2013 Medicare Parts A, B, C and D Deductibles and Premiums

The Part B Medicare deductible for 2013 is $147.00.

What should you do with this information? You should avoid taking a **big financial hit** in the first quarter of 2013 by collecting deductibles at time of service. How do you do that?

- Let all patients know in advance that you collect deductibles by making it part of your communication with them. Put it in your financial policy (get a copy of my preferred financial policy below), put it on your website, and let patients know when you schedule their appointment, or make an appointment reminder with verbiage like:

> ***"We look forward to seeing you at your appointment. Please bring your insurance cards and all medications to your visit. We will collect your co-pay, your deductible, and any co-insurance required by your insurance plan."***

- Explain what a deductible is. Get my sample patient handout explaining deductibles below.
- Train front desk staff on deductibles and get them comfortable discussing deductibles with patients and answering their questions.
- Do not collect deductibles for Medicare patients who also have Medicaid, or for Medicare patients with

supplemental insurance as there most likely will not be a balance that the patient will owe.
- It is ideal to use a Credit Card On File program to charge the patient's credit card at time of service, or when the EOB (Explanation of Benefits) arrives in 15 days.

Other important Medicare numbers for 2013

Part A: Hospital Insurance Premium for 2013– $441.00 per month. Most 65+ patients get Part A for free if they already receive retirement benefits from Social Security or Railroad Retirement due to taxes paid during working years. Part A includes coverage for:

- Inpatient care in hospitals
- Skilled nursing facility care
- Hospice care
- Home health care – skilled nursing care, physical therapy, occupational therapy, speech therapy, medical social services, dietary and home health aides (100% covered with no co-pay) for homebound patients after a 3-day hospital stay

Part B: Medical Insurance Premium for 2013 – $104.90 per month for most, but not all patients. Some patients automatically get Part B, others may have to pay more based on their IRS tax return from 2011. Part B includes coverage for:

- Services from doctors and other health care providers
- Outpatient care (includes emergency room and observation services for physician charges)
- Home health care – services provided to a homebound patient when the patient has not been hospitalized for 3

days prior to need
- Durable medical equipment
- Some preventive services

Part C: Medicare Advantage Plans – also called a Medicare Replacement Plan because it replaces traditional or original Medicare with a plan offered by a Medicare-approved private insurance company (BCBS, UHC, etc.) Premiums vary with individual Medicare Advantage Plans. Medicare Advantage Plans:

- Include all benefits and services covered under Part A and Part B
- Usually include Medicare prescription drug coverage (Part D) as part of the plan
- May include extra benefits and services for an extra cost
- Cannot be used in combination with a Medigap policy

Part D: Medicare Drug Coverage for 2013 – monthly premiums will vary based on income, and whether or not Part D is included if the patient opts for Part C coverage. Some plans have deductibles and some do not. Most drug plans have a coverage gap referred to as the "donut hole", which means coverage is temporarily limited after the patient and drug plan have spent a certain amount for covered drugs. In 2013, once the patient reaches the donut hole, they pay 47.5% of the plan's cost for covered name-brand drugs and 79% of the plan's cost for covered generic drugs until the end of the donut hole is reached. In every successive year after 2013, the donut hole will shrink until 2020 when the donut hole will cease to exist.

Medicare Supplement Insurance (also called Medigap) – Policies are sold by private insurance companies and help pay some of the health care costs that Medicare doesn't cover. Patients

have a one-time 6-month Medigap Open Enrollment Period which starts the first month they are 65 and enrolled in Part B. This period gives patients a guaranteed right to buy any Medigap policy sold in their state regardless of their health status.

Click here to receive a free copy of a financial policy and a patient handout explaining deductibles.

CLICK HERE to Download the Financial Policy and Deductible Handout!

Historic Votes on H.R. 3590 and H.R. 4872 Usher In Healthcare Reform

As I write this Sunday night I am listening to the US House of Representatives' discussion/posturing prior to a 'yes" or "no" vote for the Senate's healthcare reform bill H. R. 3590. I don't usually listen to CNN Live, but I want to remember this moment as I think it is the beginning of significant change in healthcare.

I'm not sure what this change will be, but many things that have been status quo for healthcare during my career might change almost beyond recognition by the time I retire. This, I think, is a good thing. I don't think the current system is bad, but I sure think it could be better. As with any change,

there will be good things, bad things, and unintended good and bad things. It should be fascinating.

Discussion has now timed out and the representatives are voting; 216 votes are needed to pass. The vote has just been announced (10:45 p.m.) and it is 219 Yeas to 210 Nays and the bill is passed! The next step is for it to be signed into law by President Obama, which might happen tonight or tomorrow.

Now the representatives are voting on H.R. 4872 – "The Health Care and Education Affordability Reconciliation Act of 2010" which contains fixes to H.R. 3590 that have been negotiated between the two chambers. The bill has just passed (11:37 p.m.) with 220 Yeas and 211 Nays! 4872 will now go to the Senate for a vote which some are predicting will pass as early as Tuesday.

President Obama spoke from the White House after the votes and said "Tonight we answered the call of history." The passage of these bills has been compared to the passage of Medicare in 1965 and the passage of Social Security in 1935.

Here are details of both bills.

****

Details on H.R. 3590 "˜"˜Patient Protection and Affordable Care Act''

Cost: $940 billion over ten years.

Deficit: Would reduce the deficit by $143 billion over the first ten years. Would reduce the deficit by $1.2 trillion dollars in the second ten years.

Coverage: Would expand coverage to 32 million Americans who are currently uninsured.

Health Insurance Exchanges:

- The uninsured and self-employed would be able to purchase insurance through state-based exchanges with subsidies available to individuals and families with income between the 133 percent and 400 percent of poverty level.
- Separate exchanges would be created for small businesses to purchase coverage – effective 2014.
- Funding available to states to establish exchanges within one year of enactment and until January 1, 2015.

Subsidies: Individuals and families who make between 100 percent – 400 percent of the Federal Poverty Level (FPL) and want to purchase their own health insurance on an exchange are eligible for subsidies. They cannot be eligible for Medicare, Medicaid and cannot be covered by an employer. Eligible buyers receive premium credits and there is a cap for how much they have to contribute to their premiums on a sliding scale. *Federal Poverty Level for family of four is $22,050.*

Paying for the Plan:

- Medicare Payroll tax on investment income – Starting in 2012, the Medicare Payroll Tax will be expanded to include unearned income. That will be a 3.8 percent tax on investment income for families making more than $250,000 per year ($200,000 for individuals).
- Excise Tax – Beginning in 2018, insurance companies will pay a 40 percent excise tax on so-called "Cadillac" high-end insurance plans worth over $27,500 for families ($10,200 for individuals). Dental and vision plans are exempt and will not be counted in the total cost of a family's plan.
- Tanning Tax – 10 percent excise tax on indoor tanning services.

Medicare:

- Closes the Medicare prescription drug "donut hole" by

2020. Seniors who hit the donut hole by 2010 will receive a $250 rebate.
- Beginning in 2011, seniors in the gap will receive a 50 percent discount on brand name drugs. The bill also includes $500 billion in Medicare cuts over the next decade.

Medicaid: Expands Medicaid to include 133 percent of federal poverty level which is $29,327 for a family of four.

- Requires states to expand Medicaid to include childless adults starting in 2014.
- Federal Government pays 100 percent of costs for covering newly eligible individuals through 2016.
- Illegal immigrants are not eligible for Medicaid.

Insurance Reforms:

- Six months after enactment, insurance companies can no longer deny children coverage based on a preexisting condition.
- Starting in 2014, insurance companies cannot deny coverage to anyone with preexisting conditions.
- Insurance companies must allow children to stay on their parent's insurance plans through age 26.

Abortion:

- The bill segregates private insurance premium funds from taxpayer funds. Individuals would have to pay for abortion coverage by making two separate payments, private funds would have to be kept in a separate account from federal and taxpayer funds.
- No health care plan would be required to offer abortion coverage. States could pass legislation choosing to opt out of offering abortion coverage through the exchange.

***Separately, anti-abortion Democrats worked out language with the White House on an executive order that would state that no*

federal funds can be used to pay for abortions except in the case of rape, incest or health of the mother. (Read more here)

Individual Mandate: In 2014, everyone must purchase health insurance or face a $695 annual fine. There are some exceptions for low-income people.

Employer Mandate: Technically, there is no employer mandate. Employers with more than 50 employees must provide health insurance or pay a fine of $2000 per worker each year if any worker receives federal subsidies to purchase health insurance. Fines applied to entire number of employees minus some allowances.

Immigration: Illegal immigrants will not be allowed to buy health insurance in the exchanges – even if they pay completely with their own money.

****

Details on H.R. 4872 – "The Health Care and Education Affordability Reconciliation Act of 2010" (fixes to 3590)

COST: $940 billion over 10 years, according to the Congressional Budget Office.

HOW MANY COVERED: 32 million uninsured. Major coverage expansion begins in 2014. When fully phased in, 95 percent of eligible Americans would have coverage, compared with 83 percent today.

INSURANCE MANDATE: Almost everyone is required to be insured or else pay a fine. There is an exemption for low-income people. Mandate takes effect in 2014.

INSURANCE MARKET REFORMS: Major consumer safeguards take effect in 2014. Insurers prohibited from denying coverage to people with medical problems or charging them more. Higher premiums for women would be banned. Starting this year, insurers would be forbidden from placing lifetime dollar

limits on policies, and from denying coverage to children because of pre-existing medical problems. Parents would be able to keep older kids on their policies up to age 26. A new high-risk pool would offer coverage to uninsured people with medical problems until 2014, when the coverage expansion goes into high gear.

MEDICAID: Expands the federal-state Medicaid insurance program for the poor to cover people with incomes up to 133 percent of the federal poverty level, $29,327 a year for a family of four. Childless adults would be covered for the first time, starting in 2014. The federal government would pay 100 percent of the tab for covering newly eligible individuals through 2016. A special deal that would have given Nebraska 100 percent federal financing for newly eligible Medicaid recipients in perpetuity is eliminated. A different, one-time deal negotiated by Democratic Sen. Mary Landrieu for her state, Louisiana, worth as much as $300 million, remains.

TAXES: Dramatically scales back a Senate-passed tax on high-cost insurance plans that was opposed by House Democrats and labor unions. The tax would be delayed until 2018, and the thresholds at which it is imposed would be $10,200 for individuals and $27,500 for families. To make up for the lost revenue, the bill applies an increased Medicare payroll tax to investment income as well as wages for individuals making more than $200,000, or married couples above $250,000. The tax on investment income would be 3.8 percent.

PRESCRIPTION DRUGS: Gradually closes the “doughnut hole” coverage gap in the Medicare prescription drug benefit that seniors fall into once they have spent $2,830. Seniors who hit the gap this year will receive a $250 rebate. Beginning in 2011, seniors in the gap receive a discount on brand name drugs, initially 50 percent off. When the gap is completely eliminated in 2020, seniors will still be responsible for 25 percent of the cost of their medications until Medicare’s catastrophic coverage kicks in.

EMPLOYER RESPONSIBILITY: As in the Senate bill, businesses are not required to offer coverage. Instead, employers are hit with a fee if the government subsidizes their workers' coverage. The $2,000-per-employee fee would be assessed on the company's entire workforce, minus an allowance. Companies with 50 or fewer workers are exempt from the requirement. Part-time workers are included in the calculations, counting two part-timers as one full-time worker.

SUBSIDIES: The proposal provides more generous tax credits for purchasing insurance than the original Senate bill did. The aid is available on a sliding scale for households making up to four times the federal poverty level, $88,200 for a family of four. Premiums for a family of four making $44,000 would be capped at around 6 percent of income.

HOW YOU CHOOSE YOUR HEALTH INSURANCE: Small businesses, the self-employed and the uninsured could pick a plan offered through new state-based purchasing pools called exchanges, opening for business in 2014. The exchanges would offer the same kind of purchasing power that employees of big companies benefit from. People working for medium-to-large firms would not see major changes. But if they lose their jobs or strike out on their own, they may be eligible for subsidized coverage through the exchange.

GOVERNMENT-RUN PLAN: No government-run insurance plan. People purchasing coverage through the new insurance exchanges would have the option of signing up for national plans overseen by the federal office that manages the health plans available to members of Congress. Those plans would be private, but one would have to be nonprofit.

ABORTION: The proposal keeps the abortion provision in the Senate bill. Abortion opponents disagree on whether restrictions on taxpayer funding go far enough. The bill tries to maintain a strict separation between taxpayer dollars and private premiums that would pay for abortion coverage. No

health plan would be required to cover abortion. In plans that do cover abortion, policyholders would have to pay for it separately, and that money would have to be kept in a separate account from taxpayer money. States could ban abortion coverage in plans offered through the exchange. Exceptions would be made for cases of rape, incest and danger to the life of the mother.

STUDENT LOAN OVERHAUL: Requires the government to originate student loans, closing out a role for banks and other private lenders who charge a fee. The savings ”“ projected to be more than $60 billion over a decade ”“ are plowed into higher Pell Grants for needy college students and increased support for historically black colleges.

MEDICARE: Extends Medicare’s solvency by at least nine years and reduces the rate of its growth by 1.4 percent, while closing the doughnut hole for seniors, meaning there will no longer be a gap in coverage of medication.