Centers for Medicare and Medicaid Services (CMS) Maintains $750.00 "Low Dollar" Reporting Threshold

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The SMART Act requires CMS to annually review the costs associated with the collection of Medicare conditional payments and set forth a threshold amount applicable to settlements, judgements, awards, or other payments (TPOC amount) for which it will not seek recovery. The threshold amount for 2026 was $750.00. On November 12, 2026, CMS announced the same threshold will apply for 2027. Thus, as of January 1, 2027, the threshold for physical trauma-based liability TPOCs will remain at $750.00. The same threshold will apply to no-fault and workers' compensation TPOCs in cases where the no-fault or workers' compensation insurer do not otherwise have an ongoing responsibility for medicals.

In sum, if a liability, no-fault, or workers' compensation case (without ORM) is settled for $750.00 or less, the parties are not required to report the settlement per the mandatory reporting requirements and CMS will not seek recovery of conditional payments out of the settlement, judgement, award, or other payment. Please note the liability threshold does not apply to settlements for alleged ingestion, implantation, or exposure cases.

Hedrick Gardner will continue to monitor any updates in this regard and will provide additional information when available. Please contact Shannon Metcalf with questions regarding this notice or for any other Medicare inquiries.

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