applicable).
5. You receive updated EOBs showing what each insurer paid and any balance due.

Maintaining records and tracking both EOBs is key to ensuring correct payments.

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## **H2: The Medicare Secondary Payer Act**

The Medicare Secondary Payer Act is a federal law requiring that Medicare pays only after all other responsible insurers have fulfilled their obligations.

The law also includes penalties for insurers, providers, or employers who fail to report or properly coordinate benefits.

Noncompliance can result in fines or delayed payments.

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## H2: MSP Compliance and Reporting Rules (2025 Updates)

CMS (Centers for Medicare & Medicaid Services) continues to strengthen MSP enforcement through Section 111 reporting rules.

Recent updates include:

- Civil money penalties for reporting errors or failures (effective Oct 2025).
- Quarterly random audits of up to 250 Group Health Plan (GHP) records beginning January 2026 to ensure accurate MSP reporting.
- Mandatory insurer reporting remains required for both GHP and Non-Group Health Plans (NGHP) such as workers’ comp and liability insurers.

Providers and insurers should ensure:

- Proper identification of each patient’s insurance coverage.
- Claims are billed to the correct primary payer first.
- Accurate, timely submission under Section 111 reporting standards.

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## H2: 2025–2026 Policy Changes and Watchlist

Here’s what’s new or coming soon in the MSP landscape:

Change	Effective Date	What It Means for You
Zero-Dollar WCMSA Reviews Ended	July 17 2025	CMS will no longer review \$0 Workers’ Compensation Medicare Set-Asides. Insurers and attorneys must provide full documentation or risk Medicare recovery later.
Section 111 Enforcement Penalties Begin	Oct 11 2025	\$250-per-day, per-record penalties for late, inaccurate, or missing reports.

Quarterly Section 111 Audits (GHP)	Jan 2026	CMS will randomly audit 250 records per quarter to verify primary/secondary payment accuracy.
Prior Authorization Pilot (Original Medicare)	Jan 2026	CMS plans to test limited prior authorization processes, which may affect claim timing between primary and secondary payers.
No Change to \$750 Settlement Threshold	2025–2026	Settlements under \$750 in trauma-based claims still don't require mandatory reporting.
Part D Redesign & MA 2026 Rule	2026	No direct MSP rule change, but adjustments to cost-sharing and drug coverage can affect secondary claim flows.

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## H2: Best Practices for Beneficiaries and Providers

- Keep all insurance information current with Medicare and your providers.
  - Review every EOB from both your primary plan and Medicare to confirm correct order of payment.
  - Employers should train HR and benefits teams on MSP reporting responsibilities.
  - Attorneys or insurers handling settlements must account for Medicare's interests under the WCMSA and Section 111 reporting rules.
  - Check CMS's "What's New" pages regularly for the latest MSP guide updates:  
[CMS GHP/NGHP Reporting Updates](#) →  
[CMS WCMSA Reference Guide](#) →
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## H2: What Could Change in 2026?

While the core MSP rules aren't expected to change, enforcement and oversight will tighten:

- Random CMS audits expand in scope throughout 2026.
- More insurers and employers could face civil penalties for misreporting MSP data.

- Expect continued updates to CMS User Guides and Section 111 reporting portals as new automation systems roll out.
  - CMS may also refine prior authorization and coordination tools to speed up claims processing and reduce secondary claim backlogs.
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## Conclusion

The Medicare Secondary Payer Program is one of the most important yet misunderstood parts of Medicare.

Whether you're still working, covered under a spouse's plan, or dealing with an injury claim, knowing when Medicare pays second can help prevent denied claims and unexpected bills.

Stay informed—especially as 2026 brings tighter MSP reporting and audit rules—and make sure your providers and insurers are coordinating coverage correctly.

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## CTA – Need Help Understanding Your Medicare Coverage?

If you're unsure whether Medicare is your primary or secondary insurance, or have questions about MSP billing, speak with a licensed Medicare advisor today to ensure your plan fits your needs and avoids costly errors.

 **Call Now or Schedule a Free Consultation**