



## LINDSTROM INSURANCE

EMPLOYEE BENEFITS • LIFE AND DISABILITY INSURANCE

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### Medicare Observation Status

If you find yourself in the hospital but not admitted as a patient, “Under Observation”, your claims will not be paid as expected. If you’re subsequently admitted to a Skilled Nursing Facility, Medicare won’t help with those costs, either.

In this situation you should receive the “MOON” notice, a standardized notice to inform you that you are an outpatient receiving observation services and not an inpatient of the hospital. Link: <https://www.cms.gov/Newsroom/MediaReleaseDatabase/Fact-sheets/2016-Fact-sheets-items/2016-12-08-3.html>

What can you do?

1. Patients can send prescription claims to their Part D provider. Hospital pharmacies are generally not in network with these plans.
2. If you didn’t receive the notice in the emergency room, you can send the Medicare Administrative Contractor the claim to review for inpatient status or observation status determination stating you were not given the mandatory notice. (Call 1-800-Medicare for this).

3. If you went to a skilled facility after the “Observation” status, send that claim paperwork at the same time as the emergency room claim mentioned in #2 above.

The Medicare Administrative Contractor will review whether the diagnosis warranted an inpatient stay and not observation.

Many advocacy groups are continuing to lobby CMS and there are lawsuits pending regarding this observation status.

### COBRA “Trap” For Those Eligible for Medicare

Workers who reduce their hours or retire are eligible to continue group insurance coverage for 18 to 36 months, depending upon the size and location of the group. Many times this coverage is attractive, but be careful not to fall into a Medicare “Trap” if you plan to continue working beyond age 65.

When you turn 65 you’re eligible for Part A and Part B of Medicare. In most cases, Part A (hospital coverage) does not cost the worker anything and the ID card just arrives in the mail a few weeks before the effective date. Part B of Medicare has a monthly premium and, therefore, if you’re not taking Social Security benefits that can be used to pay the Part B premium through an automatic deduction, you need to enroll in Part B.

If you’re actively employed for a company with 20 or more employees after age 65, you

may not need Part B, so many workers put off enrolling to avoid paying for coverage that isn't needed. But you cannot simply sign up for Part B whenever you wish; there is an 8-month Special Enrollment Period following the ending of "Active Group Coverage".

COBRA is not considered Active Group Coverage, so if you take COBRA for the full 18 months and then try to enroll in Medicare Part B, you are subject to a late enrollment penalty and may be required to wait to sign up during the first quarter of the next calendar year for coverage that won't begin until July 1 of that year.

Spouses are also falling into this same situation.

The National Association of Health Underwriters, NAHU, (our professional organization) is working with federal legislators toward introducing a bill in Congress that would address this situation.

Please talk to your friends and relatives about of this "Trap". We're happy to talk with them to answer questions about the situation.

## **New 2018 Income Brackets for Income Related Monthly Adjustment Amounts (IRMAA)**

Individuals with Modified Adjusted Gross Income (MAGI) more than \$85,000 (\$170,000 for couples) are charged an extra amount for Medicare Parts B & D. The government looks back two years to your tax return to determine the amount of your IRMAA.

The amounts have been charged since 2011 with income brackets determining the extra amounts due. These brackets are changing as follows:

2017 – look back to 2015 tax return	2018 – look back to 2016 tax return
Individuals < \$85,000 Couples <\$170,000  Pay only standard Part B premium and plan premium for D	Individuals < \$85,000 Couples <\$170,000  Pay only standard Part B premium and plan premium for D
Individuals \$85,000 to \$107,000 Couples \$170,000 to \$214,000  Pay extra \$53.50/mo for Part B, \$13.30/mo Part D	Individuals \$85,000 to \$107,000 Couples \$170,000 to \$214,000  B not yet released, extra \$13.00/mo for Part D
Individuals \$107,000 to \$160,000 Couples \$214,000 to \$320,000  Pay extra \$133.90/mo for Part B, \$34.20/mo Part D	Individuals \$107,000 to \$133,500 Couples \$214,000 to \$267,000  B not yet released, extra \$33.60/mo Part D
Individuals \$160,000 to \$214,000 Couples \$320,000 to \$428,000  Pay extra \$214.30/mo for Part B, \$55.20/mo Part D	Individuals \$113,501 to \$160,000 Couples \$267,001 to \$320,000  B not yet released, extra \$54.20/mo Part D
Individuals >\$214,000 Couples > \$428,000  Pay extra \$294.60/mo for Part B, \$76.20/mo Part D	Individuals > \$160,000 Couples > \$320,000  B not yet released, extra \$74.80/mo Part D

The additional amounts to be charged for Part B in 2018 have not yet been released, but they are uniform throughout the country, with no adjustments based on cost of living state by state.

Remember, if your income is expected to go down for 2018 (compared to 2016 tax return figures) due to a "life changing event" such as retirement or reduction in work hours, death of a spouse, loss of rental income property, etc., you can file a form SSA-44 to request the reduction or elimination of the extra payment.

Letters will be going out from the CMS to Medicare beneficiaries during the last quarter of 2017 to announce the additional charges for 2018.