August 3, 2016

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Agenda

- Sticky Scenarios
  - Health Savings Accounts (HSAs) & Medicare
  - Federal Employee Health Benefits Programs & Medicare
- Hot Topics
  - Hospital Observation MOON Notices
  - Getting Help with Medicare Costs: Finding Info Online
  - Countering Benefits Stigma
  - Estimated COLA, Part B Premiums, and Cost-sharing

Health Savings Accounts (HSAs) & Medicare

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What is an HSA?

- Available with High-deductible health plan (HDHP)
  - HSA itself is not a group health insurance plan
  - Provided by an employer or set up with a trustee
- Tax-favored account for medical expenses
  - Employee contributes pre-tax dollars
  - Employer may contribute
  - If set up through a trustee, contributions are tax deductible
  - Neither contributions or gains are taxed if spent on qualified medical expenses

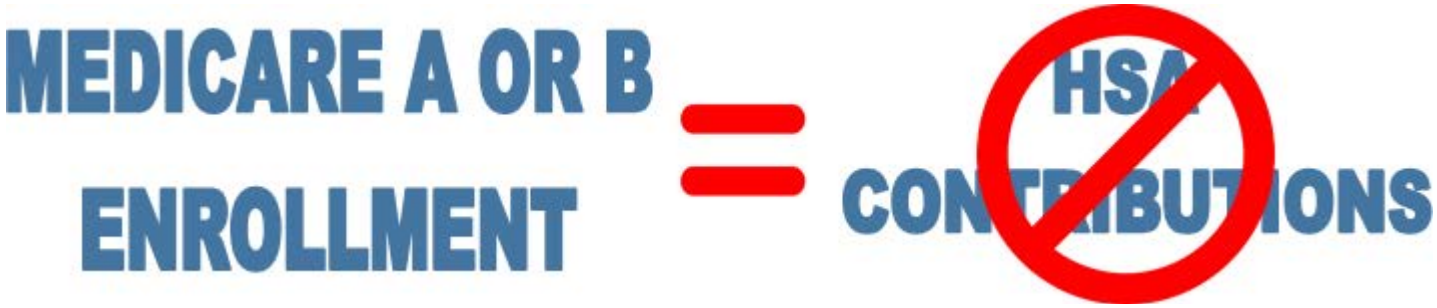
IRS HSA rules

- Must be covered under a HDHP
- Have no other health coverage other than what is permitted (accidents, disability, dental, vision, long-term care)
- Cannot be enrolled in Medicare
- Cannot be claimed as a dependent on someone else's tax return

Source: IRS Publication 969 – Main Content

How HSAs Work (or Don't) with Medicare

- Contributions to an HSA are not allowed after Part A and/or Part B enrollment



- Employees should contact HR and have contributions stopped prior to enrollment in Medicare

Note: Saved HSA funds can be used for qualified medical expenses after Medicare enrollment, including deductibles and cost-sharing, but not for Medigap premiums

How HSAs Work with Medicare (cont.)

- Claiming Social Security after age 65 triggers automatic Part A enrollment that cannot be declined, and is retroactive up to 6 months

- IRS penalty applies to HSA contributions made, even if unwittingly, during retroactive period
  - Employee must stop contributions to HSA 1-7 months prior to Part A enrollment or claiming SS benefits after age 65

Retroactive Part A Coverage

SSA interprets the Social Security Act *Application for Monthly Insurance Benefits* 202(j)(1)(B) to require a 6-month, automatic retroactive coverage in Part A for persons over age 65

(j)(1) Subject to the limitations contained in paragraph (4), an individual who would have been entitled to a benefit under subsection (a), (b), (c), (d), (e), (f), (g), or (h) for any month after August 1950 had he filed application therefor prior to the end of such month shall be entitled to such benefit for such month if he files application therefor prior to—

(A) the end of the twelfth month immediately succeeding such month in any case where the individual (i) is filing application for a benefit under subsection (e) or (f), and satisfies paragraph (1)(B) of such subsection by reason of clause (ii) thereof, or (ii) is filing application for a benefit under subsection (b), (c), or (d) on the basis of the wages and self-employment income of a person entitled to disability insurance benefits, or

(B) the end of the sixth month immediately succeeding such month in any case where subparagraph does not apply. Any benefit under this title for a month prior to the month in which application is filed shall be reduced, to any extent that may be necessary, so that it will not render erroneous any benefit which, before the filing of such application, the Commissioner of Social Security has certified for payment for such prior month.

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Source: Social Security Act 202(j), 42 U.S.C 202 (j)(1)(B)

How HSAs Work with Medicare (cont.)

- Those working past age 65 with EGHP can delay enrollment into Part A (& B) until a Special Enrollment Period, and avoid a penalty
- Must pay attention to coordination of benefits rules
  - Medicare pays secondary when:
    - Employer has >20 employees and offers an EGHP to those past age 65
    - Employer has >100 employees and offers a Large Group Health Plan (LGHP) to those under age 65 and eligible for Medicare

Related Resources

- Medicare General Information, Eligibility, and Entitlement: Chapter 2. Hospital Insurance & Supplementary Medical Insurance, see 10.2, Hospital Insurance for the Aged
- IRS Publication 969, Health Savings Accounts & Other Tax-Favored Health Plans
- SSA Program Operations Manual System (POMS)
  - HI 00801.022 Application Requirement and Effective Date for Hospital Insurance for Insured Beneficiaries
  - HI 00805.266 Description of Terms Used in the Special Enrollment Period and Premium Surcharge Rollback Provisions
  - HI 00805.280 Premium Surcharge Rollback for Individuals With GHP/LGHP Coverage
  - HI 00805.751 SEP and Premium Surcharge Requirements for the Aged Effective 8/86

Federal Employee Health Benefits Programs & Medicare

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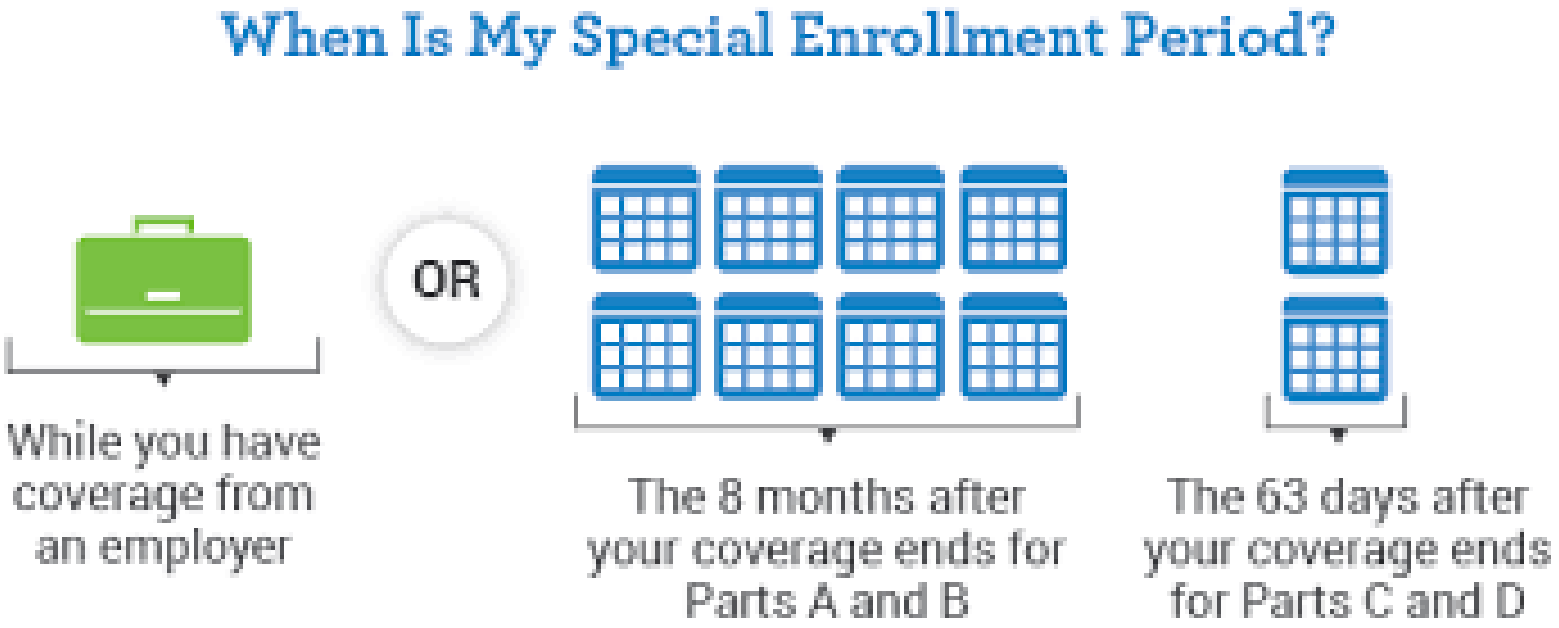
Special Enrollment Period for EGHP Coverage



- Get Medicare Part A & B within 8 months of losing EGHP regardless of employer size
- Get Part D coverage within 63 days of losing EGHP
- Part B and D penalties can apply outside the SEP

How To Help Your Clients with FEHBPs

Potential coverage overview of each choice:

- Always join Part A?
- Keep the FEHBP plan with drug coverage
- Join Medicare B and keep FEHBP (with drug coverage) as a secondary policy
- Join Medicare B & D, and buy a Medigap policy
- Join Medicare A & B and get a replacement plan (Medicare Advantage Part C)

FEHBP or Medicare?

- FEHBP additional benefits may include:
  - Dental or vision offered in some FEHBP options
  - Care outside the U.S.

- Medicare A & B
  - FEHBP outpatient cost-sharing amounts
  - Covers some DMEPOS and home health that may not be covered by all FEHBP options

FEHBP and Part A Only (not Part B)

- Enroll in Part A (even if still working)
  - FEHBP pays secondary to Part A and covers deductibles, copays, and coinsurance
- FEHBP includes drug coverage
  - Don’t need Part D
- Decline Part B
  - Owe FEHBP outpatient cost-sharing amounts
  - Don’t owe Part B premium
  - Owe late enrollment penalty if enroll in Part B late

Medicare A & B Primary with FEHBP

- Medicare Part A & B = primary
- FEHBP = secondary and drug coverage
  - FEHBP pays all Medicare A & B deductibles, copays and coinsurance
  - Some FEHBPs waive deductibles, copays, and coinsurance
  - FEHBP includes drug coverage so don't have to join Part D
- Two premiums = Part B + FEHBP
  - Can be expensive
  - Can change FEHBP plans, shop for lower premium

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Medicare Advantage Part C Plan

- Potentially least expensive option for premium
  - Usage costs (varies by individual and plan)
- Rejoin during FEHBP Open Enrollment later
  - If SUSPEND FEHBP (don't cancel it because unlikely to get it back)
  - No late enrollment penalty because have Part B
- Enroll in MA Plan
  - Must join Part A & B to get MA
  - Get MA with drug coverage
  - Check benefits and networks carefully

Related Resources

- Office of Personnel Management (OPM)
  - Medicare and FEHBP Coordination FAQs
  - Medicare and FEHBP booklet
  - Medicare and FEHBP Fast Facts Tip Sheet

- A Closer Look: Medicare for Federal Employees and Retirees: https://www.ncoa.org/wp-content/uploads/medicare-for-federal-employees-and-retirees.pdf

Hot Topics

Hospital Observation Status MOON Notice

- Hospital observation status coverage
  - Medical services as outpatient service by Part B
  - Prescription drugs as outpatient by Part D
- Effective Aug. 6, 2016, hospitals must issue standardized Medicare Outpatient Observation Notice (MOON)
  - Provide written and oral notice, within 36 hours, to patients who are in observation or other outpatient status for more than 24 hours
  - Requires patient or caregiver signature
  - MOON must explain the reason the person is an outpatient and the implications of that status on cost-sharing and eligibility for SNF care
  - CMS offers no appeal right

Hospital Observation Status MOON Notice

- Resources
  - Center for Medicare Advocacy: http://www.medicareadvocacy.org/medicare-info/observation-status
  - CMS Beneficiary Notices Initiatives (BNI) page https://www.cms.gov/Medicare/Medicare-General-information/Bni/index.html

Getting Help with Medicare Costs: Finding Info about MSPs Online

- Revisited original survey from 2012
- Looked at:
  - State Medicaid website/site of administering agency
  - Whether the site contained any info on MSPs
    - ➢Was it easy to navigate?
    - ➢What information was provided—eligibility criteria, benefits info, how to apply?
  - Does the site link to the SHIP (or other aging network agency)?

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Best Practices

- Easy/logical navigation from homepage (e.g., look under consumer group, type of program)
  - Navigation not many pages deep
- Information in HTML format (not just PDF)
- Consumer-friendly program language
- Explanation of program, what it covers, how to apply
- Up-to-date income/resource eligibility criteria
- Link or information to apply or get further assistance

Key Findings

- 3 states had exemplary sites incorporating all best practices: Colorado, Missouri, North Carolina

- Another 18 states had good quality information, but not as intuitive to navigate, or all in PDF files

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Key Findings (cont.)

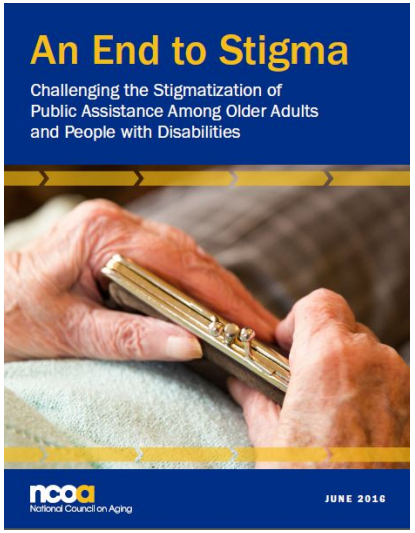
- 8 states & DC have no consumer-friendly info on MSPs/no information at all
- 6 states only list income criteria in terms of FPLs
- 10 states have out-of-date or conflicting income/resource criteria
- 22 state sites link to the SHIP/aging network
- 5 states have broken links (either to MSP page, SHIP, or both)
- A number of states don't mention Medicare—call program by QMB, SLMB or another name without explicit language re: Medicare savings

Working with Your State Agency

- Can your state Medicaid agency:
  - Build out information re: MSPs if they have none?
  - Post PDFs as HTML content?
  - Update any outdated criteria/content?
  - Fix broken links?
  - Link to your agency for further information/assistance?
- Does your SHIP website include the same information/best practices?

Countering Benefits Stigma

- Interviews with ~40 benefits counselors
- Found heavy stigma around Medicaid, SNAP benefits
- Very little stigma associated with programs from Social Security, Medicare
- Includes suggested messages to counter stigma
- Pick up a copy at NCOA's booth or www.ncoa.org/stigma



COLA, Part B Premiums, Hold Harmless

- Meet Hold Harmless Provision
  - Part B premium increase can't exceed COLA amount
  - about 70% of beneficiaries meet Hold Harmless
    - With Part B withheld from SSA benefit
- Not Held Harmless
  - About 30% of beneficiaries
    - IRMMA paying beneficiaries with higher incomes
    - New Medicare beneficiaries
    - Pay Part B directly (not SSA withholding)
      - Medicaid paid premiums through MSP
      - Not yet receiving SSA benefit

COLA, Part B Premiums, and Cost-sharing

- 2016 no COLA
  - 2016 Medicare Trustee Report
    - 2016 Part B estimate = $159.30/mo.
  - Congress added safeguard
    - Not held harmless = $121.80/mo.
    - Includes $3 to pay back the trust fund
- 2017 COLA = estimated 0.2%
  - 2017 Medicare Trustee Report
    - Part B estimate = $149/mo.
    - Estimated Cost-sharing
      - Part A: premium $424/mo.; deductible $1,324
      - Part B: deductible $204
    - Likely need Congressional action

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