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Volume 9, Issue 3

Medicare Advantage Plans to Offer Greater Benefits in 2019

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On April 2, the Centers for Medicare & Medicaid Services (CMS) expanded how it defines the “primarily health-related” benefits that insurers are allowed to include in their Medicare Advantage policies. As a result, when these plans roll out their coverage for 2019, new benefits may include air conditioners for people with asthma, healthy groceries, rides to medical appointments, home-delivered meals, and non-skilled home-care services.

In this issue of *The ElderCounselor*, we will look at how Medicare Advantage Plans work, the benefits they provide, what the expansion means, and how it may impact both seniors and the plan providers.

Background

Medicare is government-sponsored health care for those age 65 years and older. Part A covers inpatient hospital stays, care in a skilled nursing facility, hospice care, and some home health care. Part B covers doctors’ services, outpatient care, medical supplies, and preventative services.

However, there are deductibles and copayments for Medicare that can add up quickly. Also, there is no limit on annual out-of-pocket expenses. Most people buy a supplemental insurance policy, called Medigap insurance. It “fills in the gaps” of Medicare and pays deductibles and copayments. These policies are sold through private insurance companies approved by Medicare. Prescription drug coverage is also sold separately as Part D through private insurance companies.

Many seniors like the flexibility this combination provides because they can go to any health care provider or facility that accepts Medicare. Medicare pays its share of the approved amount for covered health care costs first, and then Medigap pays its share. However, Medicare can and does deny coverage for a procedure or treatment that it rules is medically unnecessary, and Medigap will only pay its share if Medicare pays first.

Also, there are some expenses that Medicare does not cover that are important to seniors, including hearing aids, vision care and dental care.

What Are Medicare Advantage Plans and How Do They Work?

Medicare Advantage Plans, sometimes called Part C, are sold by private insurance companies as an alternative to Original Medicare. If you join a Medicare Advantage Plan, you still have Medicare, but you receive Part A (hospital insurance) and Part B (medical insurance) coverage from the Medicare Advantage Plan, not from Original Medicare. However, Original Medicare will still cover the costs for hospice care, some new Medicare benefits, and some costs for clinical research studies.

Medicare pays a fixed amount for care each month to the companies offering Medicare Advantage Plans. These companies must follow rules set by Medicare and they must cover all of the services that Original Medicare covers. However, if one chooses a Medicare Advantage Plan, they cannot use a Medigap policy. In fact, it is against the law for someone to sell a senior on a Medicare Advantage Plan a Medigap policy unless that person is switching back to Original Medicare. (Changing plans is allowed once each year, during open enrollment in the fall.

Anne-Louise DePalo, Esq.

DePalo Law Firm

94 Hancock Street
Staten Island, NY, 10308
Tel: (718) 351-3748
Email: aldp@aldplaw.net

www.depalolawfirm.com



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Medicare Advantage Plans work like HMOs and PPOs. Generally, a Medicare recipient must use facilities, physicians, and pharmacies that participate in the plan's network. Some allow for non-network coverage. Emergency and urgently needed care are covered both in- and out-of-network.

One of the draws for seniors is that Medicare Advantage Plans offer benefits that Medicare does not, including vision, hearing, dental, gym memberships, and health/wellness programs. There are also cost savings. The monthly premium usually includes Medicare prescription drug coverage (Part D). And, while there may be a copayment for covered services, there is an annual limit on out-of-pocket costs. So, once a senior reaches a certain limit, they will pay nothing for covered services for the rest of the year.

Some Shortcomings of Medicare Advantage Plans

There is a multitude of Medicare Advantage Plans, even within one service area. This can be confusing to consumers who must re-evaluate them each year. Each plan can charge different out-of-pocket costs. They can also have different rules for how services are received, such as whether a referral is needed to see a specialist. And they usually have different networks of facilities and providers.

Each year, plans set the amounts they charge for premiums, copays, deductibles, and services. The plan (rather than Medicare) decides how much someone pays for the covered services, and it is allowed to change how much the insured would pay only once a year, on January 1. (This is the effective date of coverage for each fall's open enrollment.) However, they can change their network providers and facilities at any time during the year.

When considering a Medicare Advantage Plan, consumers must be diligent about understanding which facilities and physicians are included in its network, where they are located, and how to use the plan for routine and emergency care.

A plan can also choose not to cover the costs of services that are not medically necessary under Medicare, so it is advisable for a patient to check before they have the service or procedure done. If someone needs a service that the plan says is not medically necessary, they may have to pay all the costs of the service. But that patient would have a right to appeal the decision. They can also ask for a written advance coverage decision to make sure a service is medically necessary and will be covered.

Still, of the 61 million people enrolled in Medicare last year, 20 million have opted for a Medicare Advantage Plan. One reason may be that, in recent years, many families have become accustomed to HMOs and PPOs for their health insurance as lower-cost alternatives to traditional health care.

What the CMS Ruling Means

According to the CMS, the new rules will expand benefits to items and services that may not be directly considered medical treatment but will provide care and devices that prevent or treat illness or injuries, compensate for physical impairments, address the psychological effects of illness or injuries, or reduce emergency medical care. The goal is to keep people healthy and well, making it easier for them to live longer and more independently. A physician's order or prescription will not be required, but the new benefits must be "medically appropriate" and recommended by a licensed health care provider.

Details of the Medicare Advantage Plan benefit packages for 2019 must first be approved by CMS and will be released in the fall when the annual open enrollment begins. But plan providers already have ideas of what they could include.

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In addition to transportation to doctors' offices or better food options, some health insurance experts said additional benefits could include simple modifications in beneficiaries' homes, such as installing grab bars in the bathroom, or

aides to help with daily activities, including dressing, eating, and other personal care needs. The goal is to focus on avoiding injuries or exacerbating existing health conditions.

Non-skilled in-home care services will also be allowed for the first time as a supplemental benefit, providing they compensate for physical impairments, diminish the impact of injuries or health conditions, and/or reduce avoidable emergency room use.

Home health care providers have already partnered with Medicare Advantage Plans, and many believe the plans will be willing to pay for non-skilled in-home care with an eye on saving money over the long-term. Medicare Advantage Plans have greater flexibility than the fee-for-service providers have, and in many cases do not have a homebound requirement. Because they receive a set amount per patient from Medicare, they would be more inclined to provide any services, including private duty nursing, to ensure the patient doesn't cost them more money than necessary.

What to Watch

Seniors on Medicare have said that when considering Medicare Advantage Plans, access to certain hospitals and doctors is a top priority for them. Original Medicare includes the vast majority of providers and the broadest possible provider network.

But Medicare Advantage Plans are gaining in popularity. According to CMS, in 2015, 35% of Medicare beneficiaries were participants in Medicare Advantage Plans. That number is expected to grow quickly over the next several years. New, attractive benefits coming in 2019 (especially non-skilled in-home care) will likely persuade even more seniors to join Medicare Advantage Plans.

That's certainly good news for the Medicare Advantage Plan industry. And it will be good for seniors if it lets them stay in their homes longer and lead healthier, more independent lives.

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