

## Welcome to your first issue of Medicare Update!

In order to keep you apprised of important changes about Medicare and the MDA Retiree Health Plan, MDA Insurance will be sharing an informative newsletter with you every quarter. We want to ensure you don't miss upcoming election periods and critical updates that may effect your health coverage.

If you have any questions at any point throughout the year, please contact MDA Insurance Medicare Specialist Rick Seely, at 877-906-9924, ext. 411, or Denise Wyzywany at 877-906-9924, ext. 450.



## Changes on the horizon for Medicare that may affect you



In 2015, Congress passed the Medicare Access and CHIP Reauthorization Act (MACRA), also known as "Doc Fix." It changes how doctors and other health care providers are reimbursed for services provided to older Americans. It also has a significant impact on individual Medicare beneficiaries. Here are a few highlights of the changes to come.

- **Higher income individuals will face increased Income-Related Monthly Adjustment Amount (or IRMAA) charges:**

Beginning in January 2018, some Medicare beneficiaries will be asked to pay more for Medicare to help cover the law's \$200 billion estimated price tag. Individuals who make \$133,501, or couples who make \$267,001, or more per year will pay higher monthly premiums (possibly as much as 30 percent more) to the federal government to obtain Medicare Part B and D coverage. Those Medicare beneficiaries receiving Social Security payments will still be covered by the "hold harmless" provision and will not be impacted in the same way.

- **New beneficiaries will get less Medigap:** Beginning in 2020, individuals aging into Medicare will not be able to obtain Medigap/Medicare Supplement plans (C and F) that cover the yearly deductible (\$183 in 2017) for Medicare Part B (medical insurance). Those already enrolled in a Medigap Plan C or F prior to Jan. 1, 2020, will be able to keep their plans. If they are already enrolled in Medicare prior to Jan. 1, 2020, they can purchase a Plan C or F during the Medicare Annual Election Period.

- **Medicare cards will get a much-needed makeover:** On April 1, 2018, the Centers for Medicare and Medicaid Services (CMS) will begin the monumental, but much needed, conversion from using individual Social Security Numbers as Medicare claim numbers to new 11-digit identifiers. The process should be complete by Dec. 31, 2019. October's *MedicareUpdate* will have additional information.

- **Medicare doctors will be rewarded for quality, not quantity:** The new law nixes the traditional fee-for-service method of Medicare physician reimbursement, and replaces it with a payment system that rewards quality care a doctor provides versus the quantity of procedures and tests they administer. Over the next few years, while the new system is being implemented, doctors who participate in Medicare will see a half-percent reimbursement increase each year. Long-term, the goal is that this new method of payment will result in more collaborative, coordinated care for aging Americans.

# MedicareUpdate

## Understanding your hospital patient status can save you thousands of dollars



When you are hospitalized, your status as a patient can sometimes be confusing. It is vitally important in terms of your Medicare coverage and your potential out-of-pocket costs that you understand your status. As a hospitalized Medicare patient you will either be classified as “Admitted” or under “Observation.” In reality, patients will normally receive medical, physician, and nursing care, tests, medications, overnight lodging and food whether they are admitted or considered under observation. The difference is that in the eyes of Medicare, admitted individuals are considered inpatients and those under observation are considered outpatients. Out-patient status can impact the extent of your Medicare coverage and can potentially spike your out-of-pocket costs. Why?

In order for Medicare Part A (hospital) coverage to kick in, a patient must be admitted to the hospital for two midnights. In the event the Medicare beneficiary’s condition requires skilled nursing facility care following the hospitalization, he/she must have been admitted and hospitalized for three days, not counting the day of discharge. If a Medicare beneficiary is under observation or was only admitted for one midnight, they will only receive Part B coverage and there will be no coverage for skilled nursing facility care following the hospital stay.

Over the years, many Medicare beneficiaries did not understand this status difference and subsequently discovered that they had to personally pay tens of thousands of dollars for their skilled nursing facility stay. As a result, a new federal law took effect Oct. 1, 2016, that mandates hospitals to notify Medicare patients of their observation status in writing using a standardized form. This is called the “Medicare Outpatient Observation Notification” (MOON). A hospital is required to use the MOON to notify a patient who has been in observation for more than 24 hours. The form must be delivered to the patient or their representative within 36 hours of the beginning of the observation. So, what can you do if you are placed under observation?

- Ask about your status every day – it can change.
- Ask the hospital doctor to reconsider your case.
- If you need rehab in a skilled nursing facility after discharge and it is not covered, ask your doctor if similar care at home would work for you. Such care would be covered under Medicare’s home health care benefit.
- After you receive your bill from Medicare consider filing a formal appeal challenging Medicare’s decision of non-coverage.

Please contact MDA Insurance 877-906-9924 with questions.



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